

**THOMAS DEACON EDUCATION TRUST
(FORMERLY KNOWN AS THE THOMAS DEACON ACADEMY)**

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended

31 August 2017

***Company Registration Number:
05090788 (England and Wales)***

THOMAS DEACON EDUCATION TRUST

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THOMAS DEACON EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISORS

Members	Mr M Delap Mr C J Woolhouse (resigned 31 August 2017) Ms R Cook Mr I Wigston Mr M Dorset Mr A Peters (appointed 1 September 2017)
Trustees	Dr Richard Barnes (Chairman) Mr Allan Arnott* (appointed 19 December 2016) Mr P Clegg* (Caterpillar Inc.) (Responsible Officer) Mr M Potter (appointed 19 December 2016) Mrs J Taylor (CEO) Mr MJ Gross* Mrs K Bretten (Co-opted) Mr G Perkins (Co-opted) (appointed 19 December 2016) Mr I Wigston (Co-opted) (appointed 19 December 2016) Mr S J Smith* (Co-opted) (appointed 19 December 2016) Mr S Rehman (Co-opted) (appointed 10 July 2017) Mr J A Peach (Local Authority) (resigned 19 December 2016) Mrs D L Augustine (Parent) (resigned 19 December 2016) Mrs A J Wilson (Caterpillar Inc) Mr C J Woolhouse (The Deacon's School Trust) (resigned 19 December 2016) Mr R J Wade (Parent) (resigned 19 December 2016) Mr I Clarkson (Co-opted) (resigned 19 December 2016) Rev I C Black (Deacon's School Trust) (resigned 19 December 2016)

*members of the Finance committee

Company Secretary Mr S J Smith

Executive Group

CEO	Mrs J Taylor
Director of Resources	Mr S J Smith
Principal TDA	Mr G Walls (appointed 1 September 2016)
Principal Voyager Academy	Mr S Hudson (from 1 January 2017)
Principal Gladstone Primary Academy	Mr S Martin (from 1 February 2017)

Principal and Registered Office Queen's Gardens
Peterborough, Cambs. PE1 2UW
01733 426060

Company Registration Number 05090788 (England and Wales)

Independent Auditor Peters, Elworthy & Moore
Chartered Accountants and Statutory Auditors
Salisbury House
Station Road, Cambridge CB1 2LA

THOMAS DEACON EDUCATION TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISORS
(CONTINUED)**

Bankers

Lloyds Bank
65 High Street
Stamford
PE9 2AT

Solicitors

Browne Jacobson Solicitors
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

THOMAS DEACON EDUCATION TRUST

REPORT OF THE BOARD OF TRUSTEES 31 AUGUST 2017

The Board of Trustees present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

Thomas Deacon Education Trust ("the Trust") operates 3 academies for pupils aged 4-19 serving a catchment area in Peterborough and Cambridgeshire. One school includes on-site nursery provision making the age range of children supported through the Trust age 0-19. At the start of the year, the Trust consisted of just one academy, Thomas Deacon Academy. Through the year, Voyager Academy and Gladstone Primary Academy joined the Trust and it now has a pupil capacity of 5,190 and has a roll of 3,929 in the school census in October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Thomas Deacon Education Trust is a company limited by guarantee with no share capital (registration no. 05090788) and an exempt charity. The charitable company's Articles of Association are the primary governing documents of the Trust. Members of the charitable company are nominated by either the Secretary of State for Education and Skills or by Caterpillar Inc. or the Deacon's School Trust, the main sponsors of the Thomas Deacon Academy. The Articles of Association require the members of the charitable company to appoint at least four Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Trust.

In December 2016, the Articles of Association were updated for the Trust and replaced those for the Single Academy Trust.

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.

Trustees' Indemnities

As disclosed in note 10 professional indemnity insurance is paid on behalf of the Trustees and officers of the Trust.

Board of Trustees

The Board of Trustees ("the Board") are Trustees of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

Trustees are not subject to retirement by rotation. They are appointed for fixed periods and are eligible for re-election at the meeting at which they retire.

The Trustees who were in office at 31 August 2017, and served throughout the year, except where shown, are listed on page 1. At the point of Thomas Deacon Education Trust being formed, the existing Board was disbanded and a new Trust Board, appointed under the rules of the Articles of Association, was established. A shadow Board of Trustees sat in the months leading to the formal transfer.

During the year under review the Board held 4 regular meetings.

THOMAS DEACON EDUCATION TRUST

REPORT OF THE BOARD OF TRUSTEES 31 AUGUST 2017

New Trustees

Under the terms of the Trust's funding agreement and Articles Trustees are appointed as follows;

- Up to 5 Trustees, appointed through ordinary resolution by the Members;
- a minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Article 101A. The two principal sponsors each appoint two Trustees;
- The Board retains the right to appoint other Trustees as it deems fit dependent on need. Any new co-opted member of the Board must be confirmed at a full meeting of the Board.

All Trustees receive continual training to ensure their understanding of the issues involved.

Induction training for new members of the Board is provided on charity, educational, legal and financial matters.

Organisational Structure

The structure of Thomas Deacon Education Trust consists of the following levels:

- Board of Trustees, including the CEO
- Finance Committee (established January 2017), including the Director of Resources
- Local Governing Bodies
- Executive Group

Each Academy has its own leadership team who are responsible for managing the day to day activity and progress of the academy.

An aim of the management structure is to distribute responsibility and encourage involvement in decision making at all levels.

The Board is responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Executive Group are the CEO, Principals from each Academy and the Director of Resources as described on page 1. These leaders control the Trust at an executive level, implementing the policies laid down by the Board and reporting back to them. As a group, the Executive Group are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in each Academy Leadership Team often contain a Trustee. Some spending control is devolved to members of the Academy Leadership Team, with limits above which a member of the Executive Group must countersign.

Academy Leadership Teams vary according to the size and phase of their Academy but normally consist of the Principal, the Vice Principal and any Deputy Vice Principals. These leaders are responsible for the day to day operation of their Academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The Trust operates a pay policy that outlines the approach of pay progression for all staff. Pay for the CEO is recommended by the Chair of the Board of Trustees. Each Principal's pay is recommended by the CEO and agreed by the Finance Committee. For each Academy Leadership Team, any salary progression is recommended by the appropriate Principal and agreed through the Local Governing Body based on salary increases agreed through the Finance Committee.

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Subsidiary company

The Trust owns 100% of the issued ordinary shares of TDA Developments Limited, a company incorporated in England (registration no. 06435213). In the year to 31 August 2017 the subsidiary achieved a profit of £2,876 all of which was gifted under covenant to the Trust. Further details regarding the subsidiary company are given in note 13 to the financial statements.

