

Company Registration Number: 09299605 (England & Wales)

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

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THE DUSTON EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs R Clayton Mr G Daly Mr J McCann Mrs B Bignold
Trustees	Mr G Daly, appointed Chair on 19 September 2019 Mr J Murray (resigned 18 March 2019) Mrs F Cole (resigned 19 September 2019) Mrs G Knowlton-Maile Mrs M Deacon-Viney Mr S Strickland, Principal and Accounting Officer Mr S Gherra Mrs M Pruthi (appointed 25 April 2019) Mrs A Pratt (appointed 23 May 2019) Mr L Martin (appointed 23 May 2019) Mrs R Clayton (resigned 30 September 2018) Mrs E Hopkins (appointed 19 September 2019) Mr P Gillam (appointed 19 September 2019) Mr A Crawte (appointed 3 December 2019) Mrs G Stockley (appointed 3 December 2019)
Company registered number	09299605
Company name	The Duston Education Trust
Principal and registered office	The Duston School Berrywood Road Northampton NN5 6XA
Senior management team	Mr S Strickland, Principal Mrs D Robinson, Vice Principal (Primary) Mrs S Connor, Business Manager Mrs N Adams, Vice Principal Mr T Wise, Vice Principal Mrs N Whiles, Vice Principal Mrs N Montague, Vice Principal Mr D Wise, Assistant Principal Mrs H Jones, Assistant Principal Mr S Beal, Assistant Principal Mr P Dewes, Assistant Principal Mrs M Jones, Assistant Principal Mrs S Pragnell, Assistant Principal (Primary)

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditor MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers Lloyds Bank Plc
2 George Row
Northampton
NN1 1DJ

Solicitors Stone King LLP
13 Queen Square
Bath
BA1 2HJ

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates an all through Academy for pupils aged 4 to 19 serving a catchment area in Duston, Northampton. It has a pupil capacity of 1,670 and had a roll of 1,643 in the school census on 17 January 2019.

Structure, governance and management

Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Trust deed is the primary governing document of the Academy Trust. The Trustees of The Duston Education Trust (TDET) are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Duston School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Trustees benefit from indemnity insurance to cover liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. Details of the costs can be found in note 11 of the accounts.

Method of recruitment and appointment or election of Trustees

The first Trustees were those named on incorporation. Subject to Articles 48 and 49. The Academy Trust shall have the following Trustees:

- a. Up to 10 Trustees, appointed under Article 50;
- b. A minimum of two Parent Trustees appointed under Articles 53-58;
- c. Up to 2 Staff Trustees, subject to Article 50A; and
- d. The Head of the School.

The Trustees shall each school year, elect a Chair and a Vice-Chair from among their number. A Trustee who is employed by the Academy Trust shall not be eligible for election as Chair or Vice-Chair.

Provision for resignation, removal and disqualification of Trustees are specified in the Articles of Association of TDET.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Policies adopted for the induction and training of Trustees

New Trustees are given access to documents which specify the remits and roles of the committees and guidance for Trustees. All new Trustees are given the relevant Safeguarding Training. Governor training sessions are organised throughout the year. Relevant training courses (including Safeguarding Training) are organised by the Academy Trust.

Organisational structure

The Principal is the Accounting Officer and has overall responsibility for the use of public money and the stewardship of its assets in the Academy Trust. The Governing Body meets a minimum of 3 times an academic year and oversees the work of the committees.

Subject to the Articles, the Trustees may establish any committee.

Subject to these Articles, the constitution, membership and proceedings of any committee shall be determined by the Trustees. The establishment, terms of reference, constitution and membership of any committee of the Trustees shall be reviewed at least once in every twelve months. The membership of any committee of the Trustees may include persons who are not Trustees, provided that a majority of members of any such committee shall be Trustees. The Trustees may determine that some or all of the members of a committee who are not Trustees shall be entitled to vote in any proceedings of the committee. No vote of any matter shall be taken at a meeting of a committee of the Trustees unless the majority of members of the committee present are Trustees.

The appointment and appraisal of the Principal is reserved for Trustees, as is the investigation of any financial irregularities. The appointment of the Chair and Vice-Chair of Trustees is also reserved for the Governing Body. The Academy Trust seeks to involve a Governor in the interview panel for the recruitment and appointment of Vice Principals, Assistant Principals and Directors of Learning.

