

**DIXONS ACADEMIES CHARITABLE TRUST LTD
(A Company limited by Guarantee)**

**Annual Report and Financial Statements
For the Year Ended 31 August 2018**

**Company Registration Number 02303464
(England and Wales)**

Dixons Academies Charitable Trust Ltd

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Dixons Academies Charitable Trust Ltd

Reference and Administrative Details for the Year Ended 31 August 2018

Members	Joanne Williams – (appointed August 2017) Sir James Hill – (stood down as Trust Chair August 2017) Tim Birtwistle (resigned October 2018) Bryan Collins (appointed October 2017) Martin Gaskin – Chair, Trust Board (appointed October 2017)
Trustees	Martin Gaskin – Chair, Trust Board (appointed 10 October 2017) Grace Alderson – Chair, Trust Audit Committee (appointed 30 January 2018) Lynn Barrett – Chair, Dixons Allerton Academy Local Governing Body & wef Sept 2018; Dixons Cottingley Local Governing Body (appointed 30 January 2018) Ruby Bhatti – Chair, Dixons Marchbank Primary / Dixons Manningham Primary Local Governing Body (appointed 30 January 18) John Bowers – Chair, Dixons City Academy / Dixons Kings Academy Local Governing Body & wef Sept 2018, Dixons Unity Local Governing Body (appointed 30 January 2018) David Clayton (appointed 30 January 2018) Bryan Collins – wef Sept 2018 Chair, Dixons McMillan Academy / Dixons 6th Form Local Governing Body (app. 30 January 18) Brent Fitzpatrick – Chair, Finance Committee (appointed 30 January 2018) Susan Richardson – Chair, Dixons Trinity Chapeltown Academy (appointed 30 January 2018) Narinder Thapar (resigned 20 September 2018)
Senior Staff	Sir Nick Weller – Chief Executive Officer Jo Lynch – Chief Operating Officer (appointed 21 August 2017) Luke Sparkes – Executive Principal Shirley Watson – Executive Principal Natalie Brookshaw – Principal, Dixons Trinity Chapeltown Secondary Academy Daniel Carr – Principal, Dixons Unity Academy (joined 1 October 2018) Wesley Davies – Principal, Dixons McMillan Academy Gary Dreher – Principal, Dixons Allerton Academy Mike Feely – Principal, Dixons City Academy (appointed 21 August 2018) Rebecca Greenwood – Principal, Dixons Allerton Primary Michelle Long – Principal, Dixons Music Primary Neil Miley – Principal, Dixons Kings Academy Justine Oldham – Principal, Dixons Trinity Chapeltown Primary Academy Clare Skelding – Principal, Dixons Cottingley Academy (appointed April 2018) Mark Rothery – Head of Dixons 6th Form (appointed 21 August 2018) Jennifer Thompson – Principal, Dixons Trinity Academy Helen Haunch – Principal, Dixons Marchbank Primary Terri Leighton – Principal, Dixons Manningham Primary
Company Secretary	Jo Lynch (appointed 1 September 2017)
Accounting Officer	Sir Nick Weller (CEO)
Registered Principal Office	Dixons Academies Charitable Trust Ltd Ripley Street Bradford West Yorkshire BD5 7RR



Dixons Academies Charitable Trust Ltd
Reference and Administrative Details for the Year Ended 31 August 2018

Company Registration Number	02303464 (England and Wales)
Solicitors	Browne Jacobson LLP 18-22 Bridge Street Manchester M3 3BZ
Independent Auditors	BHP LLP Mayesbrook House Leeds LS16 6QY



Dixons Academies Charitable Trust Ltd

Trustees' Report for the Year Ended 31 August 2018

Structure, governance and management

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report, together with the financial statements and auditor's report, of the Dixons Academies Charitable Trust Ltd (Dixons Academies Trust) for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates 10 primary, secondary and all through academies in West Yorkshire.

a. Constitution

Dixons Academies Charitable Trust Ltd is a company limited by guarantee and an exempt charity which was established on 6 October 1988. The Charitable Company's Memorandum and Articles of Association (dated 28 March 2018) are the primary governing documents of the Trust.

The Trustees are responsible for the charitable activities of the Trust Ltd and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Dixons Academies Charitable Trust Ltd.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative details on page 3.

The principal activities and objectives of the Trust are the advancement of education for public benefit in the United Kingdom by establishing, maintaining and developing high performing schools.

Our schools are nationally recognised for offering a broad curriculum underpinned by our core values and a relentless focus on the highest standards of student achievement.

Our students meet and work together in a harmonious and happy community drawn from all cultures and backgrounds across the region. We believe our students have a key role to play in the economic development and social regeneration of our city in the next generation and beyond.

b. 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, will not exceed £10 for the debts and liabilities contracted before they ceased to be a Member.

c. Method of recruitment and appointment or election of Trustees

The Members of Dixons Academies Charitable Trust Ltd are responsible for the appointment of the Trust Board and the Chairs of the local governing bodies who in turn are responsible for appointments to their respective boards.

All Trustees/Governors are appointed based upon the contribution they can make to the development and future success of the Trust. Except for staff governors, no Trustees/Governors receive remuneration for their services other than reasonable out of pocket expenses.

In order to keep a balance of skills and expertise on each Trust Board, Trustees consider any skill gaps and may approach individuals (this may include parents) explaining the type of skills set or expertise the Trust is looking for. Identified Individuals will be invited to put their names forward. In the case of parent governors, if more than one parent expresses an interest, then it may be necessary to hold an election within the parent body of the academy in question.

In order to find the people with the appropriate skills, there may be occasions where agencies, e.g. Academy Ambassadors and other such organisations, are approached to see if they can help the Trust to find potential governors with the required skill sets.

A short application form will be completed and the individual will be invited to meet key staff and governors. If an appointment is made, the successful individual will receive an induction appropriate to their new role.

d. Policies and procedures adopted for the induction and training of Trustees

New Trustees are inducted into the working of the Trust, including policies and procedures, at arranged meetings with the Chief Executive Officer (CEO) and the Chief Operations Officer (COO). The training and induction provided will depend on the individual Trustees' skill set and experience. Where appropriate, induction will include training on educational, charity, legal and financial matters (with copies of policies, procedures, minutes, budget plans, management accounts and other appropriate documentation).

e. Pay policy for key management personnel

Principals and other educational senior leaders are paid by reference to national leadership pay scales. Salary ranges are consistent across the Trust and are dependent on seniority of position and size of school. The CEO and COO are on salary ranges agreed by the Remuneration Committee after benchmarking against similar sized MATs. The Remuneration Committee meets annually to review all key personnel salaries.



Dixons Academies Charitable Trust Ltd

Trustees' Report for the Year Ended 31 August 2018

f. Organisational structure

The organisational structure of the Trust is based on the principles that:

- The Members of the Company define the Object, Purpose and Ethos of the Company.
- The Trustees, who form the Trust Board, have overall responsibility and ultimate decision-making authority for all the work of the Company, including the establishing and running of schools and, in particular, each academy as a school. This is largely exercised through strategic planning and the setting of policy. It is managed through the business planning, monitoring of budgets, performance appraisal, the setting and monitoring of standards and the implementation of quality assurance processes.
- The Trustees have the power to direct change where required to ensure that the Object, Purpose and Ethos of the Company are met.
- The Trustees delegate their responsibilities for the day-to-day operation of each academy and the whole of the funding granted by the Department of Education for the benefit of that academy directly to a Local Governing Body (LGB) through a Scheme of Delegation (the Scheme). A single Local Governing Body may manage more than one academy, but the funding granted for each academy must be applied only to that academy subject to the requirements of the Scheme. The Principal of each academy is an ex officio member of the LGB.
- The Executive Team, consisting of the CEO, Executive Principals, and the COO, control the Trust/academies at an executive level by implementing the policies laid down by the Trustees and reporting back to them regularly. The Principals across the Trust are responsible for the authorisation of spending within agreed budgets and the appointment of staff at their academy. Some spending control is devolved to members of their Senior Leadership Team with financial limits above which a Senior Manager must countersign.
- Individual academy Senior Leadership Teams (SLT) include the Principal, the Assistant Vice Principals and the Operations/Business Managers. These managers are responsible for the day to day operation of the academy, in particular organising teaching staff, facilities and students.

