

Registered number: 08104111 (England and Wales)

**DISCOVERY SCHOOLS ACADEMIES TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**



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**DISCOVERY SCHOOLS ACADEMIES TRUST**  
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members**

Richard Eastman	(appointed 30 <sup>th</sup> September 2014)
Kate Foster	(appointed 30 <sup>th</sup> September 2014)
Carolyn Lewis (DLET Representative)	(appointed 10 <sup>th</sup> February 2015)
David Williams	(appointed 1 <sup>st</sup> March 2016)

**Trustees / Governors**

Jonathan Parsons	(appointed 9 <sup>th</sup> July 2015)
Paul Stone	(CEO and accounting officer) (appointed 1 July 2012)
Ian Sadd	(appointed 9 <sup>th</sup> July 2015)
Brenda Davies	(appointed 9 <sup>th</sup> July 2015)
Gary Sims	(appointed 9 <sup>th</sup> July 2015)
Edmund Green	(appointed 9 <sup>th</sup> July 2015)
Jon Winterton	(appointed 9 <sup>th</sup> July 2015)
Maggie Spence	(appointed 9 <sup>th</sup> July 2015)
David Williams	(appointed 1 <sup>st</sup> March 2016)
Michael McAllister	(appointed 1 <sup>st</sup> March 2016)

**Senior Management Team**

Chief Executive Officer	Paul Stone
Director of School Improvement	Brenda Davies
Director of Operations	Louise White
Business Development Manager	James Brown
Director of Finance	Ian Sadd

**Company Name**

Discovery Schools Academies Trust

**Principal and registered office**

Kibworth Primary School, Hillcrest Avenue, Kibworth, LE8 0NH

**Company registered number**

8104111 (England and Wales)

**Independent Auditors**

MHA MacIntyre Hudson, 11 Merus Court, Meridian Business Park, Leicester, LE19 1RJ

**Bankers**

NatWest Bank Plc, Gateway House, 4 Penman Way, Grove Park, Enderby, Leicestershire, LE19 1WL

**Solicitors**

Michelmores Solicitors LLP, 6 New Street Square, London, WC2A 1JF

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**DISCOVERY SCHOOLS ACADEMIES TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees present their annual report together with the financial statements and auditors' reports of Discovery Schools Academies Trust Limited (the Academy) for the year ended to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates a Multi-Academy Trust (MAT) of 9 schools for pupils aged 4 to 11 in Leicester and Leicestershire. It had approximately 3,000 pupils on roll in the school census in January 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Discovery Schools Academies Trust (DSAT) Limited are also the directors of the charitable company for the purposes of company law. During the period, 9 individual DSAT primary schools operated under their own names:

- Kibworth Church of England Primary School
- Parkland Primary School
- Sileby Redlands Community Primary School
- Enderby Danemill Primary School
- Woolden Hill Primary School
- Mowmacre Hill Primary School
- Greystoke Primary School
- Farndon Fields Primary School
- Asfordby Captains Close Primary School

DSAT also operated Affinity Teaching School Alliance (ATSA) and Inspiring Leaders School Centred Initial Teacher Training (SCITT) during the year.

**Members Liability**

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

**Trustees' Indemnities**

DSAT Trustees benefit from unlimited indemnity insurance (through the Government's Risk Pooling Arrangement, RPA) to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

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**DISCOVERY SCHOOLS ACADEMIES TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Method of Recruitment and Appointment or Election of Trustees**

Between 3 and 11 DSAT Trustees (also known as Directors) are appointed by the Members on the following basis:

- CEO
- Up to 6 Trustees
- Up to 2 Staff Trustees
- Maximum of 2 Parent Trustees
- Maximum of 2 Co-opted Trustees

Current Trustees are listed on Page 1 of the Reference and Administrative Details.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

New Trustees are inducted and trained by existing Trustees and academy staff as appropriate. External training opportunities are also offered to the Trustees when required including GDS.

**Organisational Structure**

DSAT is a Multi-Academy Trust with each Academy retaining its own identity and managing its own school budget. The DSAT Board of Directors meets termly and provides strategic direction to DSAT and individual Academies.

Finance & Audit, Safeguarding, Health & Safety and HR, Standards & Performance, Ethos and Teaching & Learning Committees are operated at DSAT level and meet on a termly basis to advise on, and monitor individual Academy performance.