The Finance and Audit Committee will meet to consider the Academy Trust budget, regular financial reports and the annual accounts. The Committee also approves the internal control mechanisms for ensuring that the Academy is operating efficiently and effectively and that proper accounting records are maintained. Spending against the Academy budget is delegated to Budget Holders. All spending is subject to senior staff authorisation.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting the pay and remuneration of The Academy Trust's key management personnel and any benchmarks, parameters or criteria used in setting their pay are in strict accordance with school teachers pay and conditions and the school pay policy.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	5
Full-time equivalent employee number	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	1,308
Total pay bill	6,744,890
Percentage of total pay bill spent on facility time	0.02 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Related parties and other connected charities and organisations

Working alongside Northampton Town and County Teaching School Alliance, based at Northampton School for Boys, The Duston School delivered Teacher Subject Specialism Training courses in cross-phase mathematics, hosted by TDS, and secondary mathematics, hosted by NSB. The cross-phase course was attended by 15 local primary school teachers, extending their mathematics subject knowledge to stretch and challenge their more able students as well as providing them with resources to use in the classroom.

The Duston School is also part of the Sir Christopher Hatton Teaching School Alliance, helping to co-deliver NPQML and NPQSL to both middle and senior leaders across the county, which is helping to develop the county-wide leadership pool available to inspire and develop all schools within the region.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The Trustees have regard to the Charity Commission guidance on public benefit. Knowing the individual is at the heart of our vision. TDET expects the best of everyone involved within it and we recognise the transformative power of self-belief for all. Trustees also have full regard for the objectives mentioned in the Articles of Association of the Academy Trust. We have an inherent belief in the following six principles:

1. Everyone is a leader;
2. Creating a can-do, solution focused culture;
3. Doing it and having impact – make a difference;
4. Attention to detail – follow up and follow through;
5. Understanding that making mistakes is okay – what's important is how we learn from them;
6. Being outward thinking - adopt a mindset of restless excellence.

Objectives, strategies and activities

The Trusts aim is to ensure that all children are happy, confident, resilient and self-critical learners who achieve their fullest personal and academic potential. This is achieved through:

- Providing high quality learning and teaching opportunities on a daily basis through effective classroom resourcing, extra-curricular opportunities, and pastoral care;
- Raising the standards of educational achievement of all pupils, and in particular closing the achievement gap between disadvantaged and non-disadvantaged pupils;
- Improving the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review and complying with curriculum requirements;
- Providing value for money for the funds expended;
- Building and maintaining close links with local, national and international industry and commerce to impact on the learning experience of our pupils;
- Conducting the Academy's business in accordance with the highest standards of professionalism, honesty and integrity.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The Trustees have referred to the guidance in the Charity Commissions general guidance on public benefit when reviewing their aims and objectives and in planning their future activities. In particular the Trustees consider how planned activities will contribute to the aim and objectives they have set.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Attainment in Primary School has been well above national standards in all areas for all groups of pupils since the school opened in 2015.

Primary

Early Years Foundation Stage Good Level of Development – TDS achieved 83%, National = 71.5%
Year 1 Phonics Screening – TDS achieved 90%, National = 82%.

Year 2 Statutory End of Key Stage Assessments

Reading Expected Attainment (TDS 87% / National 86%) Greater Depth (TDS 37% / National 26%).
Writing Expected Attainment (TDS 85% / National 70%) Greater Depth (TDS 27% / National 16%).
Maths Expected Attainment (TDS 80% / National 76%) Greater Depth (TDS 32% / National 22%).
Science Expected Attainment (TDS 88% / National 83%)

Secondary

In 2018/19 the school's year 11 cohort had an average KS2 point score below that of the national average and yet still exceeded the national average results in achieving a grade 4 in English and Maths (71% vs 64% nationally). The percentage of students achieving a grade 5 in English and Maths has risen from 29% to 44% over the last two years, exceeding the local authority average (41%) and the national average (43%). Similarly the average attainment grade for The Duston School (4.9) has also exceeded both the local authority average (4.5) and the national average (4.7).

The Duston School has a similar proportion of disadvantaged students to national, despite their lower starting points, the percentage of students achieving a grade 5 in English and Maths exceeded the national average for like-for-like students (28% vs 25%). A similar picture can be seen with students achieving a grade 4 in English and Maths, disadvantaged students exceeded the national for like-for-like students with 57% vs 45%. This is also a significant increase on the 29% of students who achieved this measure in 2017/18.

The percentage of students achieving the EBacc has also increased from 6% two years ago to 15% in the 2018/19 academic year. 22% of all grades were graded at 9-7 and 74% of all grades were graded at 9-4, both a significant increase from previous years.

In Key Stage 5 the academic results in 2018/19 have an estimated progress score of +0.51 and Applied General have an estimated progress score of +0.45. Both results provide a significantly positive outcome for progress based on their starting points. The vast majority (71%) of subjects also achieved a positive progress score, with 50% being significantly positive. The percentage of grades at A*-B has increased from 35% to 44% over the last two years, with the percentage grades at A*-C increasing from 68% last year to 74% this year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

The Academy Trust met its aims and objectives for the academic year 2018-2019 within the grant income and reserves received. The effective management of cash flow and scheduling of capital expenditure meant that the Academy's cash balances were never exceeded by commitments.