To assist the Trustees in their work, the Trust has established the two following sub-committees:

- Audit Committee
- Finance Committee

During the year, the Trust consisted of the following academies:

Academy	Date Joined	Type
Dixons City Academy	September 2012	Secondary
Dixons Trinity Academy	September 2012	Secondary
Dixons Music Primary	September 2012	Primary
Dixons Allerton Academy	September 2012	All through Academy
Dixons Marchbank Primary	January 2014	Primary
Dixons McMillan Academy	September 2014	Secondary
Dixons Manningham Primary	January 2015	Primary
Dixons Kings Academy	January 2015	Secondary
Dixons Chapeltown Primary	September 2017	Primary
Dixons Cottingley Academy	July 2018	Secondary



Dixons Academies Charitable Trust Ltd

Trustees' Report for the Year Ended 31 August 2018

Strategic Report prepared by the Chief Executive Officer

Mission and core principles

Our Mission is to challenge educational and social disadvantage in the North.

How?

We establish high-performing non-faith Academies which maximise attainment, value diversity, develop character and build cultural capital.

Measure

By the age of 18 we want every student to have the choice of university or a high quality apprenticeship.

Aligned autonomy

We are aligned around the same mission and values, and we want all Dixons students and staff to benefit from our best collective practice. Moreover, we all benefit from the collective Dixons' resources, brand and reputation. At the same time, we have the autonomy to explore and learn from different practices and know that true leadership, and personal accountability, are founded on ownership and self-direction. We expect each other to exercise aligned autonomy which is the foundation of our success so far.

Core principles

To achieve our mission, we align around six core principles:



High expectations of all

Our academies have high expectations for all students and our Trustees/Governors set ambitious targets for academic achievement and conduct that make no excuses based on the students' backgrounds. Students, parents, teachers and staff create and reinforce a culture of achievement and support in all we do. There are no shortcuts and we do not make excuses. All students are expected to make outstanding progress that will enable them to succeed in further or higher education and in the world of work.

Values-driven

Dixons Academies are communities with a strong sense of moral purpose. The interests of students and their learning are at the heart of all we do. Each academy is built around a clear set of values which demand and nurture personal responsibility, consistent integrity, and respect for others. We know we need to work hard if we are to succeed, we need to treat people well if we are to work together effectively and we need to do what we say we will do if we are to earn the Trust of others.

Choice and commitment

Success at Dixons is built on a three-way partnership between students, parents, and the academy. To attend and work in a Dixons academy is a choice. Each of us must make and uphold a commitment to our academy and to each other, putting the time and effort required to achieve success. We do not tailor our curriculum to the diverse communities we serve, but expect our students to share and engage in common learning experiences which maximise the achievement of all.



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Trustees' Report for the Year Ended 31 August 2018

Highly professionalised staff

Learning and progress at Dixons are rooted in professional, positive and caring relationships based on mutual respect between adult and student. All staff at our academies act in the best interests of students and adhere to the high standards of professionalism laid out in our Code of Conduct. Teachers know their subject well, understand how children learn and work to update their skills through professional enquiry. We invest in staff and leadership development across our learning community.

Relentless focus on learning

Students and their learning are at the heart of every Dixons academy. We prioritise student learning above all else when we choose where to focus funding and how to spend our time. Our pattern of holidays sustains learning throughout the year. Our extended school week offers students more time in the classroom to acquire the knowledge and skills needed for academic success, as well as more opportunities to engage in a wide range of extracurricular experiences.

Empowered to lead

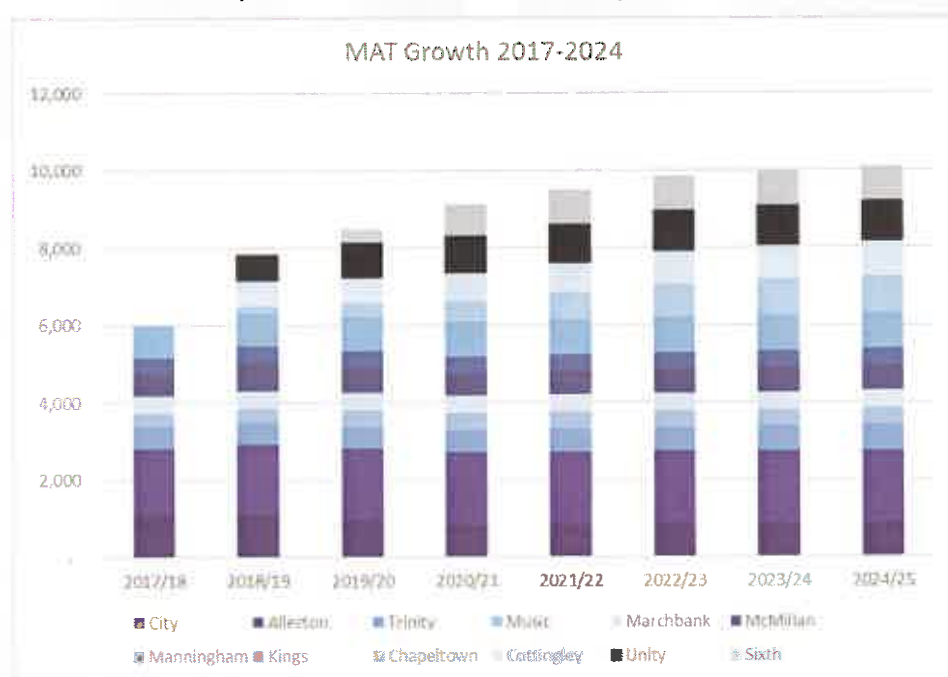
Our Principals are empowered to lead their academies and they do so primarily in the best interests of their students and their school. They also work in partnership with other Principals for the good of the Trust as a whole. They articulate their own culture, values and vision for learning around our shared core principles. We empower our people in every area at every level of the organisation and hold them accountable for their outcomes. We develop a strong culture of student leadership in all our academies.

Educational performance

It has been another very successful year for the Dixons Academies Trust maintaining, and in many respects improving on, the very high standards we have set in previous years, but now during a period of significant growth.

Dixons Manningham achieved an Ofsted grading of Good in its first inspection as a Dixons academy, its predecessor school having been taken in from Special Measures. This repeated Dixons Marchbank's and Dixons Kings' success the previous year in achieving a two-step improvement in a single Ofsted cycle. Dixons City's one-day monitoring inspection ended with a recommendation for a full inspection to test a judgement of Outstanding. After a very strong performance this year from primary up to sixth form, Dixons Allerton can look forward to its own impending full inspection with equal confidence.

With over 6,000 students this year, the Trust will grow in size by over 50% in the next three years, as our new start-up schools and our undersubscribed new sponsored academies fill to their full capacity.



We opened our first school in Leeds in September 2017, a 980-place all-through 4-16 Academy, Dixons Trinity Chapelton, with our first 30 children in a Reception class. The former Samuel Lister Academy in Bradford joined us as Dixons Cottingham Academy on 1 July 2018 from Bradford College Educational Trust. Back in Leeds, we worked closely with Academies Enterprise Trust to support and then adopt Swallow Hill Community Academy in Leeds from January 2017 with its full sign-off as Dixons Unity Academy a month after year-end in October 2018.

