

Company Registration Number: 10199461 (England and Wales)

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Period Ended 31 August 2018



THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

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THE DOVE ACADEMY TRUST
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Reference and Administrative Details
For the Period Ended 31 August 2018

Members

Stuart Bain, Bishop of Durham representative
Area Deanery representative
Richard Thorndyke, Diocesan Board of Finance representative
Paul Rickeard, Diocese of Durham Educational Trust
Dr Jenny Steel - Chair of Directors

Directors

Dr J L Steel, Chair
M Stand, Vice Chair
W Aitken, Executive Headteacher
C R Alderson
K Alley
Rev D J Bage
A Dove (resigned 1 February 2018)
Rev D J Railton
M Stouph (resigned 23 November 2017)
T J U Thompson (appointed 27 September 2018)
R Tweddle

Company registered number

10199461

Company name

The Dove Academy Trust

Principal and registered office

High Coniscliffe CE Primary School
Ulnaby Lane
High Coniscliffe
Darlington
Co Durham
DL2 2LL

Company secretary

C Broadbent (appointed 3 October 2017)
S Oliver (resigned 29 September 2017)

Senior leadership team

W Aitken, Executive Headteacher
K Boyce, Head of School
M Joyeux, Head of School
S McTimoney, Special Educational Needs & Disability Co-ordinator
C Broadbent, School Business Manager

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Reference and Administrative Details of the Academy, its Directors and Advisers
For the Period Ended 31 August 2018

Advisers (continued)

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
Co Durham
DL1 1TL

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle Upon Tyne
NE1 4BF

THE DOVE ACADEMY TRUST
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Directors' Report
For the Period Ended 31 August 2018

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018.

The Dove Academy Trust includes High Coniscliffe CE Primary School and St Mary's CE Primary School, both based in Darlington. The schools admit pupils aged 4 to 11 have a combined capacity of 315 with 313 on roll in the school census in 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Directors of The Dove Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Dove Academy Trust.

Details of the Directors who served during the are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' Indemnities

The academy trust has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 11.

Method of recruitment and appointment or election of directors

The members appoint a minimum of seven Directors, including the Executive Headteacher. Member appointed Directors, with the consent of the Diocesan Board of Education, may appoint up to four co-opted Directors. The term of office for any Director is 4 years, except in the case of the Executive Headteacher or co-opted Director which will be determined by the Board of Directors. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors are given a tour of the academies and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. Induction tends to be done informally and is tailored specifically to the individual.

Directors undertake termly training with themes which reflect areas for development in the annual self-review. Alongside this an annual skills audit is used to prioritise further areas for development and succession planning as well as to identify the skills required when attracting new Directors.

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Directors' Report (continued)
For the Period Ended 31 August 2018

Organisational structure

During the year the academy trust continued to operate a unified management structure. The Structure consists of: the Members, the Directors, the Christian Character Committee, the Local Academy Councils, and the Senior Leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The academy trust's Scheme of Delegation along with the Christian Charter Committee and Local Academy Councils' Terms of Reference makes clear the delegated responsibility for decision making within the academy trust. The School Development Plan makes clear the Directors' key priorities for the year and now progress will be monitored and recorded.

The Executive Headteacher is the Accounting Officer for the academy trust. The academy trust's Business Manager is the Finance Officer.

The Chair of the Board of Directors and the Executive Headteacher plan the work of the Board along with the academy trust's governance partner.

The Senior Leadership Team consists of the Executive Headteacher, the Head of School from High Coniscliffe CE Primary School, the Head of School from St Mary's Cockerton CE Primary School, the Special Educational Needs and Disability Co-ordinator (SENDCo) and the Academy Trust Business Manager. The Scheme of Delegation makes clear the decisions delegated to the Executive Headteacher. The Senior Leadership Team is responsible for the day to day operation of the academy trust particularly in relation to teaching and learning, wellbeing and policy implementation.

Arrangements for setting pay and remuneration of key management personnel

Performance Management arrangements are robust with the Executive Headteacher reporting to the Board annually. The Performance Management of the Executive Headteacher is completed by two Directors with an external assessor.

The pay structure is consulted on with all staff annually and follows the guidance of teachers' pay and conditions. Staff objectives reflect the academy trust's priorities for the year and captured in the School Development Plans.

Trade union facility time

The academy trust did not employ any union officials during the period.

Related parties and other connected charities and organisations

The Dove Academy Trust consists of two primary schools – High Coniscliffe CE Primary School and St Mary's Cockerton CE Primary School.