The Academy Trust uses a number of Key Financial Indicators to monitor financial successes of the Academy Trust, and progress improvement against the target set. These include:

- Staffing costs as 79.75% of total income (ex capital) (2018 - 79.34%)
- Teaching staff costs as 72.47% of Total staff costs (2018 - 68.82%)
- Staff costs as 76.99% of total expenditure (ex capital) (2018 - 76.72%)
- For the year ended 31 August 2019 the PFI costs amounted to 8.26% of GAG income (2018 - 8.15%)
- Current Assets / Current Liabilities 1.66 times (2018 - 1.50)

The Academy Trust also uses a number of non-financial key performance indicators to monitor their performances which include:

- Teaching Staff to Support Staff ratio FTE: 1.58:1
- Average Student attendance (yr R to Yr 11) 95.4%
- The Duston School has a similar proportion of disadvantaged students to national, despite their lower starting points, the percentage of students achieving a grade 5 in English and Maths exceeded the national average for like-for-like students (28% vs 25%).

A similar picture can be seen with students achieving a grade 4 in English and Maths, disadvantaged students exceeded the national for like-for-like students with 57% vs 45%. This is also a significant increase on the 29% of students who achieved this measure in 2017/18.

	All	Non-PP	%Non-PP	PP	%PP
2014 Result	227	168	57.1	59	28.8
2015 Result	234	170	61.22	64	35.9
2016 Result	230	162	70.43	68	29.6
2017 Result	224	171	76.3	53	23.7
2018 Result	230	168	73	62	27
2019 Result	235	177	75	58	25

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Most of the Academy's Trust income is obtained from the DfE in the form of recurrent grants disbursed via the Education Skills Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities. The in-year deficit amounted to £38,475 (2018 - £70,544 surplus).

The Academy Trust also received grants for fixed assets from the EFA. In accordance with the charities statement of recommended practice, 'Accounting and Reporting Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Local Government Pension Scheme (LGPS) for the Academy Trust has a deficit which is detailed in note 20 to the financial statements.

Reserves policy

The Academy Trust's reserve policy takes into account the risk of fluctuations in grant income and spending needs. In year reserves are set to cover staffing costs, PFI costs and other commitments, to fund changes in the curriculum, and to meet unexpected emergencies such as urgent maintenance.

Unrestricted funds are used for the general purposes of the Academy Trust, at the discretion of the Trustees.

Restricted funds will be spent in accordance with the terms of the particular funds. Demands on the Academy Trust restricted income funds will vary over the coming years. The Academy Trust policy is to ensure reserves are held to a prudent level designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies.

The deficit in the pension reserve relates to the non-teaching staff pension scheme where unlike the Teachers' Pension Scheme, separate assets are held to fund future liabilities. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Unrestricted		250,435
Restricted:	Fixed asset funds	38,439,102
	Pension reserve	(3,232,000)
	Other	177,276
		<u>35,634,813</u>

Investment policy

The Academy Trust's investment policy is for its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balance against inflation. In addition, to invest surplus cash funds to optimise returns but ensuring the investments instruments are such that there is no risk to the loss of these cash funds.

The Academy Trust is authorised to invest funds only in Banks authorised and monitored by the Financial Services Authority (FSA).

Principal risks and uncertainties

Trustees have assessed the major risks to which the Academy Trust is exposed and have identified those responsible for the management of these risks and planned mitigating action where possible. In addition, the Trustees have appointed MHA MacIntyre Hudson as internal auditors who will assess risk as part of their review and the Audit and Resource Committee has undertaken to oversee this area of responsibility going forward.

The principle risks identified are:

- National/local changes to funding. The Academy will address any changes brought about by legislation and incorporate them into the financial plan;
- There is a long term concern regarding the School remaining at Requires Improvement and the long term future of the SAT being taken-over by a Multi Academy Trust. A challenge for the school is to continue to build on the incredible set of academic outcomes achieved during the summer of 2019;
- Recruitment remains a concern, with Northamptonshire experiencing a recruitment crisis. There is a need to develop, nurture and promote internal staff whilst equally attracting high quality external applicants.
- Local Government Pension Scheme (LGPS) deficit. Consideration is given to potential changes following the actuarial valuation to address the deficit in the long term.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

The Duston Education Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

Plans for future periods

The Academy Trust will strive for the very best academic outcomes at both Key Stage 4 and 5. There is a need to both maintain and build on the impressive 2019 Key Stage 4 outcomes and Progress 8 score if the school is now to remain in the top 205 of all schools nationally (having been in the bottom 20%).

Key Stage 5 attainment will continue to be scrutinised so that the school strives to increase the level of performance for the Sixth Form, so that it is at least in line with national averages. The Academy will also continue to work to attract high quality teachers, trainees and support staff, who can deliver the Academy Trust's vision and aspirations.