Parental and local support for these new ventures has been remarkably strong, even in communities such as those in Leeds where we are new to them. All three new academies are headed up by exceptional school leaders and our focus on growing and attracting high-quality academy leadership has been, and will continue to be, the very foundation of our success, in turn attracting and retaining high-quality teachers and support staff.



Dixons Academies Charitable Trust Ltd

Trustees' Report for the Year Ended 31 August 2018

The expanding role of our Teaching School will also play a role in this, providing Initial Teacher Training, delivering teaching and leadership development, and now, as a Research School, building links within and beyond the Bradford Opportunity Area.

Growth brings both greater complexity and the potential for economies of scale. Our Chief Finance and Operations Officer has led a programme of centralisation of some support services, with the intention of saving money and time, and of standardising systems and practices across the Trust, thereby ensuring compliance across all sites. Finance systems are now more timely and transparent than they have ever been.

Our priorities now are to build a more robust and resilient IT network across more sites and wider geographical locations; to manage talent better through more consistent HR information; to build a stronger public profile; and to make the best use of capital funding and commonly-held reserves to ensure that all students benefit equally from buildings which are all fit for purpose.

Above all, efficient central services will free up school leaders to do what they do best: to lead learning in their academies and to drive up outcomes for their students.

Only Trusts with three academies for more than three years appear in the Department for Education's (DfE) Multi-Trust (MAT) league table. We currently meet these criteria for GCSE results alone. In 2018, we again significantly out-performed national averages and further improved on our performance against all six measures:

	2018	2017	2017 National
Standard Basics	76%	74%	64%
Strong Basics	58%	51%	40%
Standard EBacc	44%	26%	24%
Strong EBacc	30%	24%	20%
Attainment 8	53.8	49.8	44.6
Progress 8	0.88	0.53	-0.03

All four Dixons secondary academies improved, producing results even better than last year's best-ever, with three of them out-performing every other state-funded school in the Bradford and Leeds region for the two main measures of success: Progress 8 and a Strong Pass in both English and maths. Two of our Academies out-performed every other state-funded school in the Bradford and Leeds region on every single measure. Dixons Trinity achieved the third highest Progress 8 in the country, with Dixons Kings also in the top 40; Dixons City was in the top 3% of schools and Dixons Allerton in the top 10% nationally.

In line with our mission, the performance of disadvantaged students was especially strong, and drove our further improvement this year. This was all achieved with an unapologetic focus on the EBacc: we transform lives and open up opportunities by delivering a predominantly academic curriculum with higher-end grades in high-value qualifications. Last year, we were the fourth-highest performing Multi-Trust in the country for Progress 8 and we are well placed to do even better this year with the imminent publication of MAT results nationally by the DfE.

Our primary Academies demonstrated again that they can close the attainment gap by the end of KS1, matching the national average at Age-Related Expectation. With starting points for four-year-olds in Bradford well below those nationally, this begins with Reception classes who finish the year much nearer the national measure (Good Level of Development). We are especially strong in areas where cultural capital is less significant and where excellent teaching makes the most difference: all four of our primary Academies again significantly out-performed the national average in the Year 1 Phonics Test.

	2018	2017	2017 National
Early Years Good Level of Development	65%	67%	71%
Year 1 Phonics	91%	91%	83%
Year 2 at Age-Related Expectation	65%	68%	65%
Year 6 Average Score in Reading	99	99	104
Year 6 Average Score in Maths	100	101	104

It will take time for this improved performance lower down the school to feed through to Year 6, especially for the two primary Academies to have Year 6 cohorts this year – both of which were inherited from predecessor Special Measures schools. However, the first of our four cohorts to have had a Dixons education throughout their primary years arrives in Year 6 next year, and from 2019 we expect to see the Year 6 gap closing.

At KS5, both Allerton and City will achieve positive value added in both academic and vocational courses in the sixth form. An improved performance in Science A Level, which forms the core of Post 16 demand in Bradford, drove this year's improved results significantly closing the gap on national despite the demanding nature of these particular courses.



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	2018	2017	2017 National
A Level Average Points Score	30.49	26.08	32.39
A Level Progress Score (est)	0.24	-0.08	0.00
Applied General Average Points Score	33.36	42.40	35.73
Applied General Progress Score (est)	0.45	0.51	0.00
English GCSE Progress Score	1.18	0.19	-0.02
Maths GCSE Progress Score	0.64	0.07	0.00

With more students taking up A Level options, the Average Point Score (APS) on entry for Applied General courses fell, but progress held up relatively well, suggesting less of a dip in performance than at first sight. Most of our Post 16 students are accepted on the basis of at least a standard if not a strong pass in English and maths GCSE. Those that did need to re-take, however, did significantly better in 2018. Overall, this growing success at Post 16 will form a solid foundation for establishing our new Dixons Sixth Form Academy as the provider of choice in 2019.

Overall, 2017/18 was an exceptionally successful year for the Dixons Academies. School improvement is strong across the Trust, and we are currently benefitting from our early anticipation of and work on curriculum change, especially at secondary level. Moreover, as our three start-up Academies at McMillan and Music & Allerton Primaries fill up over the next few years, our overall performance in national tests and examinations will be boosted even further. The education sector faces difficult times over the next few years, especially financially, and especially those schools which like ours serve areas of significant social and educational disadvantage. At Dixons we shall do all we can to maintain our performance in spite of the challenges of a much less favourable political environment for education generally, and for Academies and free schools in particular.

Trade union facility time

Dixons Academies Charitable Trust Ltd published its trade union facility time below for the period ending 31 August 2018:

Relevant union officials	
Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1
Percentage of time spent on facility time	
Percentage of time	Number of employees
0%	1
1% - 50%	
51% - 99%	
100%	
Percentage of pay bill spent on facility time	
Provide the total cost of facility time	Zero
Provide the total pay bill	N/A
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	N/A
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	Nil



Dixons Academies Charitable Trust Ltd

Trustees' Report for the Year Ended 31 August 2018

Financial review

The responsibility for the monitoring and support of open academies lies with the Education and Skills Funding Agency (ESFA) which handles the funding for all 4-19 education.

Most of the Trust's income is obtained from the ESFA and the Local Education Authority in the form of recurrent grants, the use of which is restricted as defined by its Memorandum and Articles of Association. The grants received from the ESFA and Education Authority during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), 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.

Incoming resources (excluding transfers in from academies joining the Trust during the year and Restricted Fixed Asset Funding) amounted to £37.8 million and were sufficient to cover all outgoings to produce an operating in year surplus of £0.843 million (excluding b/f surplus from transferred in Academies and before FRS102 pension costs).

The net book value of tangible and intangible fixed assets at 31 August 2018 was £75.6 million (2017 £76.5 million). Movements in tangible fixed assets are shown in note 4 to the accounts. The assets were used exclusively for providing education and associated support services to Academy pupils.

The balance sheet discloses cash and bank balances of £4.144 million (2017 £2.883 million).

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies (Note 1.5).

Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of reserves, excluding restricted fixed asset funding, should be equivalent to at least 3% of total turnover. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trust's level of free reserves (total funds less the amount held in fixed assets and general restricted funds), as at 31 August 2018, were £0.522 million (2017 £0.275 million).

Details of the funds held by the Trust are set out in notes 19 and 20 of the attached financial statements

Pension reserve

The presence of a pension surplus or deficit does not constitute an immediate realisable asset or liability and does not mean the equivalent amount is already committed or no longer available.

The presence of a pension surplus or deficit will generally result in a cash flow effect for the Trust in the form of a decrease or increase in the employer's pension contributions over a period of years. The Trust is confident that it can meet the required pension contributions from projected future income without a significant impact on its planned level of activity.

The risk surrounding the Trust's pension liability has been taken into consideration when preparing the annual budgets and, therefore, the Trust's reserves requirement will continue to be calculated without setting aside a designated reserve to cover the pension liability.