Connected organisations

Caterpillar Inc. and the Deacon's School Trust are sponsors to The Thomas Deacon Academy and since the Academy's founding have donated £2 million to assist the Academy in achieving its objectives.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the charitable company is the operation of Thomas Deacon Education Trust by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the **mainstream Academies**") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the **alternative provision Academies**") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the **16 to 19 Academies**") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the **Special Academies**").

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

The main objectives of Thomas Deacon Education Trust during the year ended 31 August 2017 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Strategies and activities

The Trust's main strategies are based around 7 key themes:

1. Literacy
2. Disadvantaged Students
3. Higher prior attainment students
4. Recruitment and Retention
5. Health and Safety
6. Financial Performance

Academy Improvement Plans and other Business Plans are focused on these areas to support the delivery of the main objectives.

THOMAS DEACON EDUCATION TRUST

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Public Benefit

In setting objectives and planning activities, the Board have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2011.

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of each Academy. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REPORT

Achievements and performance

Thomas Deacon Academy (TDA)

The Summer 2017 results saw TDA hit national average in its headline Progress 8 GCSE measure (value-added Key Stage 2 to Key Stage 4) for the first time in its ten-year history. This means that TDA has improved significantly in the last year. The ambition now, at KS4, is to secure a positive value-added score of 0.2 in 2018 to further enhance the Academy's journey to outstanding. TDA Juniors now has a full complement of pupils (Year 3 to Year 6) and preparations are underway for Year 6 learners at TDA Juniors to experience their SATs examinations. In year progress and performance data suggests that our first set of SATs results will be positive in terms of the proportions of children meeting or exceeding age-related expectations in Maths, Reading, Writing and Combined. Children's University has grown exponentially in TDA Juniors with over 100 pupils in Year 3 to Year 6 now taking part and regularly attending Saturday School.

Queen Katharine Academy (QKA)

In the Summer, QKA celebrated their best set of sixth form results with a remarkable 100% pass rate and significant improvements at A*-B grades. Subsequently a large number of students were able to secure their place at their first-choice university. A wide range of students are benefitting from work the Academy is undertaking with a range of external partners, particularly focussing on social mobility and raising aspirations with organisations such as Arkwright, Sutton Trust and Villiers Park. QKA also saw a significant uplift in their GCSE results with more students than previous years securing threshold grades in both English and Maths. The majority of subjects saw an uplift in basic and good pass rates. QKA are now working to ensure better rates of progress are made by all students from their respective starting points.

Gladstone Primary Academy (GPA)

It has been a very busy year at GPA. The school became an Academy and joined the Trust on the 1st February 2017. GPA have taken this opportunity to re-brand and redefine the ethos for the Academy. This is reflected in the Academy's new motto; 'Belief in the power of learning...'. The weaknesses that put the previous school into special measures have been robustly addressed. An Ofsted monitoring visit identified that safeguarding is now effective and behaviour is good. Staff reorganisations have ensured that structures now provide the right support for children. Improved leadership was identified in a visit from the Regional School Commissioner, stating that 'the school is under purposeful new leadership.' There has been significant progress in the quality of teaching. Key to this has been the development of the 'Learning Line,' which children use and refer to in every lesson. Phonics teaching is now more consistent through the introduction of a new scheme. GPA secured the best KS2 outcomes the school has seen for some years, with a 6% increase in reading, 19% improvement in Spelling Punctuation and Grammar and an 11% in Maths.

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Going Concern

After making appropriate enquiries, the Board have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues 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 Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Thomas Deacon Education Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by 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.

Thomas Deacon Education Trust held fund balances at 31 August 2017 of £36,813,000 comprising £44,332,000 of restricted funds, a surplus of £552,000 of unrestricted general funds and a pension reserve deficit of £8,071,000.

During the year ended 31 August 2017, total expenditure of £19,632,000 was fully covered by recurrent grant funding from the EFSA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £5,230,000 of which £4,595,000 was directly attributable to FRS 102 pension adjustments and £158,000 contribution by income funds to meet the shortfall in capital funding.

At 31 August 2017 the net book value of fixed assets was £42,222,000 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

Thomas Deacon Education Trust has obtained a full actuarial valuation of the pension liability under FRS17 in respect of its administrative staff pension scheme, for each of its academies. During the year Thomas Deacon Education Trust incurred an increase of its pension liability of £1,937,000 resulting in an overall deficit of £8,071,000.

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees had previously determined that the appropriate level of free reserves should be equivalent to 2 weeks' expenditure, approximately £971,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Thomas Deacon Education Trust's current level of free reserves (unrestricted funds plus restricted GAG funding carried forward) is a surplus of £2,593,000 which is in line with that needed.

Investment Policy

The Academy has an improved investment policy which covers the appropriate use of surplus funds. The CEO and the Board have overall responsibility for the security and management of funds. The day-to-day management of the treasury function is controlled by the Director of Resources.

The Director of Resources will liaise with the Finance Committee in relation to strategy, status and market conditions.

The Chair of the Finance Committee will liaise with the Board for approval of any changes to strategy and to provide an update on investments.

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Thomas Deacon Education Trust will operate an interest bearing current account with a bank or building society approved by the Board and maintain a balance in that account of £680,000, immediate and forthcoming financial commitments and sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in a number of accounts in the name of the Trust with the approved institutions authorised by the Board. These may be higher interest bearing accounts operated by the same bank that the Trust operates its current account with, or an alternative approved institution. The Director of Resources will ensure that funds are invested in fixed term blocks to ensure the maximum return whilst maintaining the necessary working capital. The Director of Resources is not permitted to make more than four transfers per calendar month without the approval of the Finance Committee.

Principal Risks and Uncertainties

The Board have a comprehensive risk management process to identify and monitor the risks faced by the Trust. The key areas identified are; Strategic and Reputational, Operational, Compliance, Financial, Curriculum and IT and Property related. A point scoring mechanism is in place with greater emphasis directed towards those identified higher risk areas. The Board believe that the major risks that the Trust is currently facing are funding issues with regards to the introduction of the national funding formula alongside a reducing pupil population while continuing to provide school improvement support for academies in the Trust.

Risk management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Funds in deficit

Thomas Deacon Education Trust's share of the LGPS valuation, as determined by the actuary, is a total deficit of £8,071,000. The Trust continues to pay the recommended contribution to the scheme, as detailed in note 28. The scheme does not give rise to an immediate liability.

PLANS FOR FUTURE PERIODS

During 2017/18, TDA Education Trust was rebranded to Thomas Deacon Education Trust (TDET), with a revision of its values and principles. Further improvements will be made to the governance arrangements with an Education Committee being established to provide more scrutiny to educational improvements and how it fits with the strategic plan.