The Academy Trust has reviewed its procedures to provide financial support for students whose families are in need, with a view to facilitating the participation of all of our students in the full range of activities and opportunities on offer. The Academy will undertake consultation with parents regarding the increased financial support through Pupil Premium and targeted resources to support learning for the students concerned.

Funds held as custodian on behalf of others

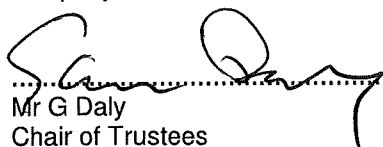
The Academy Trust holds £Nil (2018 - £4,924) on behalf of the local cluster primary schools which is used to facilitate effective partnership work in collaborative ways.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 3 December 2019 and signed on its behalf by:


.....
Mr G Daly
Chair of Trustees

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Duston Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Duston Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 5 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Daly, appointed Chair on 19 September 2019	3	5
Mr J Murray (resigned 18 March 2019)	0	2
Mrs F Cole (resigned 19 September 2019)	1	4
Mrs G Knowlton-Maile	4	5
Mrs M Deacon-Viney	4	5
Mr S Strickland, Principal and Accounting Officer	5	5
Mr S Gherra	4	5
Mrs M Pruthi	3	3
Mrs A Pratt	2	2
Mr L Martin	2	2

The Academy Trust intends to conduct a self-evaluation of Governance over the forthcoming academic year.

The Resources and Audit Committee is a sub-committee of the main board of Trustees. Its purpose is to propose a draft budget, scrutinise income and expenditure against the budget, monitor systems of control, and oversee statutory returns of a financial nature.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Daly	2	3
Mr S Gherra	3	3
Mrs G Knowlton-Maile	2	2
Mrs M Pruthi	1	1

We have Governors linked to each member of our Senior Leadership Team to ensure communication is ongoing with regard to school objectives.

Finance is a standard agenda item at all Governing body meetings and Monthly finance reports are emailed to both the Chair of trustees and Chair of finance.

THE DUSTON EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Financial information is discussed further during catch up meetings between the Business Manager and Chair of finance. The staffing structure ensures that the Business manager has a direct channel to liaise with Governors at all times.

Review of value for money

As accounting officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy Trust has delivered improved value for money during the year by [add text].

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Duston Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The external auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase systems;
- testing of control account / bank reconciliations;
- testing of income

The external auditor reports to the board of Trustees through the Resources and Audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The reviewer has delivered their schedule of work as planned. No material control issues were identified as a result of the work undertaken.

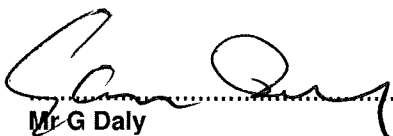
Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

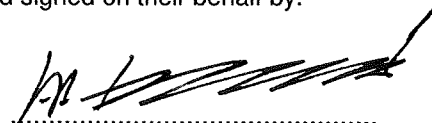
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources and Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees and signed on their behalf by:



Mr G Daly
Chair of Trustees



Mr S Strickland
Accounting Officer

Date: 3 December 2019

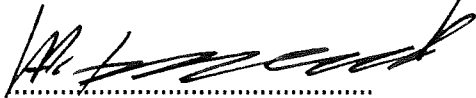
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Duston Education Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA.



.....
Mr S Strickland
Accounting Officer

Date: 3 DECEMBER 2019

THE DUSTON EDUCATION TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

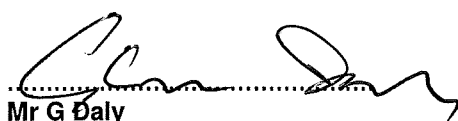
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Trustees and signed on its behalf by:



Mr G Daly
Chair of Trustees

Date: 3 December 2019

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE DUSTON EDUCATION TRUST

Opinion

We have audited the financial statements of The Duston Education Trust (the 'Academy Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE DUSTON EDUCATION TRUST (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Other information includes the Reference and Administrative details, Trustees Report, incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements and.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE DUSTON EDUCATION TRUST (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

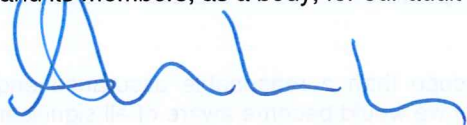
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Peterbridge House

The Lakes

Northampton

NN4 7HB

Date:

16 December 2019

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
DUSTON EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Duston Education Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Duston Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Duston Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Duston Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Duston Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Duston Education Trust's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
DUSTON EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MacIntyre Hudson

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 18 December 2019

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	177,478	6,572	125,581	309,631	171,500
Charitable activities	4	-	8,570,283	-	8,570,283	8,311,358
Other trading activities	5	3,559	-	-	3,559	17,752
Investments	6	737	-	-	737	772
Other income	25	-	-	-	-	95,750
Total income		181,774	8,576,855	125,581	8,884,210	8,597,132
Expenditure on:						
Raising funds		177,025	-	-	177,025	139,427
Charitable activities		-	8,895,079	1,095,351	9,990,430	9,772,983
Teaching schools	25	-	-	-	-	95,750
Total expenditure	7	177,025	8,895,079	1,095,351	10,167,455	10,008,160
Net movement in funds before other recognised gains/(losses) carried forward		4,749	(318,224)	(969,770)	(1,283,245)	(1,411,028)