Investment policy

The Trustee's investment powers are governed by the Memorandum and Articles of Association and allow the charity's funds to be invested in a wide range of investment vehicles without restriction. The Trustees have approved the investment of cash into a medium-term bank deposit account. This will be managed through closely monitored cashflow forecasting and working capital analysis.

Plans for the future

As a sponsor of academies, the Trust has ambitions to support even more young people by bringing other schools into the Dixons Academies family of schools and by establishing new academies.

The Trust aims to achieve the highest educational outcomes for all its students as well as providing professional development opportunities for its staff so that all academies can continue to grow and become self-supporting.



Dixons Academies Charitable Trust Ltd

Trustees' Report for the Year Ended 31 August 2018

The Trust will continue to build upon the educational success and financial stability of its academies by:

- ensuring all schools are assessed as outstanding by taking action on those issues raised by Ofsted during their various inspections
- improving teaching and, therefore, learning and achievement through targeted internal and external training
- continuing to review and evaluate the effectiveness of governance throughout the Trust and implementing a programme of support for improvement as appropriate
- further developing its central procurement strategies by utilising specific external advice and support
- further refine its Scheme of Delegation so as to reduce exposure to risk and to achieve best value
- expansion of its Teaching School programme

On 1 September 2017, Dixons Trinity Chapeltown opened with its first reception class. Dixons Trinity Chapeltown is an all through academy with the secondary phase opening in 2018. Already referred to above.

Samuel Lister Academy was transferred into Dixons family of Academies on 1 July 2018. This is now Dixons Cottingley Academy. Swallow Hill Academy in Leeds transferred into Dixons on 1 October 2018. This is now Dixons Unity Academy. Already referred to above.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

This report, incorporating a strategic report, was approved by order of the Board of Trustees as the company directors, on 4 December 2018 signed on its behalf by:



M Gaskin
Chair of Trust Board



Dixons Academies Charitable Trust Ltd

Governance Statement for the Year Ended 31 August 2018

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Dixons Academies Charitable Trust Ltd 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 Trust Board has delegated the day to day responsibility to the Chief Executive Officer, 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 Dixons Academies Charitable Trust Ltd and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

Governance

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

The Finance and Audit Committees, which meets at least three times per year, are sub-committees of the main Trust Board.

Attendance during the year at meetings of the Trust Board, Finance Committee and Audit Committee is given below:

Name	Trust Board	Audit Committee	Finance Committee
Professor Grace Alderson (Chair, Audit Committee)	4/4	3/3	-
Lynn Barrett	4/4	-	-
Ruby Bhatti	4/4	3/3	-
Professor Tim Birtwistle (Member)	0/4	-	-
John Bowers	4/4	-	-
David Clayton	1/2	-	-
Bryan Collins	3/4	-	2/3
Brent Fitzpatrick (Chair, Finance Committee)	3/4	-	3/3
Martin Gaskin (Chair of Trust Board)	4/4	-	3/3
Sir James Hill (Member)	1/4	-	-
Susan Richardson	3/4	-	-
Narinder Thapar	2/4	-	-
Jo Williams (Member)	3/4	-	-

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the 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 Dixons Academies Trust use of its resources has provided good value for money during each academic year and reports to the Trust Board where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year through improved procurement initiatives and centralisation of support functions, where appropriate.

Financial governance and oversight

The Trust benefits from the provision of an independent internal audit service provided by RSM. RSM report directly to the Audit Committee on all systems and procedures together with other areas identified in the 3-year Internal Audit Programme E.g. Governance, Health and Safety, Safeguarding, Risk Management etc.

Dixons Academies Trust receives support throughout the year from its External Auditors on compliance and accounting practices.

The Finance Committee receive monthly management accounts and balance sheet reports, including cashflow statements and working capital analysis, together with a detailed analysis of all significant variances. Compliance with the Scheme of Delegation is also monitored by the Finance and Audit Committee which reviews the Scheme annually.



Dixons Academies Charitable Trust Ltd

Governance Statement for the Year Ended 31 August 2018

The Trust Board approve the budget each year bearing in mind the requirement to achieve a balanced budget and to ensure that the Trust remains a "going concern". The Trust Board also receive and approve the Trustees annual report and accounts together with external auditor's management Letter.

Better purchasing – ensuring value for money

Contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. Dixons Academies Trust takes advantage of consortia, when appropriate, to obtain economies of scale.

Reviewing controls and managing risk

Monthly budget monitoring reports are prepared for review by the Trust Finance Director and academy Principal; appropriate action is taken to address any variances that may have an impact on the budget out-turn. Dixons Academies Trust ensures that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential. Investment institutions are selected carefully to provide the most acceptable balance of return and risk.

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; therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives. Also, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Dixons Academies Charitable Trust Ltd for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trust Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal ongoing process for risks management that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Audit Committee and the Trust Board.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board
- regular reviews by the Finance Committee of reports which indicate financial performance against the budget/forecasts and of major purchase plans, capital works and expenditure programmes in line with the Scheme of Delegation
- 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 Trust Board has considered the need for a specific Internal Audit function and has decided to re-appoint RSM as Internal Auditor. The Internal Audit function reports directly to the Audit Committee.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. This responsibility is delegated to the Chief Operating Officer. During the year, this review has been informed by:

- the work of the Internal Auditor
- the work of the External Auditor
- the financial management and governance self-assessment process
- the work of the Chief Operating Officer within the Trust who have responsibility for the development and maintenance of the internal control framework



Dixons Academies Charitable Trust Ltd
Governance Statement for the Year Ended 31 August 2018

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee's and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trust Board on 4 December 2018 and signed on its behalf by:



M Gaskin
Chair of Trust Board



N Weller
Chief Executive Officer
Accounting Officer



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

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

I can confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

1. An investigation has taken place in the year ending 31 August 2018 in relation to possible irregularity and non-compliance of policy at one particular academy. The investigation concluded that the controls within the Trust were appropriate. The individual involved has now left the organisation. No further action is required.
2. Work has been carried out by a third party who later became a member of a Dixons local governing body (LGB) in September 2017. The supplier was previously providing consultancy services to the academy, and continued to do so after becoming a member of the academy LGB. No declaration of interest was noted and the individual invoiced the academy at a standard rate rather than at cost. This irregularity was brought to the attention of the auditors and the Trust Board by the Chief Operations and Finance Officer as soon as it was discovered. The value of work charged totalled £6,675 between the period of 21 September 2017 and November 2018. Please see note 29 on page 40 for further details.



N Weller
Chief Executive Officer
Accounting Officer

Date: 4 December 2018



Dixons Academies Charitable Trust Ltd

Statement of Trustees' Responsibilities for the Year Ended 31 August 2018

The Trustees (who act as Governors for charitable activities of Dixons Academies Charitable Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 4 December 2018 and signed on its behalf by:



M Gaskin
Chair of Trust Board



Opinion

We have audited the financial statements of Dixons Academies Charitable Trust (the 'academy') for the year 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 & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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 Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our 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.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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



Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

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.

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.



Dixons Academies Charitable Trust Ltd

Independent Auditors' Report on the Financial Statements to the Members of Dixons Academies Charitable Trust

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.

BHP LLP

Michael Jackson (Senior statutory auditor) for and on behalf of **BHP LLP**

Chartered Accountants

Statutory Auditor

1st Floor

Mayesbrook House

Leeds

LS16 6QY

Date: 12 December 2018



Dixons Academies Charitable Trust Ltd

Independent Reporting Accountant's Assurance Report on Regularity to Dixons Academies Charitable Trust and the Education Skills Funding Agency for the Year Ended 31 August 2018

In accordance with the terms of our engagement letter dated 17 August 2017 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 Dixons Academies Charitable Trust during the year 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 Dixons Academies Charitable Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Dixons Academies Charitable 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 Dixons Academies Charitable Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Dixons Charitable Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Dixons Charitable Academies Trust's funding agreement with the Secretary of State for Education dated 1 December 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 year 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.