As part of the strategic aim to improve standards at the Voyager Academy, it has been agreed to rebrand the school and be named Queen Katharine Academy. A full consultation has taken place and the new name will come into effect from the start of term in September 2017.

A formal Service Level Agreement between centralised business services will be adopted offering clarity to Principals of what support can be expected from them. A similar arrangement will be adopted for centralised education services.

Thomas Deacon Education Trust will look to consolidate its position as a sustainable Multi Academy Trust that is seen as a preferred choice to supporting schools in the Peterborough and the surrounding area. The trust is already working closely with 5 other schools and plans will be established to formalise these arrangements over the next 12 months.

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More focus is being given to Health and Safety, Risk Management and Data Protection. The Trust has reviewed its risk profile and aligned this to the strategic objectives of the Trust, which ensures focus remains in the areas agreed by the Board. A new post will be established early in 2018 to lead on the risk management and health and safety matters providing the right level of focus and importance. GDPR implementation means that a review of data in the Trust will be undertaken and a Data Protection Officer appointed.

AUDITORS

The Board of Trustees confirms that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The auditors, Peters, Elworthy & Moore are willing to continue in office and a resolution to appoint them will be considered by the Members of the Trust.

The report of the Trustees was approved by the Trustees on 14 December 2017 and signed on their behalf by:



Mr P. Clegg
(Chair Finance Committee)



Mrs J. Taylor
(Chief Executive Officer)

THOMAS DEACON EDUCATION TRUST

GOVERNANCE STATEMENT 31 AUGUST 2017

Scope of Responsibility

As the Board, we acknowledge we have overall responsibility for ensuring that Thomas Deacon 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.

We are also responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time the financial position of the Trust and enable us to ensure that the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- The Trust is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The proper records are maintained and financial information used within the Trust or for publication is reliable;
- The Trust complies with relevant laws and regulations.

The Board have delegated the day-to-day responsibility to the CEO, 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 Thomas Deacon Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board 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 Report. The Board has formally met four times during the year. Attendance during the year at meetings of the Board was as follows:

Trustee	Meetings attended	Out of a possible
Richard Barnes (Chair)	4	4
Julie Taylor	4	4
Paul Clegg	3	4
Simon Smith	4	4
Ian Wigston	4	4
Mark Potter	3	4
Katrina Bretten	4	4
Mike Gross	4	4
Gary Perkins	3	4
Allan Arnott	4	4

The Finance Committee was established as a subcommittee of the main Board, in January 2017. Its purpose is to oversee finance, premises, health and safety and ICT strategy. Attendance of this meeting was as follows:

Trustee	Meetings attended	Out of a possible
Paul Clegg (Chair)	3	3
Mike Gross	2	3
Allan Arnott	2	3
Simon Smith	3	3

Each Academy facilitates its own Local Governing Body, which has been established to scrutinise education improvement and to hold the Principal to account on all educational matters.

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GOVERNANCE STATEMENT 31 AUGUST 2017

Evaluation

The Board carry out continual self-evaluation and training, including completing the financial management and governance self-assessment. Training is carried out by both specialist staff within the Trust and external providers to ensure the Trustees are fully briefed on all issues affecting the performance of their duties.

Review of Value for Money

As accounting officer, the CEO has responsibility and accountability for ensuring that the Multiple 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Board where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Multiple Academy Trust has delivered improved value for money during the year by:

Targeted improvement: Staffing has been re-structured to ensure that staffing is deployed to support an improved curriculum. Full accountability and responsibility is built into this structure.

Collaboration: The Trust has engaged with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost. This includes working with a range of schools across the Peterborough Partnership of Secondary Schools; a mix of Local Authority maintained schools and academies, including academy chains. A small number of consultants were used to further support improvement in key areas of literacy and numeracy across the year groups.

Quantifying improvements: Evidence shown above demonstrates the effectiveness of the improvements made. Student attendance remains above national average.

Better purchasing: A register of all services and contracts been developed and all contracts are appraised or renegotiated in a timely manner to get the best mix of quality and effectiveness. Three year contracts have been entered to ensure reduced cost where it was felt that this would benefit the Trust. Some services have been terminated with external providers as the expertise is now available in the Trust.

The Trust benchmarks itself against other comparative organisations using information supplied by the Education and Skills Funding Agency.

Options appraisal: The Board and Executive Group apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the school.
- the targeting of resources to best improve standards and the quality of provision.
- the use of resources to best support the various educational needs of all pupils.

The Trust has developed procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures in place include:

- competitive tendering procedures;
- procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship); and
- procedures which minimise office time by the purchase of goods or services under £1000 direct from known, reliable suppliers (e.g. stationery, small equipment).

THOMAS DEACON EDUCATION TRUST

GOVERNANCE STATEMENT 31 AUGUST 2017

Economies of scale: The Trust regularly takes opportunities to work collaboratively with others to reduce and share administration and procurement costs. Business Services have been centralised as part of developing the Trust realising financial savings to support the academies. Procurement is now being consolidated and contracts being entered into where value for money can be evidenced.

Better income generation: Opportunities have been taken to explore and generate additional and reliable revenue streams. Additional income is generated by releasing Senior Leadership Team time to support other schools not formally in the Trust to undertake school improvement work. The Trust looks to maximise income from external facilities hire through a marketing campaign and aligning resources across the academies.

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 ongoing process designed to identify and prioritise the risks to the achievement of the Trust's 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 Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

A Financial Governance and Management Self-Assessment was completed during the year, offering assurance to the Finance Committee of the control framework that the Trust has in place.

Capacity to Handle Risk

The Board have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board are of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The Risk Control Framework

The 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;
- regular reviews by the Finance 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.

The Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Board has appointed Mr P Clegg, a member of the Board of Trustees, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The function of the range of checks is devolved to the external auditors. On a regular basis, the RO reports to the Board on the operation of the systems of control and on the discharge of the Board's financial responsibilities based on reports from the external auditors. There are no material control issues arising as a result of these reviews.

THOMAS DEACON EDUCATION TRUST

GOVERNANCE STATEMENT 31 AUGUST 2017

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Review of Effectiveness

As Accounting Officer the CEO 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 Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Executive Group across the Trust and 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 Finance 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 on 14 December 2017 and signed on their behalf, by:



Mr P. Clegg
(Chair Finance Committee)



Mrs J Taylor
(Chief Executive Officer)

THOMAS DEACON EDUCATION TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE 31 AUGUST 2017

As Accounting Officer of Thomas Deacon Education Trust I have considered my responsibility to notify the Board and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Board are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Master Funding Agreement, each Academy Supplementary Funding Agreement and the Academies Financial Handbook.