The academy trust is not related to any other charities.

Related party transactions are disclosed in note 23.

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Directors' Report (continued)
For the Period Ended 31 August 2018

OBJECTIVES AND ACTIVITIES

Objects and aims

The academy trust's object ('the objects') is specifically restricted to the following:

a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balance curriculum and which shall include:

i. Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and

ii. other academies whether with or without a designated religious character; but in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England; and

b) to promote for the benefit of the inhabitants of the areas which the academy trust's are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants subject at all times to any restrictions contained within any trusts applying to the land held by the academy trust.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on science, outdoor education and vocational subjects and their practical applications.

Each school within the academy trust has its own Mission Statement;

High Coniscliffe CE Primary School

We promote a Christian ethos through the commandments Jesus taught: to love God and to love one another. We strive to promote Christian values of friendship, thankfulness, justice, hope and endurance.

We celebrate that there is something wonderful and unique in every person and encourage in children a sense of awe and wonder about the world.

We encourage high aspirations and self-worth by motivating, nurturing and valuing every individual, striving to prepare them for life's opportunities and challenges. This is why 'I can if I try' is our school motto.

We may be a small school but we are a great big family taking an active role in our local community and the wider world.

St Mary's Cockerton CE Primary School

The school is distinguished by its Christian foundation and the principles that flow from this. The school is committed to developing the full potential of its pupils as individuals – spiritually, emotionally and academically.

We exert no pressure to believe, yet Christian values are built into our ethos and teaching whilst respecting other world faiths. Spiritual development forms an integral part of school life and collective worship is an essential part of the school day.

We strive to forge strong links between school, home and the local community. We aim to display a high quality of care and understanding to the school community.

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Directors' Report (continued)
For the Period Ended 31 August 2018

Objectives, strategies and activities

The main objectives of the academy trust during the year ended 31 August 2018 are summarised below:

- a) Each school in the Trust is judged as at least good by Ofsted
- b) End of Key Stage results (attainment and progress) are consistently higher than national results in all areas
- c) Attendance is above the national average
- d) Children move onto to the next stage of their education as confident, compassionate, aspirational and eager individuals
- e) Engagement and partnership with families and communities fosters high expectations and ambitious goals
- f) Staff are supported and developed to meet career goals
- g) Efficient and targeted allocation of funding ensures staff, services and resources have the highest impact and create positive outcomes

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 4 and 11. The Executive Headteacher and Heads of School draw on each school's development plans to prioritise specific improvements for each individual school. Progress towards each plan is reviewed by each school's Local Academy Council.

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy trust should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Current Ofsted ratings:

High Coniscliffe CE Primary School: Outstanding (January 2011)

St Mary's Cockerton CE Primary School: Good (October 2014)

Early Years Foundation Stage (EYFS)

Children are defined as meeting a Good Level of Development (GLD) if, at the end of EYFS, they achieve at least the expected level in the Early Learning Goals (ELGs) in the prime areas of learning (personal, social and emotional development, physical development and communication and language) and the ELGs in the specific areas of mathematics and literacy.

High Coniscliffe	75%
St Mary's Cockerton	63%

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Directors' Report (continued)
For the Period Ended 31 August 2018

Phonics Screening Check

Year 1

Phonics Screening Check - working above the threshold (32/40)

High Coniscliffe	88%
St Mary's Cockerton	93%

Year 2

Phonics Screening Re-check – working above the threshold (32/40)

High Coniscliffe	100%
St Mary's Cockerton	20%

End of Key Stage One Teacher Assessment

Working at the expected standard (EXS)

	Reading	Writing	Maths
High Coniscliffe	80%	60%	67%
St Mary's Cockerton	67%	67%	77%

End of Key Stage Two Test Results

Working at the expected standard (EXS)

	Reading	Writing TA	GPS	Maths
High Coniscliffe	88%	88%	94%	81%
St Mary's Cockerton	71%	71%	79%	64%

Reading, Writing, Maths Combined Score (expected standard)

High Coniscliffe	75%
St Mary's Cockerton	57%

End of Key Stage Two Progress

	Reading	Writing	Maths
High Coniscliffe	+3.2	-0.1	+1.4
St Mary's Cockerton	+0.9	-2.6	-1.1

Key performance indicators

Both schools in the Trust met the floor standards at the end of Key Stage Two 2018. As shown in achievements and performance above.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy 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.

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Directors' Report (continued)
For the Period Ended 31 August 2018

FINANCIAL REVIEW

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), 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.