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note					
Net movement in funds before other recognised gains/(losses) brought forward	4,749	(318,224)	(969,770)	(1,283,245)	(1,411,028)
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	20	(1,105,000)	-	(1,105,000)	666,000
Net movement in funds	4,749	(1,423,224)	(969,770)	(2,388,245)	(745,028)
Reconciliation of funds:					
Total funds brought forward	245,686	(1,631,500)	39,408,872	38,023,058	38,768,086
Net movement in funds	4,749	(1,423,224)	(969,770)	(2,388,245)	(745,028)
Total funds carried forward	15	250,435	(3,054,724)	38,439,102	35,634,813

The Statement of Financial Activities includes all gains and losses recognised in the year.

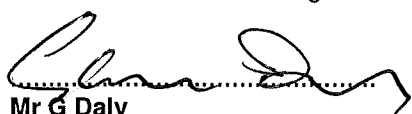
The notes on pages 26 to 49 form part of these financial statements.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09299605

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	38,367,806	39,359,187
Current assets			
Debtors	13	259,507	295,157
Cash at bank and in hand		996,849	1,236,024
		<u>1,256,356</u>	<u>1,531,181</u>
Creditors: amounts falling due within one year	14	(757,349)	(1,015,310)
		<u>499,007</u>	<u>515,871</u>
Net current assets		499,007	515,871
Total assets less current liabilities			
		<u>38,866,813</u>	<u>39,875,058</u>
Defined benefit pension scheme liability	20	(3,232,000)	(1,852,000)
Total net assets		<u>35,634,813</u>	<u>38,023,058</u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	15	38,439,102	39,408,872
Restricted income funds	15	177,276	220,500
		<u>38,616,378</u>	<u>39,629,372</u>
Restricted funds excluding pension asset	15	38,616,378	39,629,372
Pension reserve	15	(3,232,000)	(1,852,000)
		<u>35,384,378</u>	<u>37,777,372</u>
Total restricted funds	15	35,384,378	37,777,372
Unrestricted income funds	15	250,435	245,686
		<u>35,634,813</u>	<u>38,023,058</u>
Total funds		<u>35,634,813</u>	<u>38,023,058</u>

The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue on 03 December 2019 and are signed on their behalf, by:


Mr G Daly
 Chair of Trustees

The notes on pages 26 to 49 form part of these financial statements.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(316,633)	285,022
Cash flows from investing activities	18	77,458	(1,854)
Change in cash and cash equivalents in the year		(239,175)	283,168
Cash and cash equivalents at the beginning of the year		1,236,024	952,856
Cash and cash equivalents at the end of the year	19	996,849	1,236,024

The notes on pages 26 to 49 from part of these financial statements

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Duston Education Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Donated fixed assets (excluding transfers on conversion or into the Academy Trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets less their estimated residual value, basis over their expected useful lives on the following basis:

Depreciation is provided on the following bases:

Freehold land and property	- 50 years straight line (land is not depreciated) or estimated useful life if lower
Furniture and equipment	- 3 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 3 years straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.7 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Leased assets

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

1.13 PFI Contracts

The buildings used by the Academy Trust were constructed under a Private Finance Initiative (PFI) Contract between Northamptonshire County Council (Local Authority) and a Private Contractor. The project was completed prior to the School's conversion to Academy status. On conversion, the Academy Trust has entered into a School Agreement with the Local Authority which transfers the Local Authority's main obligations under the PFI Contract to the Academy Trust.

The Academy Trust is responsible for the revenue costs of maintaining the facilities. The payments made to the Local Authority in respect of the PFI Contract unitary charge relating to these revenue costs are therefore expensed to the Statement of Financial Activities in the period to which they relate.

The land was transferred to the Academy Trust by the Local Authority on conversion to an Academy. As the Academy Trust takes on the risks and rewards with the land and buildings, including the long term maintenance of the property once the PFI contract has ended, the land and buildings are capitalised as fixed assets on the Academy Trust's Balance Sheet at valuation using the depreciated replacement cost basis. These assets are then depreciated over their useful economic life.