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 and the ESFA.



Mrs J Taylor
Accounting Officer

14 December 2017

THOMAS DEACON EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES 31 AUGUST 2017

Company law requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the Board is required to:

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

The Board is 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for ensuring that in its conduct and operation the charitable company and the group 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 the ESFA/DfE have been applied for the purposes intended.

The Board is responsible for the maintenance and integrity of the charitable group'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 on 14 December 2017 and signed on its behalf by:



Mr P. Clegg
(Chair Finance Committee)



Mrs J Taylor
(Chief Executive Officer)

THOMAS DEACON EDUCATION TRUST

REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF THOMAS DEACON EDUCATION TRUST

Opinion

We have audited the financial statements of Thomas Deacon Education Trust for the year ended 31 August 2017, which comprise the Consolidated Statement of Financial Activities, incorporating Income and Expenditure Account, the Group and Parent Academy Balance Sheet, the Consolidated 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the 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 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent academy's affairs as at 31 August 2017, and of the group's 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of 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 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 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.

THOMAS DEACON EDUCATION TRUST

REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF THOMAS DEACON EDUCATION TRUST

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. Our opinion on the financial statements does not cover the 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.

Opinion on other matter 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 Report of the Board of Trustees for which the financial statements are prepared is consistent with the financial statements.
- the Report of the Board of Trustees and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatement in the Report of the Board of Trustees.

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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Trustees of the academy 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 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's or to cease operations, or have no realistic alternative but to do so.

THOMAS DEACON EDUCATION TRUST

**REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF THOMAS DEACON
EDUCATION TRUST**

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. The description forms part of our Auditor's report.



Judith Coplowe (Senior Statutory Auditor)

For and on behalf of

Peters Elworthy & Moore

Chartered Accountants and Statutory Auditor
Salisbury House
Station Road
Cambridge
CB1 2LA

15 December 2017

THOMAS DEACON EDUCATION TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THOMAS DEACON EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 18 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Thomas Deacon Education Trust during the year 1 September 2016 to 31 August 2017 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 Thomas Deacon 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 Thomas Deacon Education Trust and the 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 Thomas Deacon Education Trust and the ESFA, for our work, for this report, or for the opinion we have formed.

Respective responsibilities of Thomas Deacon Education Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Thomas Deacon Education Trust's funding agreement with the Secretary of State for Education dated 4 April 2006, and the Academies Financial Handbook extant 1 September 2016, for ensuring that expenditure disbursed and income received is applied to 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the 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's income and expenditure.

The work undertaken to draw to our conclusions includes:

- Review of the general control environment and governance arrangements
- Review of the Trust's activities and minutes of meetings
- Review of the register of interests and related party transactions ensuring compliance with the Financial Handbook
- For a sample of expenditure testing it has been properly authorised and complies with the approved procurement rules and policies
- Review of transactions and events to ensure compliance with delegations and freedoms as described in the Financial Handbook.

THOMAS DEACON EDUCATION TRUST

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Judith Coplowe

Judith Coplowe (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants
Statutory Auditors

Salisbury House
Station Road
Cambridge
CB1 2LA

15 December 2017

THOMAS DEACON EDUCATION TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds £000s	Restricted Funds £000s	Restricted Fixed Asset Funds £000s	Total 2017 £000s	Total 2016 £000s
Income from:						
Donations and capital grants	2	-	-	75	75	82
Donations – transfer from Local Authority on conversion	2	274	(923)	9,517	8,868	-
Charitable activities	5	-	20,559	-	20,559	13,440
Other trading activities	3	1,166	87	-	1,253	883
Investments	4	10	-	-	10	25
Total income		<u>1,450</u>	<u>19,723</u>	<u>9,592</u>	<u>30,765</u>	<u>14,430</u>
Expenditure on:						
Raising funds		568	-	-	568	718
Charitable activities		417	21,258	3,149	24,824	16,311
Charitable activities – transfer from transferring trust		(147)	3,695	(45)	3,503	-
Total expenditure	6	<u>838</u>	<u>24,953</u>	<u>3,104</u>	<u>28,895</u>	<u>17,029</u>
Net income/(expenditure) before transfers		612	(5,320)	6,488	1,870	(2,599)
Gross transfers between funds	17	(778)	620	158	-	-
Net income/(expenditure) before other recognised gains and losses		(166)	(4,610)	6,646	1,870	(2,599)
Actuarial gains (losses) on defined benefit pension schemes	28	-	3,581	-	3,581	(2,521)
Net movement in funds		<u>(166)</u>	<u>(1,029)</u>	<u>6,646</u>	<u>5,451</u>	<u>(5,120)</u>
Total funds brought forward at 1 September 2016		<u>718</u>	<u>(4,932)</u>	<u>35,576</u>	<u>31,362</u>	<u>36,482</u>
Total funds carried forward at 31 August 2017		<u>552</u>	<u>(5,961)</u>	<u>42,222</u>	<u>36,813</u>	<u>31,362</u>

The above results are derived from continuing operations of the group.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The attached notes form part of these financial statements.

THOMAS DEACON EDUCATION TRUST

BALANCE SHEET AS AT 31 AUGUST 2017
(registered company number 05090788)

	Note	Group 2017 £000s	Charity 2017 £000s	Group 2016 £000s	Charity 2016 £000s
Fixed assets					
Tangible assets	12	42,222	42,222	35,576	35,576
Investments	13	-	1	-	1
		<u>42,222</u>	<u>42,223</u>	<u>35,576</u>	<u>35,577</u>
Current assets					
Stock	14	90	90	97	97
Debtors	15	747	752	371	380
Cash at bank and in hand		4,330	4,289	2,742	2,701
		<u>5,167</u>	<u>5,131</u>	<u>3,210</u>	<u>3,178</u>
Current liabilities					
Creditors: Amounts falling due within one year	16	(2,505)	(2,470)	(1,290)	(1,259)
		<u>2,662</u>	<u>2,661</u>	<u>1,920</u>	<u>1,919</u>
Net current assets					
		<u>44,884</u>	<u>44,884</u>	<u>37,496</u>	<u>37,496</u>
Total assets less current liabilities					
Pension scheme liability	28	(8,071)	(8,071)	(6,134)	(6,134)
		<u>36,813</u>	<u>36,813</u>	<u>31,362</u>	<u>31,362</u>
Net assets including pension liability					
Funds					
Restricted funds					
. Restricted fixed asset fund	17	42,222	42,222	35,576	35,576
. Restricted general fund	17	2,110	2,110	1,202	1,202
. Pension reserve	17/28	(8,071)	(8,071)	(6,134)	(6,134)
		<u>36,261</u>	<u>36,261</u>	<u>30,644</u>	<u>30,644</u>
Unrestricted funds					
. General fund	17	552	552	718	718
		<u>36,813</u>	<u>36,813</u>	<u>31,362</u>	<u>31,362</u>