During the period ended 31 August 2018, total expenditure of £1,698,000 exceeded recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £7,000. The in year surplus was £57,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2018 the net book value of fixed assets was £564,000 and movements in tangible fixed assets are shown in Note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the LGPS pensions scheme, resulting in a deficit of £650,000 recognised on the balance sheet.

The academy trust held fund balances at 31 August 2018 of £148,000 comprising of £587,000 restricted fixed asset funds, £650,000 restricted pension reserve deficit, £67,000 restricted general funds and £144,000 of unrestricted funds.

Reserves policy

There are a number of constraints placed upon academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to The Dove Academy Trust in relation to financial planning and monitoring. The academy trust holds restricted and unrestricted funds. (The attached financial statements detail these funds).

One of the ways in which the Trust mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

Setting a reserves policy helps inform the way in which the Trust manages its cash, liquid assets and debt.

The financial risks have been reviewed in terms of impact and likelihood as part of the strategic risk management process. The main financial risk to the academy trust is that of managing its short-term cash flow effectively. To mitigate this risk, it has been agreed that an appropriate minimum reserves balance would equate to 4 weeks' worth of expenditure, both in terms of salaries and invoices. In broad terms this would equate to approximately £130,000. The level of reserves is reviewed by the Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Directors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The DfE does expect Academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, the academy trust will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils. The current level of free reserves is £144,000.

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Directors' Report (continued)
For the Period Ended 31 August 2018

Investment policy

The Dove Academy Trust operates an interest bearing current account with a bank approved by the Board of Directors (currently Lloyds) and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in low risk term deposits with the current banker or with another UK institution regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

The academy trust will not take out any long term deposits until reliable cash flow pattern have been established.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of significant deficit on the academy trust's balance sheet.

The academy trust's policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated.

The Board of Directors are responsible for making a statement on risk management in the annual accounts of The Dove Academy Trust. In order to be able to make the required statement with reasonable confidence the Directors ensure that:

- The identification, assessment and mitigation of risk is linked to the achievement of the academy trust's vision and strategic goals as set out in the Development Plan;
- The process covers all areas of risk, e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- The process produces a risk exposure profile that reflects the Directors views as to levels of acceptable risk;
- The principal results of risk identification are reviewed, evaluated and managed; and ensure that the risk management is ongoing and embedded in management and operation procedure.

The academy trust's Senior Leadership Team (SLT) has responsibility for ensuring that the risk management policy is implemented and for coordinating risk management activity across the academy trust.

The process of risk identification involves both Directors and the SLT. The assessment of each risk takes into consideration the control measures currently in place to manage the risk. The controls identified are assessed to determine whether they are an appropriate mitigation of the risks identified.

Any risks requiring treatment are recorded in a risk register. The risk register is reviewed termly by SLT and the Board of Directors to ensure that risks are identified and that appropriate controls and responses are in place.

Outlined below are those current risk factors with the highest grading on the Risk Register that may impact on the academy trust:

- Educational performance of school fails
- Income reduction / balances become low
- Planned Admission Number (PAN) not met
- Loss of key members within the governance structure of the academy

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Directors' Report (continued)
For the Period Ended 31 August 2018

Principal risks & uncertainties (continued)

Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

PLANS FOR FUTURE PERIODS

The Board of Directors is currently exploring a range of options to develop the academy trust. Increasing the number of schools within the Trust is being actively explored and planned residential housing developments in the areas near both schools within the Trust could have a significant impact and require consideration for expansion and/or relocation.

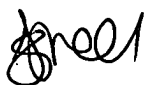
Disclosure of information to auditors

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Clive Owen LLP were appointed as auditors from 1 October 2016 for a three-year period which ends on 31 August 2019.

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 6 December 2018 and signed on its behalf by:



Dr J L Steel
Chair

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Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Dove Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 5 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dr J L Steel, Chair	4	5
M Stand, Vice Chair	4	5
W Aitken, Executive Headteacher	5	5
C R Alderson	5	5
K Alley	3	5
Rev D J Bage	5	5
A Dove (resigned 01 February 2018)	2	3
Rev D J Railton	3	5
M Stouph (resigned 23 November 2017)	0	1
R Tweddle	4	5

Directors have established a Christian Character Committee and a Local Academy Council for each academy. These committees are all committees of the board but have different membership rules. The scheme of delegation identifies the delegated responsibilities assigned to these committees in order to ensure that matters can be dealt with in appropriate detail and with sufficient frequency.