1.14 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	177,478	6,572	-	184,050	141,766
Capital Grants	-	-	125,581	125,581	29,734
	<u>177,478</u>	<u>6,572</u>	<u>125,581</u>	<u>309,631</u>	<u>171,500</u>
Total 2018	<u>134,986</u>	<u>6,780</u>	<u>29,734</u>	<u>171,500</u>	

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4. Funding for the Academy Trust's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General annual grant (GAG)	7,874,139	7,874,139	7,712,834
Other DfE/ESFA grants	251,336	251,336	174,938
Pupil premium	295,265	295,265	302,200
	<u>8,420,740</u>	<u>8,420,740</u>	<u>8,189,972</u>
Other government grants			
Local authority grants	145,343	145,343	113,490
	<u>145,343</u>	<u>145,343</u>	<u>113,490</u>
Other funding			
Other income	-	-	4,010
Teacher recharges	4,200	4,200	3,886
	<u>4,200</u>	<u>4,200</u>	<u>7,896</u>
	<u>8,570,283</u>	<u>8,570,283</u>	<u>8,311,358</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	3,559	3,559	12,406
Staff Services - Consultancy	-	-	5,346
	<u>3,559</u>	<u>3,559</u>	<u>17,752</u>

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6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	737	737	772

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income	55,991	-	121,034	177,025	136,930
Expenditure on fundraising trading	-	-	-	-	2,497
The Academy Trust's educational operations:					
Direct costs	5,985,324	-	394,157	6,379,481	6,128,775
Allocated support costs	943,438	2,058,971	608,540	3,610,949	3,644,208
Teaching school	-	-	-	-	95,750
	<u>6,984,753</u>	<u>2,058,971</u>	<u>1,123,731</u>	<u>10,167,455</u>	<u>10,008,160</u>
Total 2018	<u>6,814,260</u>	<u>2,113,677</u>	<u>1,080,223</u>	<u>10,008,160</u>	

Net (income)/expenditure for the period includes:

	2019 £	2018 £
Depreciation	1,040,241	1,120,041
Fees payable to the auditor for audit	12,000	12,000
Fees payable to the auditor for non-audit	13,828	16,582
Operating lease charges	24,159	24,159

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8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	6,379,481	3,610,949	9,990,430	9,772,983
Total 2018	6,128,775	3,644,208	9,772,983	

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
LGPS pension costs	55,000	58,000
Staff costs	943,438	987,569
Depreciation	1,040,241	1,120,043
Technology costs	76,182	48,809
Premises costs	1,018,730	991,137
Governance costs	26,119	29,835
Other support costs	451,239	408,815
	3,610,949	3,644,208

THE DUSTON EDUCATION TRUST
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FOR THE YEAR ENDED 31 AUGUST 2019

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	5,284,241	5,146,126
Social security costs	534,970	512,950
Pension costs	1,061,179	1,108,874
	<u>6,880,390</u>	<u>6,767,950</u>
Agency staff costs	104,363	27,310
Staff restructuring costs	-	19,000
	<u><u>6,984,753</u></u>	<u><u>6,814,260</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u>-</u>	<u>19,000</u>
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b. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2019 No.	2018 No.
Teaching	87	88
Administration and support	89	86
Management	12	11
	<u>188</u>	<u>185</u>

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9. Staff costs (continued)

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019	2018
	No.	No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, pension contributions for these staff members amounted to £44,794 (2018 - £43,084).

d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to The Academy Trust was £972,491 (2018 - £849,323).

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
Mr S Strickland, Principal and accounting officer	Remuneration	95,000 - 100,000	90,000 - 95,000
	Pension contributions paid	N/A	N/A
Mr L Martin (appointed 23 May 2019)	Remuneration	10,000 - 15,000	N/A
	Pension contributions paid	0 - 5,000	N/A
Mrs A Pratt (appointed 23 May 2019)	Remuneration	0 - 5,000	N/A
	Pension contributions paid	0 - 5,000	N/A

During the year ended 31 August 2019, expenses totalling £291 were reimbursed or paid directly to 2 Trustees (2018 - £1,771 to 4 Trustees).

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NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' and Officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on The Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

12. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	42,578,366	198,655	855,945	11,339	43,644,305
Additions	-	30,883	17,977	-	48,860
At 31 August 2019	<u>42,578,366</u>	<u>229,538</u>	<u>873,922</u>	<u>11,339</u>	<u>43,693,165</u>
Depreciation					
At 1 September 2018	3,327,561	160,714	785,504	11,339	4,285,118
Charge for the year	950,732	34,067	55,442	-	1,040,241
At 31 August 2019	<u>4,278,293</u>	<u>194,781</u>	<u>840,946</u>	<u>11,339</u>	<u>5,325,359</u>
Net book value					
At 31 August 2019	<u><u>38,300,073</u></u>	<u><u>34,757</u></u>	<u><u>32,976</u></u>	<u><u>-</u></u>	<u><u>38,367,806</u></u>
At 31 August 2018	<u><u>39,250,805</u></u>	<u><u>37,941</u></u>	<u><u>70,441</u></u>	<u><u>-</u></u>	<u><u>39,359,187</u></u>

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13. Debtors

	2019 £	2018 £
Trade debtors	1,542	20,353
Other debtors	49,453	52,045
Prepayments and accrued income	208,512	222,759
	<u>259,507</u>	<u>295,157</u>

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	222,113	473,614
Other taxation and social security	134,881	124,105
Other creditors	6,782	785
Accruals and deferred income	393,573	416,806
	<u>757,349</u>	<u>1,015,310</u>

	2019 £	2018 £
Deferred income at 1 September 2018	84,270	82,790
Resources deferred during the year	127,358	84,270
Amounts released from previous periods	(84,270)	(82,790)
	<u>127,358</u>	<u>84,270</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for trips taking place in the 2019/20 academic year, UIFSM and grant income relating to future periods.