The financial statements were approved by the Trustees and authorised for issue on 14 December 2017 and signed on their behalf by:


Paul Clegg
Chair of Finance Committee


Julie Taylor
Chief Executive Officer

The attached notes form part of these financial statements

THOMAS DEACON EDUCATION TRUST

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £000s	2016 £000s
Net cash inflow from operating activities	24	1,736	647
Cash flows from investing activities	25	(148)	(302)
Change in cash and cash equivalents	26	<u>1,588</u>	<u>345</u>
Cash and cash equivalents at 1 September 2016		2,742	2,397
Cash and cash equivalents at 31 August 2017	26	<u>4,330</u>	<u>2,742</u>

The attached notes form part of these financial statements

THOMAS DEACON EDUCATION TRUST

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2017

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

Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Thomas Deacon Education Trust constitutes a public benefit entity as defined by FRS 102.

The group financial statements include the results of the company TDA Developments Ltd. TDA Developments Ltd is a wholly owned subsidiary under the control of the Trustees. In accordance with section 408 of the Companies Act 2006 no income and expenditure account is presented for the company itself.

Going concern

The Board of 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 Trust to continue as a going concern. The Board of 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency/Department for Education.

Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount can be measured reliably.

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.

THOMAS DEACON EDUCATION TRUST

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2017

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 period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

Donations are recognised on a receivable basis where the receipt is probable and are receivable at the balance sheet date.

Interest receivable is included within the statement of financial activities on a receivable basis.

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income. Where the fair value results in a deficit, an equal amount of expenditure is recognised as Transfer on conversion within Donations and Capital grant expenditure.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income. Where the fair value results in a deficit, an equal amount of expenditure is recognised as Transfer on conversion within Donations and capital grant expenditure.

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

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Trust appointed to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

THOMAS DEACON EDUCATION TRUST

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2017

Tangible fixed assets

All assets costing more than £500 are capitalised 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 funds.

Assets transferred from the Local Authority have been valued at cost and will be depreciated in accordance with the Trust's accounting policies set out below. These assets are depreciated once the assets are brought into use. The related donation is shown as voluntary income in the statement of financial activities.

Assets in course of construction are included at cost.

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.

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

Long leasehold property	2%- 3.33%
Furnishings and Fittings	10%
Furniture and equipment	20%
Computer equipment and software	33.33%

Investments

The Trust's shareholding in the wholly owned subsidiary, TDA Developments Limited, is included in the balance sheet at the cost of the share capital owned.

Stock

Unsold uniforms, stationary, good for resale and catering stocks are valued at the lower of cost or net realisable value.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

THOMAS DEACON EDUCATION TRUST

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2017

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 basis are as follows:

Financial Assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity'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. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the 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 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.

THOMAS DEACON EDUCATION TRUST

PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2017

Critical accounting estimates and areas of judgement

Estimates and judgements 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 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2017. 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.

Critical areas of judgement:

Depreciation - depreciation is charged annually based on management's estimate of economic useful life of the asset per the accounting policies above.

Agency arrangements

The Trust acts as agent for administering the 16-19 Bursary funds from the ESFA. Transactions are excluded from the Statement of Financial Activities with any unspent funds carried forwards in creditors.

Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Gladstone Primary School to the academy trust have been valued at their fair value.

The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from Local Authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

1 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2017.

2 DONATIONS AND CAPITAL GRANTS

	Un-restricted £000s	Restricted £000s	Restricted Fixed Assets £000s	2017 £000s	2016 £000s
Transfer from local authority on conversion	274	(923)	9,517	8,868	-
	<u>274</u>	<u>(923)</u>	<u>9,517</u>	<u>8,868</u>	<u>-</u>
DfE/ESFA capital grants	-	-	54	54	40
Other government grants	-	-	21	21	42
	-	-	75	75	82
	<u>274</u>	<u>(923)</u>	<u>9,592</u>	<u>8,943</u>	<u>82</u>
<i>Total 2016</i>	-	-	82	82	

3 OTHER TRADING ACTIVITIES

	Un-restricted £000s	Restricted £000s	Restricted Fixed Assets £000s	2017 £000s	2016 £000s
Sales from Academy shop	107	-	-	107	106
School trips	100	-	-	100	120
Catering	474	-	-	474	419
Subsidiary trading	70	-	-	70	66
Other	415	87	-	502	172
	<u>1,166</u>	<u>87</u>	<u>-</u>	<u>1,253</u>	<u>883</u>
<i>Total 2016</i>	<u>821</u>	<u>62</u>	<u>-</u>	<u>883</u>	

4 INVESTMENT INCOME

	Un-restricted £000s	Restricted £000s	Restricted Fixed Assets £000s	2017 £000s	2016 £000s
Bank Interest	10	-	-	10	25
	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>25</u>
<i>Total 2016</i>	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>	

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

5 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Un-restricted £000s	Restricted £000s	Restricted Fixed Assets £000s	2017 £000s	2016 £000s
EFSA grants					
. General Annual Grant (GAG) (note 1)	-	19,624	-	19,624	12,803
. Other	-	296	-	296	279
	-	19,920	-	19,920	13,082
Other Government grants					
. SEN from LA	-	131	-	131	49
. Other restricted grants	-	508	-	508	309
	-	639	-	639	358
	-	20,559	-	20,559	13,440
Total 2016	-	13,440	-	13,440	

6 EXPENDITURE

	Staff costs £000s	Premises £000s	Other costs £000s	Total 2017 £000s	Total 2016 £000s
Expenditure on raising funds	-	-	568	568	718
Educational operations					
. Direct costs	13,409	2,660	1,598	17,667	12,108
. Allocated support costs	7,769	1,629	1,262	10,660	4,203
	21,178	4,289	3,428	28,895	17,029
Total 2016	11,250	3,110	2,669	17,029	

In 2017, of the total expenditure £838,000 (2016 - £718,000) was attributable to unrestricted funds and £28,057,000 (2016 - £16,311,000) was attributable to restricted funds.