The Local Academy Councils (LACs)

The purpose of this committee is:

- Determine school level policies which reflect the school's ethos and values to include e.g. admissions; SEND; safeguarding and child protection; curriculum; behaviour
- Engagement with stakeholders
- School's vision and strategy, agreeing key priorities and key performance indicators (KPIs) against which progress towards achieving the vision can be measured
- School staffing structure
- Auditing and reporting arrangements for matters of compliance (e.g. safeguarding, Health and Safety, employment)
- Reporting arrangements for progress on key priorities
- Benchmarking and academy value for money; ensure robustness
- Setting and review of the curriculum
- Standards achieved and pupils attending
- Review of admissions policy
- Extended school agenda

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Governance Statement (continued)

The Local Academy Councils (LACs) (continued)

Local Academy Council have 12 members comprising the following:

- a. VA converter 7 foundation (6 appointed by DBE/DYET and 1 Incumbent ex officio)
- b. VC converter 3 foundation (2 and 1 above)
- c. VC converter 4 appointed by Board
- d. 1 elected staff member
- e. 2 elected parents of registered pupils in the academy
- f. Executive Headteacher - an ex officio member of the Local Academy Council
- g. 1 Co-opted member

The Christian Character Committee (CCC)

The purpose of this committee is to:

- uphold the Christian character of the school's foundation
- ensure that the Christian character of the school's foundation permeates all aspects of its work
- review RE and Collective Worship policies
- monitor and attend acts of collective worship
- support the evaluation of the school's Anglican nature using any published materials, including National Society materials
- help the academy trust prepare for denominational inspections using Statutory Inspection of Anglican and Methodist Schools (SIAMS) documentation
- ensure familiarity with the academy trust's religious education syllabus and monitor standards in RE
- attend relevant training and disseminate this to governors and academy staff
- liaise with the parish churches

The chair, members and clerk of the CCC are appointed by the MAT Board. This is a member of the Board other than its chair. The committee consists of 3 directors, the Executive Headteacher and 2 members appointed from each Local Academy Council.

Review of Value for Money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Successfully applying for external grants (for example £2,500 through The Foyle Foundation to invest in reading materials, £2,800 grant for maintenance of external teaching areas)
- Identifying opportunities to obtain value for money in terms of services across both schools in the Trust
- Review of the staffing structure to ensure appropriate provision across the Trust
- Early identification of children with specific needs to ensure receipt of additional funding through the high needs block
- Continuous review of the provision for and progress of children in receipt of pupil premium funding
- Targeted allocation of the PE and Sports Funding Grant

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Governance Statement (continued)

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Dove Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Board of Directors 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 of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The assurance provider' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Regularity
- Payroll
- Purchases
- Accounting system
- Expenses and petty cash
- Finance Policy
- Directors' meeting minutes
- Academy conversion procedures
- Income
- VAT
- Corporation tax
- Directors' declarations of interests
- Directors' meeting minutes
- Information Technology
- Fixed Assets
- Directors' appointments and resignations

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Governance Statement (continued)

The Risk and Control Framework (continued)

On a termly basis, the external auditors report to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The external auditors delivered the schedule of work as planned.

Review of Effectiveness

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Directors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 6 December 2018 and signed on their behalf, by:



Dr J L Steel
Director



W Aitken
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Dove Academy Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust Board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



W Aitken
Accounting Officer

Date: 6 December 2018

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Statement of Directors' Responsibilities
For the Period Ended 31 August 2018

The Directors (who act as governors of The Dove Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

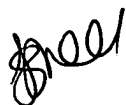
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 6 December 2018 and signed on its behalf by:



Dr J L Steel
Chair

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Dove Academy Trust

Opinion

We have audited the financial statements of The Dove Academy Trust (the 'academy trust') for the period ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the period 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 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Dove Academy Trust

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' 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 Directors' Responsibilities, the Directors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Dove Academy Trust

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

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

Use of our report

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
6 December 2018

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Dove Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Dove Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Dove Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Dove Academy 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 The Dove Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Dove Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Dove Academy Trust's funding agreement with the Secretary of State for Education dated 22 September 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 period 1 September 2017 to 31 August 2018 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 2017 to 2018 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 DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Dove Academy Trust and the Education & Skills Funding Agency (continued)