Operational management is led by a management team of the CEO, Finance Director, Operations Director, School Improvement Lead and Business Development Director. The CEO acts as the DSAT Accounting Officer.

Local Governing Bodies (or Advisory Bodies as appropriate) for each Academy adopt individual School Development Plans, approve the annual budget, monitor each school's performance and take decisions on operations using delegated powers, as set out in the DSAT Scheme of Delegation.

**Arrangements for setting pay and remuneration of key management personnel**

A Remuneration Committee (a sub-committee of the Board) determines pay for the Senior Leadership Team of the MAT, including the Chief Executive Officer. Individual Academy Headteacher pay is recommended by Local Governing Bodies and ratified by the CEO early in the autumn term. All staff pay is awarded in accordance with DSAT Pay Policies, approved annually by the Board.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The Trust's principal activities are designed to deliver the following objects:

- To advance for the public benefit education in the UK, in particular by establishing, running and developing schools (with or without a designated religious character) offering a broad and balanced curriculum;
- In relation to the C of E Academies, to conduct these in accordance with the principles and practices and tenets of the Church of England; and
- To recognise and support the individual characters and respect the different background of each Academy and keep each Academy linked into its local community.

In delivering these objectives, DSAT aims to:

- Continue to raise the standard of educational attainment and achievement of all pupils;
- Provide a broad and balanced curriculum, including making extra-curricular activities available to all its children;
- Develop pupils as more effective learners;
- Improve the effectiveness of each Academy by keeping the curriculum and organisational structures under continual review;
- Provide value for money for all funds expended;
- Comply with all appropriate statutory and curriculum requirements; and
- Conduct the Trusts' business in accordance with the highest standards of integrity, probity and openness.

**Objectives, Strategies and Activities**

In delivering the Trust's objects and aims, DSAT is clear that:

- Children come first in all decision making;
- High expectations in everything we do;
- Developing and attracting the very best staff is a core purpose;
- Raising aspirations of everyone in the organisation is a core purpose;
- Parental collaboration is key to children's success; and
- Maintain community involvement and individual school's character.

DSAT aims to create an outstanding education for all children, sharing good practice and expertise between schools to ensure all children receive a world class education. Children only get one chance and as such deserve the very best teaching and opportunities to reach their potential.

Our highly effective and self-improving schools learn together, share leadership, resources and talent to develop the next generation of teachers and learners, building innovative learning opportunities to ensure that all children achieve their potential. All professionals within our schools take responsibility for progress and attainment of their children.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

We aim to build learning communities where schools work together to improve. Achieving deep partnerships and effective Joint Practice Development are vital to learn from each other. We create learning communities that are:

- Committed to continuous improvement;
- Part of a forward thinking organisation;
- Providing a curriculum that ensures achievement for all pupils;
- Improving access to Educational Services for those who need support; and
- Effective learning spaces that maximise learning

Each Academy's School Development Plan has been developed to deliver improvement against these aims and objectives.

**Public Benefit**

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The Trust's activities have been undertaken to further the Academy Trust's purpose to advance public benefit education in the UK. Activities are not arranged to provide any financial return to members.

**STRATEGIC REPORT**

**Achievements and performance**

**Key Stage 2**

DSAT UNVALIDATED DATA CHECKING – ATTAINMENT and PROGRESS													
SCHOOL NAME	ATTAINMENT MEASURE		PROGRESS MEASURES			INDIVIDUAL SUBJECT ATTAINMENT MEASURES							
	RMM% expected	RWM % above	Reading progress	Writing progress	MATHS progress	% Expected	Reading % above	% expected	Writing above	% expected	Maths % above	% expected	GPS % above
National	53%	5%	0.0	0.0	0.0	66%	19%	74%	15%	70%	17%	72%	23%
Captains	40%	0%	-8.3	0.4	-7.9	40%	7%	80%	27%	47%	0%	47%	13%
Danemill	56%	12%	0.9	-0.4	-0.8	73%	19%	75%	27%	68%	15%	90%	24%
Farndon	63%	0%	-1.4	-2.1	0.1	71%	17%	79%	13%	83%	13%	88%	13%
Greystoke	52%	2%	-1.0	-2.8	-0.9	72%	13%	70%	11%	76%	13%	76%	7%
Kibworth	74%	13%	0.5	2.1	-0.5	86%	29%	89%	38%	80%	22%	87%	30%
Mowmacre	27%	2%	-3.7	-2.9	-1.3	38%	4%	52%	4%	50%	6%	52%	8%
Parkland	41%	0%	-1.8	0.8	-2.0	55%	5%	82%	5%	55%	10%	64%	14%
Redlands	37%	0%	-3.4	-2.2	-1.6	43%	9%	65%	0%	54%	7%	63%	11%
Woolden	25%	10%	-3.4	1.5	-5.9	25%	10%	65%	10%	20%	0%	40%	5%
DSAT	46%	4%	-2.4	-0.6	-2.3	56%	13%	73%	15%	59%	10%	67%	14%