Income/(expenditure) for the year includes:

	2017 £000s	2016 £000s
Depreciation	3,149	2,989
Operating leases	80	70
Auditors' remuneration - audit services	22	17
- other services	4	5

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

7 CHARITABLE ACTIVITIES – EDUCATIONAL OPERATIONS

	Educational Activities	2017 £000s	2016 £000s
DIRECT COSTS			
Teaching and educational support staff costs	13,409	13,409	8,335
Depreciation	3,149	3,149	2,989
Books, apparatus and stationery	331	331	179
Examination fees	307	307	195
Staff development	70	70	65
Educational consultancy	318	318	268
Other direct costs	83	83	77
	17,667	17,667	12,108
<i>Total 2016</i>	<i>12,108</i>	<i>12,108</i>	
ALLOCATED SUPPORT AND GOVERNANCE COSTS			
Support staff costs	3,336	3,336	2,305
Pay re-organisation costs	50	50	38
Maintenance of premises and equipment	1,127	1,127	218
Cleaning	80	80	42
Rent and rates	143	143	109
Heat and light	254	254	238
Insurance	99	99	74
Security	10	10	16
Transport	76	76	65
Catering	150	150	111
Technology costs	201	201	208
Amounts transferred from transferring trust	3,503	3,503	-
Net pension finance cost	212	212	126
Defined benefit pension scheme cost less contributions payable	688	688	172
Other support costs	620	620	445
Governance costs	43	43	6
Legal and professional fees	42	42	8
Audit fees	26	26	22
	10,660	10,660	4,203
<i>Total 2016</i>	<i>4,203</i>	<i>4,203</i>	

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

8 STAFF COSTS

The average number of persons employed by the Trust during the year ended 31 August 2017 was as follows:

	2017 No.	2016 No.
Teachers	254	138
Administration and support	399	220
Management	5	3
	<u>658</u>	<u>361</u>

The average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	201	140
Administration and support	207	187
Management	5	3
	<u>413</u>	<u>330</u>

Staff costs comprise:

	2017 £000s	2016 £000s
Wages and salaries	12,536	8,217
Social security costs	1,162	672
Other pension costs	6,533	1,691
Apprenticeship Levy	25	-
	<u>20,233</u>	<u>10,580</u>
Supply teacher costs	905	670
Staff restructuring costs	17	-
	<u>21,178</u>	<u>11,250</u>

Included within staff costs are non-contractual severance payments totalling £17,000 (2016 - £nil). Individually, the payments were £11,000, £4,000 and £2,000.

11 employees earned more than £60,000 (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2017. The total number of these employees by banding was:

	2017 No.	2016 No.
£60,001 - £70,000	4	6
£70,001 - £80,000	3	-
£80,001 - £90,000	1	1
£100,001 - £110,000	2	-
£130,000 - £140,000	1	1
	<u>11</u>	<u>8</u>

The key management personnel of the Trust comprise the trustees and the Executive group listed on page 1. The total employee benefits (including pension contributions and employer's national insurance) received for their services to the Trust was £595,216 (2016: £411,100).

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

9 TRUSTEES' REMUNERATION AND EXPENSES

The CEO and other staff trustees only receive remuneration in respect of services provided in undertaking the roles of Principal and other staff members under their contracts of employment, and not in respect of services as Trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees. The value of remuneration was as follows:

Mrs J Taylor (CEO/Trustee)

Remuneration £130,000 - £135,000 (2016: £130,000 - £135,000)

Employer's pension contributions paid £15,000 - £20,000 (2016: £20,000 - £25,000)

Mr S Smith (Staff Director, appointed 16 December 2016)

Remuneration £60,000 - £65,000 (2016: £nil)

Employer's pension contributions paid £10,000 - £15,000 (2016: £nil)

During the year ended 31 August 2017, travel and subsistence expenses totalling £91 (2016 - £75) were reimbursed to Trustees.

10 TRUSTEE'S AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included within the ESFA Risk Protection Arrangement, the cost of which is equivalent to £20 per pupil.

11 CENTRAL SERVICES

The Trust has provided the following central services to its academies during the year:

- Finance
- Facilities and estate management
- Human resources and organisational development
- Information technology services

The Trust charges for these services based on a percentage of GAG income.

	2017 £000s	2016 £000s
Thomas Deacon Academy	600	-
Gladstone Primary Academy	41	-
The Voyager Academy	142	-
	<u>783</u>	<u>-</u>

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

12 TANGIBLE FIXED ASSETS

Group & Trust	Long Leasehold Land and Buildings £000s	Furnishings & Fittings £000s	Furniture & Equipment £000s	Computer Equipment £000s	Assets under construction £000s	Total £000s
Cost						
At 1 September 2016	35,957	15,618	2,799	3,815	164	58,353
Transferred on joining Trust	9,517	-	6	39	-	9,562
Additions	-	34	26	173	-	233
At 31 August 2017	45,474	15,652	2,831	4,027	164	68,148
Depreciation						
At 1 September 2016	8,807	8,084	2,382	3,501	3	22,777
Charged in year	1,095	1,565	166	320	3	3,149
At 31 August 2017	9,902	9,649	2,548	3,821	6	25,926
Net book values						
At 31 August 2017	35,572	6,003	283	206	158	42,222
At 31 August 2016	27,150	7,534	417	314	161	35,576

All funds are used for direct charitable purposes and the provision of education.

13 INVESTMENTS

	2017 £	2016 £
Investment in wholly owned subsidiary company at cost	1,000	1,000

The Trust owns 100% of the issued ordinary shares of TDA Developments Limited, a company incorporated in England (registration number 06435213). The principal business activity of TDA Developments Limited is the rental of facilities, provision of IT and consultancy services.

A summary of the results for the year ended 31 August 2017 and the balance sheet position at 31 August 2017 is shown below:

	2017 £	2016 £
Profit and loss account		
Turnover	71,608	65,536
Expenditure	(68,732)	(46,971)
Operating profit	2,876	18,565
Corporation tax charge	-	-
Profit for the year	2,876	18,565
Amounts covenanted to TDET	(2,876)	(18,565)
Retained profits carried forward at 31 August 2017	-	-
Balance sheet		
Current assets	45,779	59,382
Current liabilities	(44,779)	(58,382)
	1,000	1,000
Called up share capital	1,000	1,000
Profit and loss account	-	-
Shareholder's funds	1,000	1,000

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

14 STOCK

	Group 2017 £000s	Charity 2017 £000s	Group 2016 £000s	Charity 2016 £000s
Stationery	6	6	6	6
Catering	8	8	10	10
Uniforms	65	65	68	68
Goods for resale	11	11	13	13
	<u>90</u>	<u>90</u>	<u>97</u>	<u>97</u>