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP

Reporting Accountant

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

6 December 2018

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the Period Ended 31 August 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	=	-	-	-	69
Other donations and capital grants	2	=	-	12	12	11
Charitable activities	3	=	1,607	-	1,607	1,423
Other trading activities	4	62	-	-	62	67
TOTAL INCOME		<u>62</u>	<u>1,607</u>	<u>12</u>	<u>1,681</u>	<u>1,570</u>
EXPENDITURE ON:						
Charitable activities		61	1,615	22	1,698	1,554
TOTAL EXPENDITURE	6	<u>61</u>	<u>1,615</u>	<u>22</u>	<u>1,698</u>	<u>1,554</u>
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		1	(8)	(10)	(17)	16
Actuarial gains on defined benefit pension schemes	21	=	114	-	114	35
NET MOVEMENT IN FUNDS		<u>1</u>	<u>106</u>	<u>(10)</u>	<u>97</u>	<u>51</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		143	(689)	597	51	-
TOTAL FUNDS CARRIED FORWARD		<u>144</u>	<u>(583)</u>	<u>587</u>	<u>148</u>	<u>51</u>

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)
Registered number: 10199461

Balance Sheet
As at 31 August 2018

	Note	£000	2018 £000	2017 £000
FIXED ASSETS				
Tangible assets	13		564	584
CURRENT ASSETS				
Stocks	14	4	4	
Debtors	15	44	50	
Cash at bank and in hand		240	170	
		<u>288</u>	<u>224</u>	
CREDITORS: amounts falling due within one year	16	(54)	(57)	
NET CURRENT ASSETS			<u>234</u>	<u>167</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>798</u>	<u>751</u>
Defined benefit pension scheme liability	21		(650)	(700)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>148</u>	<u>51</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	17	67	11	
Restricted fixed asset funds	17	587	597	
Restricted income funds excluding pension liability		654	608	
Pension reserve		(650)	(700)	
Total restricted income funds			4	(92)
Unrestricted income funds	17		144	143
TOTAL FUNDS			<u>148</u>	<u>51</u>

The financial statements on pages 22 to 46 were approved by the Directors, and authorised for issue, on 6 December 2018 and are signed on their behalf, by:



Dr J L Steel
Chair

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Period Ended 31 August 2018

		Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
	Note		
Cash flows from operating activities			
Net cash provided by operating activities	19	60	24
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(2)	(4)
Capital grants from DfE Group		12	11
Cash transferred on conversion to an academy trust		-	139
		<hr/>	<hr/>
Net cash provided by investing activities		10	146
		<hr/>	<hr/>
Change in cash and cash equivalents in the period		70	170
Cash and cash equivalents brought forward		170	-
		<hr/>	<hr/>
Cash and cash equivalents carried forward	20	240	170
		<hr/> <hr/>	<hr/> <hr/>

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Dove Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Directors.

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 Department for Education Group.

1.3 INCOME

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 GOING CONCERN

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

Long-term leasehold land	-	Over 125 years
Leasehold property	-	Over 50 years
Furniture and fixtures	-	Over 7 years
Computer equipment	-	Over 3 years

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 incorporating Income and Expenditure Account.

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 FINANCIAL INSTRUMENTS

The academy trust 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 as detailed in Note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities-trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in Note 16. 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.

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.13 TAXATION

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.14 PENSIONS

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 academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

The academy trust 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 21, 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 2018. 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 judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £22,000.

Land – Land is held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy trust, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy trust could use them without major modification.

Buildings – The building at High Coniscliffe is held under a 125 year lease with Darlington Borough Council. The building is included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy trust, the lease term being the major part of the economic life of the asset and the asset being of such a specialised nature that only the academy could use it without major modification.

The building at St Mary's are owned by the Diocese of Durham. The academy occupies the buildings under a mere licence. The licence delegates aspects of the management of the buildings to the academy for the time being, but does not vest any rights over the buildings to the academy. The Diocese of Durham has given an undertaking to the Secretary of State that they will not give academy less than two years notice to terminate the occupation of the buildings. Having considered the factual matrix under which the academy is occupying the buildings the Directors have concluded that the value of the buildings occupied by the academy at the date of conversion to an academy will not be recognised on the balance sheet of the academy trust. In addition, whilst the occupation constitutes a donation in kind to the academy trust, the Directors consider that the cost of obtaining a valuation for such a donation outweighs the expense and therefore no such donation and related expense are included in the Statement of Financial Activities. Any additions since conversion funded by grant bids or from GAG will be capitalised as leasehold improvements and written off over their economic life.

THE DOVE ACADEMY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2018

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

Valuation of property - In the year ended 31 August 2017, at the time of signing the financial statements, the ESFA had not yet carried out a land and buildings valuation for the land and buildings at High Coniscliffe and the land at St Mary's. These were included using values based on other similar size schools in the local area.