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15. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	245,686	181,774	(177,025)	-	-	250,435
Restricted general funds						
General annual grant (GAG)	51,337	7,874,139	(7,917,361)	-	-	8,115
Other DfE/ESFA grants	9,357	251,336	(251,338)	-	-	9,355
Pupil premium	-	295,265	(295,265)	-	-	-
Inherited funds	159,806	-	-	-	-	159,806
Restricted Local Authority	-	145,343	(145,343)	-	-	-
Miscellaneous income	-	6,572	(6,572)	-	-	-
GUTP/teacher recharges	-	4,200	(4,200)	-	-	-
Pension reserve	(1,852,000)	-	(275,000)	-	(1,105,000)	(3,232,000)
	(1,631,500)	8,576,855	(8,895,079)	-	(1,105,000)	(3,054,724)
Restricted fixed asset funds						
Capital expenditure non GAG	267,774	-	(79,607)	48,891	-	237,058
Inherited assets	39,091,412	-	(960,634)	-	-	38,130,778
DfE/ESFA capital grants (unspent)	49,686	125,581	(55,110)	(48,891)	-	71,266
	39,408,872	125,581	(1,095,351)	-	-	38,439,102
Total Restricted funds	37,777,372	8,702,436	(9,990,430)	-	(1,105,000)	35,384,378

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total funds	38,023,058	8,884,210	(10,167,455)	-	(1,105,000)	35,634,813

The specific purposes for which the funds are to be applied are as follows:

Restricted general funds will be used for educational purposes in line with the Academy Trust's objects and its funding agreement with the ESFA.

Restricted fixed assets funds amounting to £38,367,806 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance The Academy Trust's facilities.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	215,763	153,510	(123,587)	-	-	245,686

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NOTES TO THE FINANCIAL STATEMENTS
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15. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted funds						
General annual grant (GAG)	-	7,712,834	(7,661,497)	-	-	51,337
Other DfE/ESFA grants	5,548	174,938	(171,129)	-	-	9,357
Pupil premium	-	302,200	(302,200)	-	-	-
Inherited funds	174,331	6,780	(21,305)	-	-	159,806
Restricted Local Authority	-	113,490	(113,490)	-	-	-
Miscellaneous income	-	7,896	(7,896)	-	-	-
Teaching school	-	95,750	(95,750)	-	-	-
Pension reserve	(2,190,000)	-	(328,000)	-	666,000	(1,852,000)
	<u>(2,010,121)</u>	<u>8,413,888</u>	<u>(8,701,267)</u>	<u>-</u>	<u>666,000</u>	<u>(1,631,500)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants (spent)	92,888	-	-	(92,888)	-	-
Capital expenditure non GAG	277,620	-	(159,409)	149,563	-	267,774
Inherited assets	40,076,361	-	(960,634)	(24,315)	-	39,091,412
DfE/ESFA capital grants (unspent)	-	29,734	(29,734)	-	-	-
Other capital grants (unspent)	115,575	-	(33,529)	(32,360)	-	49,686
	<u>40,562,444</u>	<u>29,734</u>	<u>(1,183,306)</u>	<u>-</u>	<u>-</u>	<u>39,408,872</u>
Total Restricted funds	<u>38,552,323</u>	<u>8,443,622</u>	<u>(9,884,573)</u>	<u>-</u>	<u>666,000</u>	<u>37,777,372</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Total funds	<u>38,768,086</u>	<u>8,597,132</u>	<u>(10,008,160)</u>	<u>-</u>	<u>666,000</u>	<u>38,023,058</u>

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	38,367,806	38,367,806
Current assets	249,070	935,990	71,296	1,256,356
Creditors due within one year	1,365	(758,714)	-	(757,349)
Provisions for liabilities and charges	-	(3,232,000)	-	(3,232,000)
Total	<u>250,435</u>	<u>(3,054,724)</u>	<u>38,439,102</u>	<u>35,634,813</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	39,359,187	39,359,187
Current assets	243,163	1,238,333	49,685	1,531,181
Creditors due within one year	2,523	(1,017,833)	-	(1,015,310)
Provisions for liabilities and charges	-	(1,852,000)	-	(1,852,000)
Total	<u>245,686</u>	<u>(1,631,500)</u>	<u>39,408,872</u>	<u>38,023,058</u>