Conclusion

In the course of our work, except for the two matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 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.

As explained in the Statement of Regularity, Propriety and Compliance on page 16:

- Firstly, the Trust did not follow the correct tendering procedure for capital works at one individual school; and
- Secondly, did not identify a related party transaction between a member of a local governing board and the Trust and so the "at-cost rules" were not applied – see note 29 for details.



Michael Jackson (Senior statutory auditor) for and on behalf of BHP LLP

Chartered Accountants
Statutory Auditor
1st Floor
Mayesbrook House
Leeds
LS16 6QY

Date

12 December 2018



Dixons Academies Charitable Trust Ltd
Statement of Financial Activities for the Year ended 31 August 2018

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Income and endowments from:						
Donations and capital grants	3	9	(472)	2,151	1,688	1,191
Charitable activities:						
Funding for the Trust's educational operations	4		36,095		36,095	33,578
Teaching School	31		179		179	209
Other trading activities	5	1,482			1,482	1,155
Investments	6		2		2	3
Total		1,491	35,804	2,151	39,446	36,136
Expenditure on:						
Raising funds						
Charitable activities: Trust educational operations	7	1,244	36,030	3,045	40,319	38,564
Teaching School	31		189		189	209
Other		-	-	-	-	-
Total		1,244	36,219	3,045	40,508	38,773
Net income / (expenditure)		247	(415)	(894)	(1,062)	(2,637)
Transfers between funds	19		(298)	(54)	(352)	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	19,28	-	1,873		1,873	3,847
Net movement in funds		247	1,160	(948)	459	1,210
Reconciliation of funds						
Total funds brought forward		275	(3,128)	76,546	73,693	72,483
Total funds carried forward		522	(1,968)	75,598	74,152	73,693

All of the Trusts' activities derive from continuing operations during the above two financial periods.



Dixons Academies Charitable Trust Ltd
Balance Sheet as at 31 August 2018 - Company Number 02303464

		2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	13		152		179
Tangible assets	14		75,446		76,367
Current assets					
Stock	15	38		1	
Debtors	16	1,700		1,690	
Cash at bank and in hand		4,144		2,883	
		<u>5,882</u>		<u>4,574</u>	
Liabilities					
Creditors: amounts falling due within one year	17	(3,364)		(3,276)	
Net current assets			<u>2,518</u>		<u>1,298</u>
Total assets less current liabilities			<u>78,116</u>		<u>77,844</u>
Net assets excluding pension liability			<u>78,116</u>		<u>77,844</u>
Defined benefit pension scheme liability	28	(3,964)		(4,151)	
Total net assets			<u>74,152</u>		<u>73,693</u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	19	75,598		76,546	
Restricted income fund	19	1,996		1,023	
Pension reserve	19	(3,964)		(4,151)	
Total restricted funds			<u>73,630</u>		<u>73,418</u>
Unrestricted income funds	19		<u>522</u>		<u>275</u>
Total funds			<u>74,152</u>		<u>73,693</u>

The financial statements were approved by the Trustees and authorised for issue on 4 December 2018 and are signed on their behalf by:



M Gaskin
Chair of Trust Board



Dixons Academies Charitable Trust Ltd
Cash Flow Statement for the Year Ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	3,702	246
Net Cash flows from investing activities	24	(2,441)	(3,845)
Change in cash and cash equivalents in the reporting period		1,261	(3,599)
Cash and cash equivalents at 1 September 2017		2,883	6,482
Cash and cash equivalents at 31 August 2018	25	4,144	2,883



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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

1.1 Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the United Kingdom 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 United Kingdom and Republic of Ireland (FRS 102), (Charities 'SORP 2015'), the Academies Accounts Direction issued by the EFA and the Companies Act 2011.

1.2 Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency/Department for Education.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other funders, where the asset acquired or created is held for a specific purpose on a continuing basis.

1.3 Incoming resources

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued and is included in debtors as accrued income.

The general annual grant ('the GAG') is recognised in full in the Statement of Financial Activities in the year for which it is receivable, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised when there is an 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.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable in incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate category and depreciated over the useful economic life in accordance with Trust's policies.

1.4 Resources expended

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 benefit 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 shared 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 assets' use.

Charitable activities and Governance costs are incurred on the Trusts' educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities



1.5 Going concern

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

1.6 Intangible fixed assets and amortisation

Intangible assets costing more than £1,000 are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Intangible assets are amortised at 25% straight line.

1.7 Tangible fixed assets

All assets costing more than £1,000 are capitalised.

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 realisable, Shortfalls between the carrying value of a fixed asset and their realisable value are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Software purchased independently of computers is included in Intangible fixed assets in accordance with FRS 102.

Tangible fixed assets are carried at cost net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Freehold land	Nil
Freehold buildings	1.67%-10% straight line
Leasehold Property	2%-10% straight Line
Plant and machinery	10%-20% straight line
Furniture and equipment	10%-20% straight line
Computer equipment	25%-33% straight line
Motor Vehicles	25% straight Line

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust, this is normally upon notification of the interest paid or payable by the bank.

1.9 Stocks

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

1.10 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 discount.

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and 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.

1.12 Liabilities and provisions

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



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

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

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

1.13 Leased assets

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

1.14 Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.15 Investments

Investments are carried at cost. The Trustees' investment powers are governed by the Memorandum and Articles of Association and allow Dixons Academies Trust to invest in a wide range of investment vehicles without restriction.

1.16 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.17 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') (until April 2016), and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance date. The amounts charged to operating surplus are the current service costs, and the cost 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 accounts 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.

1.18 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual result. 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 highlighted 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.



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

The assumptions used in determining the net cost (income) for pensions include the discount factor rate. Any changes in these assumptions which are disclosed in note 27 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest performed at 31 March 2013 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.

1.19 Reserves policy

The Trustees have accepted the need for general long-term reserves to be maintained at a level approximately equal to 5% of turnover.

To help fund short and medium term investment, the Trustees may transfer to restricted funds an annual variable sum up to a maximum of 12% of government funds. This has not been necessary for the year ending 31 August 2018.

1.20 Redundancy and severance payments

Where the Trust has a constructive liability to make a redundancy payment this is recognised as and when the liability arises. Where the Trustees have agreed that it is in the interest of the Trust to make a severance payment which is not contractual, this is recognised as a liability once the decision to make a payment has been ratified at a meeting of the board of Trustees.

1.21 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Trust is not subject to limits on the amount of GAG that can be carried forward from one year to the next.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Donated assets	-	1,495	1,495	-
Capital Grants	-	1,033	1,033	974
Defined Pensions obligation inherited	-	(849)	(849)	-
Other donations	9	-	9	217
	<u>9</u>	<u>1,679</u>	<u>1,688</u>	<u>1,191</u>

4 Funding for the Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE / EFA grants				
. General Annual Grant (GAG)	-	31,130	31,130	29,511
. Start Up Grants	-	302	302	284
. Other DfE/EFA grants	-	1,735	1,735	1,156
. Pupil premium	-	2,130	2,130	1,886
	<u>-</u>	<u>35,297</u>	<u>35,297</u>	<u>32,837</u>
Other Government grants				
. Local authority grants	-	798	798	741
. Other grants	-	-	-	-
	<u>-</u>	<u>798</u>	<u>798</u>	<u>741</u>
	<u>-</u>	<u>36,095</u>	<u>36,095</u>	<u>33,578</u>



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Lettings Income	10	-	10	-
Music Income	34	-	34	24
Catering income	735	-	735	636
Other income	703	-	703	495
	<u>1,482</u>	<u>-</u>	<u>1,482</u>	<u>1,155</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	-	2	2	3
	<u>-</u>	<u>2</u>	<u>2</u>	<u>3</u>