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

Key Stage 1

DSAT SCHOOLS AND TRUSTS KS1 SUMMARY ASSESSMENT OUTCOMES 2015 -2016									
	RWM		READING		WRITING		MATHS		Yr 1 PHONICS
	2015 -2016		2015 - 2016		2015 - 2016		2015 -2016		2015 - 2016
	above ARE	at or above ARE	above ARE	at or above ARE	above ARE	at or above ARE	above ARE	at or above ARE	at or above ARE
SCHOOL NAME	%	%	%	%	%	%	%	%	%
NATIONAL	8.9%	60.3%	23.6%	74.0%	13.3%	65.5%	17.8%	72.6%	80.50%
Mowmacre Hill	0.0%	22.2%	3.7%	48.1%	1.9%	31.5%	0.0%	37.0%	75.00%
Woolden Hill	10.0%	50.0%	13.3%	66.7%	20.0%	73.3%	16.7%	56.7%	79.20%
Greystoke	11.4%	75.0%	38.6%	90.9%	20.5%	79.5%	25.0%	81.8%	88.90%
Enderby	15.7%	64.7%	33.3%	76.5%	23.5%	68.6%	23.5%	70.6%	97.80%
Farndon Fields	17.9%	67.9%	25.0%	89.3%	28.6%	71.4%	28.6%	82.1%	95.60%
Captains Close	13.6%	77.3%	27.3%	81.8%	27.3%	81.8%	27.3%	81.8%	76.30%
Sileby Redlands	6.7%	64.4%	17.8%	73.3%	15.6%	71.1%	15.6%	75.6%	70.50%
Parkland	1.4%	60.8%	4.1%	73.0%	4.1%	64.9%	1.4%	70.3%	77.50%
Kibworth	9.5%	74.3%	20.3%	90.5%	16.2%	82.4%	14.9%	86.5%	84.40%
DSAT	8.3%	61.1%	18.7%	76.3%	15.2%	68.2%	14.5%	71.1%	83.20%

EYFS

DSAT EYFS GLD HEADLINES		
	GLD	APS
	2015/16	2015/16
NATIONAL	69.3%	34.4%
LEICESTERSHIRE LA	67.6%	34.6%
DSAT	69.6%	35.3%
Mowmacre Hill Primary School	50.0%	31.3%
Woolden Hill Primary School	75.9%	35.6%
Greystoke Primary School	62.0%	33.5%
Enderby Danemill Primary School	81.7%	36.9%
Farndon Fields Primary School	71.4%	34.7%
Captains Close Primary School	77.8%	40.3%
Sileby Redlands Community Primary School	70.7%	39.3%
Parkland Primary School South Wigston	60.0%	31.7%
Kibworth Church of England Primary School	78.4%	36.5%



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Core Performance indicators**

- **All schools to be good or outstanding.**

Current School Judgements

Inadequate	Require Improvement	Good	Outstanding
2	0	6	1

Redlands Primary School was inspected in April 2016 and maintained its Good Grade

Kibworth CE Primary received a SIAMs inspection and maintained outstanding Grade

- **Sponsored schools to be judged as good within two years of conversion**

Both sponsored schools are currently judged as Inadequate and are awaiting a formal inspection due in the Summer term 2017 for Woollen Hill, and Autumn term for Mowmacre Hill. Teaching in both schools has improved to good and has maintained this grade for the last year. Data was showing an upward trend but 2016 data showed a dip in results (DSAT Predicted). 2017 results should rise significantly in both schools from DSAT data tracking exercises. Current data for 2016 would be a limiting judgement and both schools would likely get "Requires Improvement".