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17. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,283,245)	(1,411,028)
Adjustments for:		
Depreciation	1,040,241	1,120,041
Interest from investments	(737)	(772)
Capital grants from DfE and other capital income	(125,581)	(29,734)
Defined benefit pension scheme cost less contributions payable	220,000	270,000
Capital grants from DfE and other capital income	55,000	58,000
Decrease/(increase) in debtors	35,650	(22,112)
(Decrease)/increase in creditors	(257,961)	300,627
Net cash (used in)/provided by operating activities	(316,633)	285,022

18. Cash flows from investing activities

	2019 £	2018 £
Interest from investments	737	772
Purchase of tangible fixed assets	(48,860)	(32,360)
Capital grants from DfE Group	125,581	29,734
Net cash provided by/(used in) investing activities	77,458	(1,854)

19. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	996,849	1,236,024
Total cash and cash equivalents	996,849	1,236,024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northamptonshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a

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20. Pension commitments (continued)

decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023..

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £583,029 (2018 - £553,652).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £344,000 (2018 - £368,000), of which employer's contributions totalled £269,000 (2018 - £290,000) and employees' contributions totalled £75,000 (2018 - £78,000). The agreed contribution rates for future years are 23.6 per cent for employers and 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	1.9	2.8
Rate of increase for pensions in payment/inflation	2.6	2.6
Discount rate for scheme liabilities	2.3	2.3

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

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20. Pension commitments (continued)

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.3	24.2
<i>Retiring in 20 years</i>		
Males	22.3	23.9
Females	24.7	26.1

Sensitivity analysis

	2019	2018
	£000	£000
0.5% decrease in real discount rate	1,007,000	731,000
0.5% increase in the salary rate	89,000	76,000
0.5% increase in the pension / inflation increase rate	903,000	649,000

The Academy Trust's share of the assets in the scheme was:

	£	£
Equities	2,768,000	2,492,000
Bonds	654,000	505,000
Property	346,000	269,000
Cash	77,000	102,000
Total market value of assets	3,845,000	3,368,000

The actual return on scheme assets was £174,000 (2018 - £163,000).

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20. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	469,000	560,000
Past service cost	20,000	-
Interest income	98,000	76,000
Interest cost	(153,000)	(134,000)
Total amount recognised in the Statement of Financial Activities	434,000	502,000

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
At 1 September	5,220,000	5,074,000
Interest cost	153,000	134,000
Employee contributions	75,000	78,000
Actuarial losses/(gains)	1,181,000	(579,000)
Benefits paid	(41,000)	(47,000)
Past service costs	20,000	-
Current service cost	469,000	560,000
At 31 August	7,077,000	5,220,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	3,368,000	2,884,000
Return on plan assets (excluding net interest on the net defined pension liability)	98,000	76,000
Actuarial gains	76,000	87,000
Employer contributions	269,000	290,000
Employee contributions	75,000	78,000
Benefits paid	(41,000)	(47,000)
At 31 August	3,845,000	3,368,000

THE DUSTON EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Amounts payable:		
Within 1 year	24,159	24,338
Between 1 and 5 years	18,119	42,277
	<u>42,278</u>	<u>66,615</u>

22. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

23. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the year:

Mr J McCann, Member of The Duston Education Trust, is a director of Inclusion Quality Mark (UK) Limited. During the year Inclusion Quality Mark (UK) Limited invoiced The Duston Education Trust for an inclusion review, amounting to £1,145 (2018 - £1,125).

Mr G Daly, Trustee of The Duston Education Trust, was Chair of Governors at Hopping Hill Primary School during the year. During the year Hopping Hill Primary School was invoiced £524 (2018 - £490) by The Duston Education Trust for independent sports activities

24. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £22,887 (2018 - £22,123) and disbursed £17,601 (2018 - £24,903) from the fund. An amount of £5,286 (2018 - £Nil) is included in other creditors relating to undistributed funds that is repayable to the ESFA.

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NOTES TO THE FINANCIAL STATEMENTS
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25. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Other income	-		32,000	
Other income				
Fundraising and other trading activities	-		63,750	
	<u> </u>		<u> </u>	
Total income		-		95,750
Expenditure				
Direct expenditure				
Direct staff costs	-		51,166	
	<u> </u>		<u> </u>	
Other expenditure				
Other staff costs	-		33,023	
Other support costs	-		11,561	
	<u> </u>		<u> </u>	
Total other expenditure	-		44,584	
	<u> </u>		<u> </u>	
Total expenditure		-		95,750
Surplus from all sources				

The teaching school ceased operation on 31 August 2018, therefore no income or expenditure has been received or incurred in the current year and no balances exist at the current year end in relation to a teaching school.