There was a material difference arising between the value included in the accounts and the ESFA valuation. This was assessed and it was considered that no adjustment was required.

A third party valuation was considered but was not the Directors' preferred option since the cost of such an exercise was deemed to be greater than the benefit that would have been derived from it. The Directors were also aware that such a third party valuation could have been materially different to that provided by the ESFA and were concerned with regard to the treatment of any difference that may arise between the two valuations.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Transfer from local authority on conversion	-	-	-	-	69
Capital Grants	-	-	12	12	11
	-	-	12	12	80
Total 2017	139	(676)	617	80	

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Notes to the Financial Statements
For the Period Ended 31 August 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,349	1,349	1,227
Pupil Premium	-	111	111	81
Other DfE/ESFA Grants	-	91	91	37
	-	1,551	1,551	1,345
Other government grants				
Other Government Grants	-	8	8	41
SEN	-	38	38	37
	-	46	46	78
Other funding				
Other Grants	-	10	10	-
	-	10	10	-
	-	1,607	1,607	1,423
Total 2017	-	1,423	1,423	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Other income	7	-	7	4
Lettings	7	-	7	7
Training course income	-	-	-	2
School trips	13	-	13	13
Supply teacher insurance	-	-	-	6
Catering	35	-	35	35
	62	-	62	67
Total 2017	67	-	67	

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

5. CHARITABLE ACTIVITIES

	Total funds 2018 £000	Total funds 2017 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	863	793
National insurance	78	69
Pension cost	196	182
Educational supplies	33	23
Staff development	7	8
Educational consultancy	4	7
Other direct costs	24	25
	<hr/> 1,205	<hr/> 1,107
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	168	147
National insurance	7	7
Pension costs	48	41
Depreciation	22	20
Net interest cost on pension scheme	16	14
Technology costs	32	22
Maintenance of premises and equipment	23	24
Cleaning	6	30
Rates	19	16
Energy	22	21
Insurance	6	6
Transport	1	-
Catering	31	27
Occupancy costs	6	6
Bank interest and charges	1	1
Other support costs	46	37
Governance costs	39	28
	<hr/> 493	<hr/> 447
	<hr/>	<hr/>
	<hr/> 1,698	<hr/> 1,554
	<hr/>	<hr/>

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

6. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	1,137	-	68	1,205	1,107
Support costs	223	92	178	493	447
	<u>1,360</u>	<u>92</u>	<u>246</u>	<u>1,698</u>	<u>1,554</u>
Total 2017	<u>1,239</u>	<u>114</u>	<u>201</u>	<u>1,554</u>	

In 2018, of the total expenditure, £61,000 (2017: £63,000) was to unrestricted funds, £1,617,000 (2017: £1,471,000) was to restricted funds and £22,000 (2017: £20,000) was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the academy trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments in the period.

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	22	20
Auditors' remuneration - audit	7	7
Auditors' remuneration - other services	3	3
Operating lease rentals	<u>2</u>	<u>2</u>

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Notes to the Financial Statements
For the Period Ended 31 August 2018

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Wages and salaries	1,030	937
Social security costs	85	76
Operating costs of defined benefit pension schemes	244	223
	<hr/> 1,359	<hr/> 1,236
Agency staff costs	1	3
	<hr/> 1,360	<hr/> 1,239
	<hr/> <hr/>	<hr/> <hr/>

Included in Operating costs of defined benefit pension schemes is £48,000 (2017: £45,000) in respect of the LGPS actuarial valuation.

b. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	Period ended 31 August 2018 No.	Period ended 31 August 2017 No.
Teachers	15	13
Administration and Support	37	37
Management	4	4
	<hr/> 56	<hr/> 54
	<hr/> <hr/>	<hr/> <hr/>

c. Higher paid staff

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

	Period ended 31 August 2018 No.	Period ended 31 August 2017 No.
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The key management personnel of the academy trust comprise the Directors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £313,000 (2017: £314,000).

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

9. CENTRAL SERVICES

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

- Human Resources
- Financial Services
- Legal Services
- Education and Support Services; and
- Technology Support Services

The academy charges for these services on the following basis:

The central services costs incurred during the year were £49,000 (2017: £43,000) and were split between the two different academies based on pupil numbers.

The actual amounts charged during the year were as follows:

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
High Coniscliffe CE Primary School	18	16
St Mary's Cockerton CE Primary School	31	27
	<hr/>	<hr/>
	49	43
Total	<hr/> <hr/>	<hr/> <hr/>

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

10. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		Period ended 31 August 2018 £000	11 months ended 31 August 2017 £000
W Aitken (Executive Headteacher)	Remuneration	80-85	70-75
	Pension contributions paid	10-15	10-15

During the period ended 31 August 2018, no Governors received any reimbursement of expenses.