15 DEBTORS

	Group 2017 £000s	Charity 2017 £000s	Group 2016 £000s	Charity 2016 £000s
Trade debtors	75	72	19	1
Prepayments and accrued income	592	592	242	242
Other debtors	80	78	110	110
Amount due from subsidiary undertaking	-	10	-	27
	<u>747</u>	<u>752</u>	<u>371</u>	<u>380</u>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £000s	Charity 2017 £000s	Group 2016 £000s	Charity 2016 £000s
Trade creditors	984	977	455	454
Taxation and social security	344	344	197	197
Other creditors	87	87	73	73
Deferred Income	679	679	83	83
Accruals	411	383	482	452
	<u>2,505</u>	<u>2,470</u>	<u>1,290</u>	<u>1,259</u>

Deferred income

Deferred Income at 1 September 2016
Resources deferred in the year
Amounts released from previous years

Deferred Income at 31 August 2017

2017
£000s

83
658
(62)

679

2016
£000s

40
83
(40)

83

Deferred income comprises capital funds of £78k (2016 - £40k), start up grants of £21k (2016 - 43k), transition funding of £108k (2016 - £nil), nursery grants of £76k (2016 - £nil), project grants of £35k (2016 - £nil), GAG funding of £265k (2016 - £nil), rental income received in advance of £4k (2016 - £nil), universal free school meals income of £55k (2016 - £nil), trip income of £25k (2016 - £nil) and wider use grants of £12k (2016 - £nil).

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

17 FUNDS	Balance at 1 September 2016 £000s	Income £000s	Expenditure £000s	Gains, (Losses) and Transfers £000s	Balance at 31 August 2017 £000s
Restricted general funds					
General Annual Grant (GAG)	1,133	19,920	(19,632)	620	2,041
Other restricted grants	-	726	(726)	-	-
Sponsor funds	69	-	-	-	69
Pension reserve	(6,134)	(923)	(4,595)	3,581	(8,071)
	<u>(4,932)</u>	<u>19,723</u>	<u>(24,953)</u>	<u>4,201</u>	<u>(5,961)</u>
Restricted fixed asset funds					
DfE/ESFA and other capital grants	35,576	9,592	(3,104)	158	42,222
	<u>35,576</u>	<u>9,592</u>	<u>(3,104)</u>	<u>158</u>	<u>42,222</u>
Total restricted funds	<u>30,644</u>	<u>29,315</u>	<u>(28,474)</u>	<u>4,359</u>	<u>35,844</u>
Unrestricted funds					
Unrestricted funds	718	1,450	(838)	(778)	552
Total funds	<u>31,362</u>	<u>30,765</u>	<u>(28,895)</u>	<u>3,581</u>	<u>36,813</u>

PRIOR YEAR FUNDS	Balance at 1 September 2015 £000s	Income £000s	Expenditure £000s	Gains, (Losses) and Transfers £000s	Balance at 31 August 2016 £000s
Restricted general funds					
General Annual Grant (GAG)	971	13,082	(12,604)	(316)	1,133
Other restricted grants	-	420	(420)	-	-
Sponsor funds	79	-	-	(10)	69
Pension reserve	(3,315)	-	(298)	(2,521)	(6,134)
	<u>(2,265)</u>	<u>13,502</u>	<u>(13,322)</u>	<u>(2,847)</u>	<u>(4,932)</u>
Restricted fixed asset funds					
DfE/ESFA and other capital grants	38,157	82	(2,989)	326	35,576
	<u>38,157</u>	<u>82</u>	<u>(2,989)</u>	<u>326</u>	<u>35,576</u>
Total restricted funds	<u>35,892</u>	<u>13,584</u>	<u>(16,311)</u>	<u>(2,521)</u>	<u>30,644</u>
Unrestricted funds					
Unrestricted funds	590	846	(718)	-	718
Total funds	<u>36,482</u>	<u>14,430</u>	<u>(17,029)</u>	<u>(2,521)</u>	<u>31,362</u>

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

Notes

- (i) General Annual Grant must be used for the normal running costs of the Trust. The Trust is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Trust, but any balance over 2% must be used for capital purposes.
- (ii) The DfE/ESFA and other capital grants fund comprises fixed assets funded by government grants or sponsors.
- (iii) The Other Restricted Grant Fund is the residual private sponsorship, together with accumulated interest, and will be used to fund future projects at the direction of the sponsors.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	2017 £000s	2016 £000s
Thomas Deacon Academy - restricted	1,991	1,202
Thomas Deacon Academy - unrestricted	287	718
Gladstone Primary Academy – restricted	64	-
Gladstone Primary Academy – unrestricted	244	-
The Voyager Academy – restricted	55	-
The Voyager Academy – unrestricted	21	-
TDA Education Trust – restricted	-	-
TDA Education Trust - unrestricted	-	-
Pension reserve	(8,071)	(6,134)
Total before fixed asset fund	<u>(5,409)</u>	<u>(4,214)</u>
Restricted fixed asset fund	42,222	35,576
	<u>36,813</u>	<u>31,362</u>

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ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £000s	Restricted General Funds £000s	Restricted Fixed Asset £000s	Total £000s
Tangible fixed assets	-	-	42,222	42,222
Net current assets	552	2,110	-	2,662
Pension scheme liability	-	(8,071)	-	(8,071)
	<u>552</u>	<u>(5,961)</u>	<u>42,222</u>	<u>36,813</u>

PRIOR YEAR ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £000s	Restricted General Funds £000s	Restricted Fixed Asset Funds £000s	Total £000s
Tangible fixed assets	-	-	35,576	35,576
Net current assets	718	1,202	-	1,920
Pension scheme liability	-	(6,134)	-	(6,134)
	<u>718</u>	<u>(4,932)</u>	<u>35,576</u>	<u>31,362</u>

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

19 ANALYSIS OF ACADEMIES BY COST

	Teaching and educational support staff £000s	Other support staff costs £000s	Educational supplies £000s	Other costs excluding depreciation £000s	2017 £000s	2016 £000s
Thomas Deacon Academy	8,335	2,890	2,310	169	13,704	13,704
Gladstone Primary Academy	1,160	287	295	64	1,806	-
The Voyager Academy	3,669	692	1,445	39	5,845	-
Thomas Deacon Education Trust	245	420	154	2	821	-
	13,409	4,289	4,204	274	22,176	13,704

20 CONVERSION TO AN ACADEMY TRUST

On 1 February 2017 The Gladstone Primary Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Thomas Deacon Education Trust from the Peterborough City Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

	Unrestricted Funds £000s	Restricted Funds £000s	Restricted Fixed Asset Funds £000s	Total £000s
Tangible fixed assets:				
- Leasehold Land & Buildings	-	-	9,517	9,517
Budget surplus on Local Authority Funds	274	-	-	274
LGPS pension deficit	-	(923)	-	(923)
	274	(923)	9,517	8,868

The lease of Land & Buildings is payable over 45 years.