7 Expenditure

Non Pay Expenditure

	Staff Costs £000	Premises £000	Other £000	Total 2017/18 £000	Total 2016/17 £000
Academy's educational operations:					
. Direct costs	23,844	-	2,345	26,189	25,450
. Allocated support costs	5,362	502	8,216	14,080	13,056
Teaching School	156	-	33	189	209
	<u>29,362</u>	<u>502</u>	<u>10,594</u>	<u>40,458</u>	<u>38,715</u>

Net income / (expenditure) for the period includes:

	2017/18 £000	2016/17 £000
Operating lease rentals	442	325
Depreciation	3,045	2,825
(Gain) / loss on disposal of fixed assets	(6)	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	81	76
Fees payable to auditor for:		
auditor	26	21
other services	24	36



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

7 Expenditure on charitable activities

	Total 2018 £000	Total 2017 £000
Direct costs – educational operations	26,189	25,450
Support costs – educational operations	14,080	13,056
Support costs – governance	50	58
	40,319	38,564

Direct costs – educational operations

	Total 2018 £000	Total 2017 £000
Wages and salaries	18,845	18,331
National insurance	1,771	1,704
Pensions costs	2,590	2,492
Supply teachers	447	696
Staff development	191	61
Educational supplies	1,886	1,743
Examination fees	425	423
Other costs	34	-
Total	26,189	25,450



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

7 Expenditure on charitable activities (continued)

	Total 2018 £000	Total 2017 £000
Support costs – educational operations		
Wages and salaries	4,287	3,726
National Insurance	292	256
Pensions costs	473	413
Supply staff	104	57
Recruitment and other staff costs	206	379
Technology costs	521	355
Maintenance of premises and equipment	502	520
Cleaning	163	113
Rent and rates	497	576
Heat and light	632	583
Insurance	142	152
Security and transport	153	157
Catering	1,244	1,193
Operating leases	89	83
Office overheads	829	612
Depreciation	3,045	2,905
Education supplies	50	11
FRS102 Pension Costs	837	950
Bank interest	14	15
Total	14,080	13,056
	2018	2017
Support costs - Governance	£000	£000
Auditors' remuneration	26	21
Other costs	24	36
Trustees expenses reimbursed		1
Total	50	58



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

8 Staff and Staff Costs

Staff costs

Staff costs during the period were:

	Total 2018 £000	Total 2017 £000
Wages and salaries	23,014	22,026
Social security costs (Includes Apprenticeship Levy)	2,064	1,989
Pension Costs	3,063	2,905
	28,141	26,920
Supply staff costs	551	753
Staff restructuring costs	118	157
FRS102 pension adjustment	104	131
	28,914	27,961

Staff restructuring costs comprise:

Redundancy payments	53	98
Severance payments	65	59
Other restructuring costs	118	157

Included in staff restructuring costs are non-statutory and or non-contractual severance payments totalling £65,128. Individually the severance payments were £6,483, £6,849, £6,340, £4,084, £31,122 and £10,250.

Staff numbers

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

	2018 No.	2017 No.
Teachers	472	417
Administration and support	488	450
Management	15	15
	975	882

Higher paid staff

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

	2018 No.	Restated 2017 No.
£60,001 - £70,000	2	1
£70,001 - £80,000	3	3
£80,001 - £90,000	2	1
£90,001 - £100,000	1	2
£100,001 - £110,000	3	2
£110,001 - £120,000	0	0
£160,001 - £170,000	1	1

Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and NI) received by key management personnel for their services to the Trust was £1.427 million (2017 £1.282 million).



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

9 Trustees' remuneration and expenses

The Chief Executive Officer only receives remuneration in respect of services he provides undertaking his role of Chief Executive Officer and not in respect of his services as Trustee. Other Trustees did not receive any payments other than reimbursed expenses from Dixons Academies Trust in respect of their role as Trustees. The values of Chief Executive Officer's remuneration were as follows:

		2018	2017 Restated
		£000	£000
Sir Nick Weller CEO	Remuneration	160 - 165	160 - 165
	Pension Contributions	25 - 30	25 - 30

During the year ended 31 August 2018, travel and subsistence expenses totalling £659 were reimbursed to 3 Trustees (2017 £1,207 to 3 Trustees).

10 Risk protection arrangement

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where the 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 trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

11 Central services

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

- Chief Executive Officer
- Chief Operating Officer
- Finance services
- HR and Payroll services
- Admissions management and Appeals management
- ICT network and services
- Strategic site management
- Marketing and advertising
- Legal services

The Trust charges for these services at 4.3% (2017 4.3%) of an academy's total income.

The actual amounts charged during the year were:

	2018	2017
	£000	£000
Dixons City Academy	277	-
Dixons Allerton Academy	464	429
Dixons Trinity Academy	161	178
Dixons McMillan Academy	161	112
Dixons Kings Academy	249	251
Dixons Music Primary	70	61
Dixons Marchbank Primary	115	109
Dixons Chapeltown	20	-
Dixons Manningham Primary	92	92
Total	1,609	1,232



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

A summarised Income and Expenditure Account for the year ended 31 August 2018 in respect of the above is as follows:

	2018 £000	2017 £000
Income		
Recharge to Academies	1,609	1,232
Capital grants	-	-
Sponsorship income	200	200
Teaching school income	187	116
Other DFE grant	319	-
MAT Development grant & Appeals	201	-
Other income	49	62
Total	2,565	1,610

	£000	£000
Staff costs	1,686	1,256
Consultancy	218	91
HR and legal services	119	-
Audit and Accountancy	46	59
IT licensing and software	355	233
Recruitment and advertising	45	106
Admissions	64	-
Capital purchase	25	-
Other	131	(33)
Total	2,689	1,712

12 Other financial income

	2018 £000	2017 £000
Investment income on pension scheme assets	413	234
Interest on pension scheme liabilities	(517)	(365)
Total	(104)	(131)

13 Intangible fixed assets

	Computer Software £000	Total £000
Cost	2018	2017
At 1 September 2017	363	126
Additions	16	237
Re classification	54	-
At 31 August 2018	433	363
Amortisation		
At 1 September 2017	184	108
Charged in year	81	76
Re classification	16	-
At 31 August 2018	281	184
Carrying amount		
At 31 August 2017	179	18
At 31 August 2018	152	179



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

14 Tangible fixed assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and machinery	Motor vehicles	Fixtures and fittings
	£000	£000	£000	£000	£000
Cost					
At 1 September 2017	35,726	50,067	2,288	30	5,013
Prior year adjustment	(244)				
Restated balance	35,482	50,067	2,288	30	5,013
Inherited asset	1,000			7	71
Additions	290	223		9	355
Re classification	(772)	(26)			(19)
Disposals				(14)	
At 31 August 2018	36,000	50,264	2,288	32	5,420
Depreciation					
At 1 September 2017	6,600	5,944	1,460	19	3,627
Prior year adjustment	(10)				
Restated balance	6,590	5,944	1,460	19	3,627
Inherited asset				7	45
Charged in year	715	1,055	157	4	215
Re classification	(15)				28
Disposals				(14)	
At 31 August 2018	7,290	6,999	1,617	16	3,915
Net book values					
At 31 August 2017 (Restated)	28,892	44,123	828	11	1,386
At 31 August 2018	28,710	43,265	671	16	1,505
	Computer equipment	Total			
Cost					
At 1 September 2017	5,739	98,863			
Prior year adjustment	29	(215)			
Restated balance	5,768	98,648			
Inherited asset	158	1,236			
Additions	346	1,223			
Re classification	817	-			
Disposals	(11)	(25)			
At 31 August 2018	7,078	101,082			
Depreciation					
At 1 September 2017	4,846	22,496			
Prior year adjustment	92	82			
Restated balance	4,938	22,578			
Inherited asset	67	119			
Charged in year	818	2,964			
Re classification	(13)	-			
Disposals	(11)	(25)			
At 31 August 2018	5,799	25,636			
Net book values					
At 31 August 2017 (restated)	833	76,073			
At 31 August 2018	1,279	75,446			

The Trust's Freehold Properties are subject to charges held by the Secretary of State for Education. Leasehold Properties are held on a 125-year lease from the Local Authority and/or Department for Education.