Other related party transactions involving the directors are set out in note 23.

11. DIRECTORS' AND OFFICERS' INSURANCE

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

12. NET INTEREST COST ON PENSION SCHEME

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Interest income on pension scheme assets	18	12
Interest on pension scheme liabilities	(34)	(26)
	<u>(16)</u>	<u>(14)</u>

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

13. TANGIBLE FIXED ASSETS

	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
COST				
At 1 September 2017	563	10	31	604
Additions	-	-	2	2
At 31 August 2018	563	10	33	606
DEPRECIATION				
At 1 September 2017	9	1	10	20
Charge for the period	10	1	11	22
At 31 August 2018	19	2	21	42
NET BOOK VALUE				
At 31 August 2018	544	8	12	564
At 31 August 2017	554	9	21	584

14. STOCKS

	2018 £000	2017 £000
Finished goods and goods for resale	4	4

15. DEBTORS

	2018 £000	2017 £000
VAT Recoverable	12	3
Prepayments and accrued income	32	47
	44	50

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	12	13
Accruals and deferred income	42	44
	54	57

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2018 £000	2017 £000
DEFERRED INCOME		
Deferred income at 1 September 2017	35	-
Resources deferred during the year	32	35
Amounts released from previous years	(35)	-
	<u>32</u>	<u>35</u>
Deferred income at 31 August 2018	<u>32</u>	<u>35</u>

At the balance sheet date the academy trust holds funding received in advance in respect of free school meals and rates relief.

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS					
Unrestricted general funds	<u>143</u>	<u>62</u>	<u>(61)</u>	<u>-</u>	<u>144</u>
RESTRICTED FUNDS					
General Annual Grant (GAG)	10	1,349	(1,310)	-	49
Pupil Premium	-	111	(111)	-	-
SEN	-	38	(38)	-	-
Other DfE/ESFA Grants	1	91	(76)	-	16
Other Government Grants	-	8	(8)	-	-
Other Grants	-	10	(8)	-	2
Pension reserve	(700)	-	(64)	114	(650)
	<u>(689)</u>	<u>1,607</u>	<u>(1,615)</u>	<u>114</u>	<u>(583)</u>
RESTRICTED FIXED ASSET FUNDS					
Inherited on conversion	581	-	(21)	-	560
Devolved Formula Capital	16	12	(1)	-	27
	<u>597</u>	<u>12</u>	<u>(22)</u>	<u>-</u>	<u>587</u>
Total restricted funds	<u>(92)</u>	<u>1,619</u>	<u>(1,637)</u>	<u>114</u>	<u>4</u>
Total of funds	<u>51</u>	<u>1,681</u>	<u>(1,698)</u>	<u>114</u>	<u>148</u>

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 25 May 2016 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted general funds	-	206	(63)	-	143
RESTRICTED FUNDS					
General Annual Grant (GAG)	-	1,227	(1,217)	-	10
Pupil Premium	-	81	(81)	-	-
SEN	-	37	(37)	-	-
Other DfE/ESFA Grants	-	37	(36)	-	1
Other Government Grants	-	41	(41)	-	-
Pension reserve	-	(676)	(59)	35	(700)
	-	747	(1,471)	35	(689)
RESTRICTED FIXED ASSET FUNDS					
Inherited on conversion	-	600	(19)	-	581
Devolved Formula Capital	-	17	(1)	-	16
Total restricted funds	-	1,364	(1,491)	35	(92)
Total of funds	-	1,570	(1,554)	35	51

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA Grants includes UIFSM income to be used to provide free school meals to infants, rates relief, and other ESFA grants to be used for educational purposes.

Other Government Grants include LAC funding from the Local Authority.