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

21 TRANSFER FROM PREVIOUS ACADEMY TRUST

On 1 January 2017 The Voyager Academy transferred from The CAM Academy Trust. All the operations, assets and liabilities were transferred to Thomas Deacon Education Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Expenditure on Charitable Activities.

	Value reported by transferring trust £000s	Fair Value Adjustments £000s	Transfer in recognised £000s
Tangible fixed assets			
Furniture and equipment	5	-	5
Computer equipment	40	-	40
Other Assets			
Debtors due in less than one year	(15)	-	(15)
Cash at bank and in hand	152	-	152
Liabilities			
Creditors due in less than one year	10	-	10
Pensions			
Pension scheme liability	(4,718)	1,023	(3,695)
	<u>(4,526)</u>	<u>1,023</u>	<u>(3,503)</u>

22 CAPITAL COMMITMENTS

	2017 £000s	2016 £000s
Contracted for, but not provided in the financial statements		
Authorised by Trustees, but not yet contracted	<u>201</u>	<u>-</u>

23 LEASE COMMITMENTS

Operating leases

At 31 August 2017 the Trust had annual commitments under non-cancellable operating leases as follows:

	2017 £000s	2016 £000s
Operating leases which expire:		
Within one year	24	20
Within two - five years	<u>29</u>	<u>48</u>

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

24 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 £000s	2016 £000s
Net incoming/(outgoing) resources	1,870	(2,599)
Depreciation (note 12)	3,149	2,990
Capital grants from DfE and other capital income	(75)	(82)
Interest receivable (note 4)	(10)	(25)
Defined benefit pension scheme cost less contributions payable	688	172
Defined benefit pension scheme finance cost	212	126
Net assets transferred on conversion to an academy trust	(8,868)	-
Net liabilities transferred from transferring trust	3,503	-
Net cash transferred on conversion to an academy trust	274	-
Net cash transferred from transferring trust	147	-
(Increase)/decrease in stocks	7	(32)
(Increase)/decrease in debtors	(376)	(42)
Increase/(decrease) in creditors	1,215	139
Net cash inflow from operating activities	<u>1,736</u>	<u>647</u>

25 CASH FLOWS FROM INVESTING ACTIVITIES

	2017 £000s	2016 £000s
Interest received	10	25
Purchase of tangible fixed assets	(233)	(409)
Capital grants from DfE /ESFA	54	40
Capital funding received from sponsors and others	21	42
Net cash outflow from investing activities	<u>(148)</u>	<u>(302)</u>

26 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 1 September 2016 £000s	Cash flows £000s	At 31 August 2017 £000s
Cash in hand and at bank	2,742	1,588	4,330
	<u>2,742</u>	<u>1,588</u>	<u>4,330</u>

27 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Trust shall repay to the Secretary of State sums determined by reference to :

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

28 PENSION COMMITMENTS

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

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,282,000 (2016: £851,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

28 PENSION COMMITMENTS (CONTINUED)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2017 was £1,097,000 (2016: £709,000) of which employer's contributions totalled £869,000 (2016: £561,000) and employees' contributions totalled £228,000 (2016: £148,000). The agreed contribution rates for future years are 22.0% for employers and between 5.5% - 12.5% 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.

The following information is based upon a full actuarial valuation of the fund at 31 March 2004, updated to 31 August 2017 by a qualified independent actuary.

Assumptions

The major assumptions used by the actuary were:

	At 31 August 2017 % per annum	At 31 August 2016 % per annum
Inflation/Pension Increase Rate	2.4%	2.1%
Salary Increase Rate	2.7%	4.1%
Discount rate	2.5%	2.0%

The mortality assumptions used were as follows:

	At 31 August 2017 Years	At 31 August 2016 Years
Longevity at age 65 for current pensioners		
Men	22.4	22.5
Women	24.4	24.5
Longevity at age 65 for future pensioners		
Men	24.0	24.4
Women	26.3	26.9

Sensitivity analysis

	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	2,708	1,888
Salary rate -0.1%	385	604

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

28 PENSION COMMITMENTS (CONTINUED)

Local Government Pension Scheme

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

	Value at 31 August 2017	Value at 31 August 2016 £'000
Equities	11,121	7,372
Bonds	1,878	1,474
Property	1,011	688
Cash	433	295
Total fair value of assets	14,443	9,829
Present value of scheme liabilities	14,443	9,829
-Funded	(22,514)	(15,963)
(Deficit) in scheme	(8,071)	(6,134)

None of the fair values of the assets shown above include any of the Trust's own financial instruments or any property occupied by, or other assets used by, the Trust.

Total expenditure recognised in the Statement of Financial Activities

	2017 £000s	2016 £000s
Current service cost	1,557	733
Net interest cost	212	126
Membership contributions	(869)	(561)
Total expenditure recognised in SOFA	900	298

Reconciliation of opening and closing balances of the present value of the Trust's share of scheme liabilities

	2017 £000s	2016 £000s
Scheme liabilities at 1 September	15,963	11,013
Transfer on addition of Academies to the Trust	7,453	-
Current service cost	1,557	725
Past service cost	-	8
Interest cost	466	421
Contributions by scheme participants	228	148
Actuarial losses (gains)	(2,872)	3,786
Benefits paid	(281)	(138)
Scheme liabilities at 31 August	22,514	15,963

THOMAS DEACON EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2017

28 PENSION COMMITMENTS (CONTINUED)

Reconciliation of opening and closing balances of the fair value of the Trust's share of the scheme assets

	2017 £000s	2016 £000s
Fair value of scheme assets at 1 September	9,829	7,698
Transfer on addition of Academies to the Trust	2,835	-
Expected return on scheme assets	254	295
Actuarial gains (losses)	709	1,265
Contributions by employer	869	561
Contributions by scheme participants	228	148
Benefits Paid	(281)	(138)
Fair value of scheme assets at 31 August	<u>14,443</u>	<u>9,829</u>

29 PENSIONS AND SIMILAR OBLIGATIONS

As described in note 28 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

30 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.

31 RELATED PARTIES

Owing to the nature of the 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 the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial and normal procedures.

During the year the Trust recharged staff costs of £34,818 (2016 - £33,201) to TDA Development Limited, its subsidiary company.

The profits of TDA Development Limited totalling £2,876 (2016 - £18,565) were covenanted to the Trust at the year end.

At the year-end £11,601 (2016 - £27,511) was due from TDA Development Limited.