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

15 Stock

	2018	2017
	£000	£000
Finished goods and goods for resale	<u>38</u>	<u>1</u>
	38	1

The stock of goods consists of books, stationeries, teaching consumables etc. purchased in 2017/18 for use in the next financial year 2018/19.

16 Debtors

	2018	2017
	£000	£000
Trade debtors	<u>107</u>	<u>140</u>
VAT recoverable	<u>291</u>	<u>328</u>
Other debtors	<u>37</u>	<u>44</u>
Prepayments and accrued income	<u>1,265</u>	<u>1,178</u>
	1,700	1,690

17 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	<u>377</u>	<u>1,273</u>
Other taxation and social security	<u>652</u>	<u>533</u>
School Fund (Fund raising income to be transferred out in 2018/19)	<u>26</u>	<u>-</u>
Other creditors (Includes fund raising income of £30k to be transferred out in 2018/19)	<u>689</u>	<u>615</u>
Accruals and deferred income	<u>1,620</u>	<u>855</u>
	3,364	3,276

18 Deferred income

	2018	2017
	£000	£000
Deferred income at 1 September 2017	<u>423</u>	<u>423</u>
Released from previous years	<u>(423)</u>	<u>(423)</u>
Resources deferred in the year	<u>473</u>	<u>423</u>
Deferred Income at 31 August 2018	473	423

	2018	2017
	£000	£000
Rates	<u>109</u>	<u>107</u>
UFSM	<u>145</u>	<u>145</u>
Post 16 Bursary	<u>40</u>	<u>-</u>
Capital grant	<u>118</u>	<u>-</u>
Year 7 Catch up	<u>1</u>	<u>-</u>
Trinity Leeds income	<u>-</u>	<u>60</u>
6 th Form income	<u>-</u>	<u>30</u>
GAG Clawback	<u>54</u>	<u>68</u>
Year 11 Development grant	<u>1</u>	<u>-</u>
Musical – Trips	<u>1</u>	<u>-</u>
Sports and Classic grant	<u>4</u>	<u>-</u>
Charity	<u>-</u>	<u>13</u>
	473	423



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

19 Statement of funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains and losses £000	Transfers £000	Balance at 31 August 2018 £000
Restricted general funds						
General Annual Grant (GAG)	763	31,507	(31,098)	-	-	1,172
Start Up Grant	-	302	(302)	-	-	-
Pupil Premium	-	2,130	(2,130)	-	-	-
Other grants	260	2,714	(1,852)	-	(298)	824
Provision for boarding	-	-	-	-	-	-
Pension reserve	(4,151)	(849)	(837)	1,873	-	(3,964)
	(3,128)	35,804	(36,219)	1,873	(298)	(1,968)
Restricted fixed asset funds						
Transfer on conversion	46,642	-	-	-	-	46,642
DfE/EFA capital grants	29,770	1,033	(3,045)	-	(54)	27,704
Transfers in on joining Trust	-	1,118	-	-	-	1,118
Private sector capital sponsorship	134	-	-	-	-	134
	76,546	2,151	(3,045)		(54)	75,598
Total restricted funds	73,418	37,955	(39,264)	1,873	(352)	73,630
Total unrestricted funds	275	1,491	(1,244)	-	-	522
Total funds	73,693	39,446	(40,508)	1,873	(352)	74,152

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

Unrestricted funds represent surpluses generated from Other Trading Activities and are to be used to support future general educational purposes either of a revenue or capital nature.

Other Restricted Income represents unspent General Annual Grant, other government grants/income and sponsorship income brought forward from previous years and are earmarked to support future capital replacements

Under the funding agreement with the Secretary of State, the Academies are not subject to a limit on the amount of GAG that can be carried forward as at 31 August 2018.

A prior year adjustment was made to correct an over accrual in 2016/17 of £244k and accumulated depreciation of £10k and capital grant of £118k resulting in a net effect of £352k (£234k + £118). This amount is adjusted against the restricted fixed asset funds and offset from transfers of funds from GAG to capital to give an overall effect of £54k as shown in note 19 above.



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

19 Statement of funds (continued)

Comparative information in respect of the preceding period

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	291	29,512	(29,455)	415	763
Start Up Grant	-	284	(284)	-	-
Pupil Premium	-	1,925	(1,925)	-	-
Other grants	1,183	2,069	(1,995)	(997)	260
Provision for boarding	-	-	-	-	-
Pension reserve	(6,917)	-	(1,081)	3,847	(4,151)
	(5,443)	33,790	(34,740)	3,265	(3,128)
Restricted fixed asset funds					
Transfer on conversion	46,642	-	-	-	46,642
DfE/EFA capital grants	28,805	974	(2,909)	2,900	29,770
Private sector capital sponsorship	134	-	-	-	134
	75,581	974	(2,909)	2,900	76,546
Total restricted funds	70,138	34,764	(37,649)	6,165	73,418
Total unrestricted funds	2,345	1,372	(1,124)	(2,318)	275
Total funds	72,483	36,136	(38,773)	3,847	73,693

Analysis of Academies by fund balance

	2018 £000	2017 Restated £000
Dixons City Academy	411	552
Dixons Kings Academy	1,861	1,502
Dixons Allerton Academy	2,476	2,192
Dixons Music Primary	(83)	(123)
Dixons Marchbank Primary	355	171
Dixons Trinity Academy	198	115
Dixons McMillan Academy	(514)	(766)
Dixons Manningham Academy	(1,965)	(2,068)
Dixons Chapeltown	3	-
Dixons Cottingley Academy	421	-
Dixons Central Services	(645)	(277)
Total before fixed asset fund and pension reserve	2,518	1,298
Restricted fixed asset fund	75,598	76,546
Pension reserve	(3,964)	(4,151)
Total	74,152	73,693

All academies ended the year with an in-year surplus with the exception of Dixons City Academy. The deficit to Dixons City was a result of a roof refurbishment which was required late in the year. A provision of £124k has been made for the estimated liability as a result of this.

The deficit reserve balances at Dixons Manningham Academy and Dixons McMillan Academy have resulted as a consequence of significant capital expenditure programmes which have been funded from the Trust's own reserves in 2015/16.



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

The deficits have decreased in the year due to cost control and an increase in student numbers and this will continue to be the case especially when both academies are at full capacity.

Dixons Music Primary's deficit has decreased in the year and will be eliminated once the academy is full.

The Central Service deficit results from the recruitment of extra staff to support the growth of the Trust. Two new academies (Dixons Cottingley and Dixons Unity) have joined the MAT requiring additional personnel and expense which has been absorbed by the centre. The deficit will be eliminated through Central recharges when all the academies are at full capacity, as well as staffing and procurement efficiencies through centralisation. In September 2018, the centralisation of Estates took place and this will result in a review of contracts relating to estates across the Trust. IT services overspent in the year as a result of not moving forward with a staffing review. From September 2018, the management of IT has been brought in house and a Head of IT has been appointed. A number of initiatives were undertaken in 2017/18 which were not budgeted for. This included the investment in new H.R./Payroll software to be implemented towards the end of 2018.