Other Grants include funding received for projects within the academy trust.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 21.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds can be used for any purpose, at the discretion of the Directors, within the objects of the academy trust.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
High Coniscliffe CE primary School	81	81
St Mary's CE Primary School	130	73
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	211	154
Restricted fixed asset fund	587	597
Pension reserve	(650)	(700)
	<hr/>	<hr/>
Total	148	51
	<hr/> <hr/>	<hr/> <hr/>

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
High Coniscliffe CE primary School	446	85	12	117	660	595
St Mary's CE Primary School	691	138	21	166	1,016	939
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,137	223	33	283	1,676	1,534
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	564	564
Current assets	144	121	23	288
Creditors due within one year	-	(54)	-	(54)
Provisions for liabilities and charges	-	(650)	-	(650)
	<hr/>	<hr/>	<hr/>	<hr/>
	144	(583)	587	148
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE DOVE ACADEMY TRUST
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Notes to the Financial Statements
For the Period Ended 31 August 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £000	2017 £000	2017 £000	2017 £000
Tangible fixed assets	-	-	584	584
Current assets	143	68	13	224
Creditors due within one year	-	(57)	-	(57)
Provisions for liabilities and charges	-	(700)	-	(700)
	<u>143</u>	<u>(689)</u>	<u>597</u>	<u>51</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(17)	16
Adjustment for:		
Depreciation charges	22	20
Increase in stocks	-	(4)
Decrease/(increase) in debtors	6	(50)
(Decrease)/increase in creditors	(3)	57
Capital grants from DfE and other capital income	(12)	(11)
Pension deficit inherited on conversion	-	676
Defined benefit pension scheme cost less contributions payable	48	45
Defined benefit pension scheme finance cost	16	14
Fixed assets inherited on conversion	-	(600)
Cash inherited on conversion	-	(139)
Net cash provided by operating activities	<u>60</u>	<u>24</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Cash in hand	240	170
Total	<u>240</u>	<u>170</u>

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Notes to the Financial Statements
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21. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Durham 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 period.

Teachers' Pension Scheme

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
- 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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £99,000 (2017 - £92,000).

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).

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Notes to the Financial Statements
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21. PENSION COMMITMENTS (continued)

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £122,000 (2017 - £109,000), of which employer's contributions totalled £97,000 (2017 - £86,000) and employees' contributions totalled £25,000 (2017 - £23,000). The agreed contribution rates for future years are 19% for employers and 5.5 - 8.5% 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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

	2018	2017
Retiring today		
Males	23.3	23.2
Females	25.0	24.9
Retiring in 20 years		
Males	25.5	25.4
Females	27.3	27.2

	Period ended At 31 August 2018 £000	Period ended At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	1,407	1,338
Discount rate -0.1%	1,470	1,398
Mortality assumption - 1 year increase	1,397	1,327
Mortality assumption - 1 year decrease	1,479	1,409
CPI rate +0.1%	1,455	1,384
CPI rate -0.1%	1,421	1,352

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	382	328
Property	54	48
Corporate bonds	103	57
Government bonds	197	206
Cash and other liquid assets	52	29
	<hr/>	<hr/>
Total market value of assets	788	668
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £29,000 (2017 - £46,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Current service cost	(145)	(131)
Interest income	18	12
Interest cost	(34)	(26)
	<hr/>	<hr/>
Total	(161)	(145)
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of the defined benefit obligation were as follows:

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Opening defined benefit obligation	1,368	-
Upon conversion	-	1,191
Current service cost	145	131
Interest cost	34	26
Employee contributions	25	23
Actuarial (gains)	(103)	(1)
Benefits paid	(31)	(2)
	<hr/>	<hr/>
Closing defined benefit obligation	1,438	1,368
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the Financial Statements
For the Period Ended 31 August 2018

21. PENSION COMMITMENTS (continued)

Movements in the fair value of the academy's share of scheme assets:

	Period ended 31 August 2018 £000	Period ended 31 August 2017 £000
Opening fair value of scheme assets	668	-
Upon conversion	-	515
Interest income on assets	18	12
Actuarial gains	11	34
Employer contributions	97	86
Employee contributions	25	23
Benefits paid	(31)	(2)
	<hr/>	<hr/>
Closing fair value of scheme assets	788	668
	<hr/> <hr/>	<hr/> <hr/>

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
AMOUNTS PAYABLE:		
Within 1 year	1	2
Between 1 and 5 years	-	1
	<hr/>	<hr/>
Total	1	3
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the Financial Statements
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23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period:

North East Wellbeing a company in which D Railton is a Director.

- The academy trust purchased SEN work from North East Wellbeing totalling £nil (2017: £2,395) during the period. There were no amounts outstanding at 31 August 2018.
- In entering into the transaction the academy trust has complied with requirements of the Academies Financial Handbook 2017.

Sentral Consultants Ltd a company in which K Alley is a Director.

- The academy purchased SEN work from Sentral Consulting Ltd totalling £nil (2017: £100) during the period. There were no amounts outstanding at 31 August 2018.
- In entering into the transaction the academy trust has complied with requirements of the Academies Financial Handbook 2017.