Analysis of academies by cost

	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
Dixons City Academy	3,878	977	456	629	5,940	6,222
Dixons Kings Academy	2,913	777	284	919	4,893	5,193
Dixons Allerton Academy	6,460	1,244	1,011	862	9,577	9,622
Dixons Music Primary	1,097	89	104	193	1,483	1,138
Dixons Marchbank Primary	1,474	280	202	335	2,291	2,345
Dixons Trinity Academy	2,049	678	275	343	3,345	3,888
Dixons McMillan Academy	2,412	442	245	347	3,446	2,680
Dixons Manningham	1,381	160	75	319	1,935	1,982
Dixons Chapeltown	227	58	31	63	379	-
Dixons Cottingley	416	111	21	122	670	-
Dixons Central Services	682	1,004	62	1,756	3,504	2,794
	22,989	5,820	2,766	5,888	37,463	35,864

20 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2018 Total Funds £000	2017 Total Funds £000
Intangible fixed assets	-	-	152	152	179
Tangible fixed assets	-	-	75,446	75,446	76,367
Current assets	522	5,360	-	5,882	4,574
Current liabilities	-	(3,364)	-	(3,364)	(3,276)
Non-current liabilities	-	-	-	-	-
Pension scheme liability	-	(3,964)	-	(3,964)	(4,151)
Total net assets	522	(1,968)	75,598	74,152	73,693



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

21 Capital commitments

	2018	2017
	£000	£000
Contracted for, but not provided in the financial statements		419

22 Commitments under operating leases

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

	2018	2017
	£000	£000
Amounts due within one year	442	359
Amounts due between one and five years	1,686	1,335
Amounts due after five years	4,579	2,814
	6,707	4,508

23 Reconciliation of net income / (expenditure)

	2018	2017
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,062)	(2,637)
Adjusted for:		
Amortisation [note 13]	81	76
Depreciation [note 14]	2,964	2,825
Capital grants from DfE and other capital income		
Profit on disposal of fixed asset	(6)	-
Interest receivable [note 6]	(2)	(3)
Defined benefit pension scheme obligation inherited	849	-
Defined benefit pension scheme cost less contributions payable [note 28]		
Defined benefit pension scheme finance cost [note 28]	837	1,081
(Increase)/decrease in stocks	(37)	4
(Increase)/decrease in debtors	(10)	4,448
Increase/(decrease) in creditors	88	(5,548)
Net cash provided by / (used in) operating activities	3,702	246

24 Cash flows from investing activities

	2018	2017
	£000	£000
Dividends, interest and rents from investments	2	3
Proceeds from sale of tangible fixed assets	6	-
Purchase of intangible fixed assets	(16)	(237)
Purchase of tangible fixed assets	(1,223)	(3,611)
Funds transfer from Cottingley	285	-
Fixed asset transfers received from Cottingley	(1,495)	-
Net cash provided by / (used in) investing activities	(2,441)	(3,845)

25 Analysis of cash and cash equivalents

	At 31 August	At 31 August
	2018	2017
	£000	£000
Cash in hand and at bank	4,144	2,883
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	4,144	2,883



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

26 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £296,678 were payable to the schemes at 31 August 2018 (2017: £279,851) and are included within creditors.

27 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

Not less than every four years 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 (currently 14.1%))
- 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 will be as at March 2016 whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £2.326 million (2017: £2.187 million).

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

Under the definitions set out in FRS 102, the TPS is 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.

28 Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,125k (2017: £1,060k) of which employer's contributions totalled £816k (2016: £747k) and employees' contributions totalled £309k (2017: £313k). The agreed contribution rates for future years are between 14% and 16.48% for employers and between 5.5% and 12.5 % for employees.

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



Dixons Academies Charitable Trust Ltd

Notes to the Financial Statements for the Year Ended 31 August 2018

Amount recognised in the statement of financial activities

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.25%	3.25%
Rate of increase for pensions in payment/inflation	2.00%	2.00%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.00%	2.00%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.1	22.1
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	23.1	23.0
Females	27.1	27.0

The Trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	14,763	10,815
Bonds	2,830	1,894
Property	831	631
Cash & Other	1,366	687
Total market value of assets	19,790	14,027

The actual return on scheme assets was £814,000 (2017: £1,932,000)

Amount recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	(1,454)	(1,697)
Net interest cost	(104)	(131)
Past service cost	(95)	-
Total operating charge	(1,653)	(1,828)

Changes in the present value of defined benefit obligations

	2018 £000	2017 £000
At 1 September	18,178	18,195
Upon conversion	-	-
Current service cost	1,454	1,697
Past Service Cost	95	-
Interest cost	517	365
Employee contributions	309	313
Actuarial (gain)/loss	(1,472)	(2,149)
Benefits paid	(308)	(243)
Net increase in assets from disposals/acquisitions	4,981	-
At 31 August	23,754	18,178



Dixons Academies Charitable Trust Ltd

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Changes in the fair value of academy's share of scheme assets

	2018 £000	2017 £000
At 1 September	14,027	11,278
Upon conversion	-	-
Interest income	413	234
Return on plan assets (excluding net interest on the net defined pension liability)	-	-
Actuarial gain/(loss)	401	1,698
Employer contributions	816	747
Employee contributions	309	313
Benefits paid	(308)	(243)
Net increase in assets from disposals/acquisitions	4,132	-
At 31 August	19,790	14,027

29 Related party transactions

Owing to the nature of the Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. A related party transaction was discovered during the period and reported to the Trust Board accordingly.

Expenditure Related Party Transaction

B11 Education Ltd – a company in which Mr Peter Cox (member of a Dixons' LGB) acts as a consultant:

The Trust contracted B11 Education Ltd to provide consultancy/advisory work totalling £3,900 (2017: £nil) during the period. There were additional amounts post year end 31st August 2018 totalling £2,775 (2017: £nil).

The supplier was providing consultancy service prior to becoming a member of the LGB. However, the Trust cannot confirm that all the transactions were conducted at arm's length and the services have been curtailed. Please refer to disclosure note on page 15.

30 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018, the Trust received £85K (2017 £89K). Each academy may retain up to 5% of the fund income to cover associated administration costs. Any unspent monies are retained for future years spending to a maximum of 2 years. The value of unspent funds as at 31 August 2018 and included in other creditors was £25k (2017 £16).

	2018 £000	2017 £000
Funds brought forward	16	-
Bursary Funding Received	85	89
Total Income	101	89
Funds Distributed	76	73
5% Admin cost retention	-	-
Total Costs	76	73
Funds carried forward	25	16



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

31 Teaching school trading account

	2017/18 £'000s	2017/18 £'000s	2017/18 £'000s	2016/17 £'000s	2016/17 £'000s	2016/17 £'000s
Income						
Direct Income						
Other income		179			209	
Other Income		-			-	
Fundraising and other trading activities		-			-	
			179			209
Expenditure						
Direct Costs						
Direct staff costs	156			150		
Total direct costs		156			150	
Other costs						
Printing, photocopying and stationery	-			12		
Staff development	30			41		
Marketing and publicity	1			-		
Professional services	1			2		
Travel and subsistence	1			4		
Total other costs		33			59	
Total Expenditure			189			209
Surplus/(Deficit) from all sources			(10)			0
Teaching school balances at 1 September 2017			-			-
Teaching school balances at 31 August 2018			(10)			0



Dixons Academies Charitable Trust Ltd
Notes to the Financial Statements for the Year Ended 31 August 2018

32 Transfer of existing academy into Trust

	Value reported by transferring Trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Land	1,000	0	1,000
Furniture and equipment	27	0	27
Computer equipment	91	0	91
Current assets			
Debtors due in less than one year	147	0	147
Cash in bank and in hand	386	0	386
	<u>1,651</u>	0	<u>1,651</u>
Liabilities			
Creditors due in less than one year	(133)	0	(133)
Net asset excluding pension liability			
Pension liability	(849)	0	(849)
Total asset	<u>669</u>	-	<u>669</u>
Restricted funds			
Fixed asset reserve	1,118	0	1,118
Restricted general fund	400	-	400
Pension reserve	(849)	0	(849)
Total funds	<u>669</u>	0	<u>669</u>