- **All schools are actively engaged with joint practice development within the Trust and Teaching School Alliance**

All schools have attended leadership networks for the Headteacher, Chair of Trustees, Literacy, Numeracy, Pupil Premium, Arts, Science, ICT and Foundation Stage leaders. All groups met five times during the academic year, sharing best practice and developing initiatives. In addition, a number of other achievements were recognised during the year.

All schools were involved in a Lesson Study project and shared their learning through a Teacher Day workshop attended by all schools. All schools are fully engaged with joint practice development between schools, and the learning forms part of our annual CPD plan.

National Science Quality Mark:

Captains Close	Under Going Assessment
Redlands	Silver Award
Greystoke	Under Going Assessment
Danemill	Silver Award
Woollen Hill	Under Going Assessment
Mowmacre	Silver Award
Farndon Fields	Silver Award
Parkland	Silver Award
Kibworth	Gold Award

Our third Annual Trust award evening was held hosting 9 Children's Awards and 9 Adult Awards. Presenters included Edward Garnier MP and Nicky Morgan MP the Secretary of State at the time.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Key Performance Indicators for 2015/16**

- All schools to be good or outstanding;
- Sponsored schools to be judged as good within two years of conversion; and
- All schools are actively engaged with joint practice development within the Trust and Teaching School Alliance.

**STRATEGIC AIMS**

**1. Promoting achievement and attainment**

- Ensure the all children reach their potential and are ready for the next stage of their education;
- Maximising the abilities of each child and young person so that their future opportunities are enhanced; and
- Aiming higher towards outstanding provisions which realise excellent outcomes for all our pupils and students.

**2. Expanding provision and opportunity**

- Responding to the needs of our children by evolving learning opportunities that support their development and context;
- Providing more multi-professional services to support children's needs; and
- Provide buildings which provide places where excellent learning opportunities can take place.

**3. Supporting innovation and professional development**

- Developing new approaches to learning and teaching, based on sound research and rooted in proven and established practice;
- Ensure there is a CPD structure for all staff which supports and develops talent; and
- Provide structures and processes which share best practice and resources across all schools.

**4. Addressing challenges**

- Identify and develop new frameworks and strategies for the delivery of our learning support services, driven by individual need particularly for parental support and pupil wellbeing;
- Use joint practice development initiatives to address challenges posed by educational change; and
- Ensure all aspects of the Trust are developing efficient and effective strategies to ensure value for money and effectiveness. This is paramount to ensure all staff focus on their core task of improving outcomes for children.

**5. Developing an effective and efficient organisation**

- Valued by our pupils, students, their families, and those with whom we work in partnership;
- Recognised by Ofsted as providing quality education and care; and
- Becoming a reflective learning organisation which ensures its values are translated into practice through professionally committed and engaged staff.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Going Concern**

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

**FINANCIAL REVIEW**

DSAT delivered a surplus of £5,393,000 against total income of £21,515,000 for the year ending 31 August 2016. Over 62% of the Trust's income is derived from central government grant to support its educational objectives, broadly based on pupil numbers attending individual Academies. The Trust has delivered a surplus in each of its first 4 years of operation and it maintains strategic reserves at a level to support future financial stability.

**Reserves Policy**

The reserves policy requires the maintenance of a minimum working reserve in order to minimise any financial risks facing the Trust and individual schools, such as delays between spending and receipt of grants or unexpected emergencies.

Individual academies are required to:

- Regularly review the nature of income and expenditure streams and the need to match income with commitments;
- Identify and maintain an appropriate level of free (uncommitted) reserves;
- Consider the set aside of funds for significant projects that cannot be met by future income alone; and
- Ensure that any change in policy is approved by Finance and Audit Committee.

The Trust has already committed a significant level of existing reserves to improve infrastructure and support school improvement in future years. As part of the annual budget setting process, DSAT may determine that all schools will make a contribution to DSAT wide strategic reserves or funds such as a capital or school improvement fund. This will be agreed with all Academy Governing Bodies in advance of budgets being committed.

At 31 August 2016 the total funds comprised:

	£'000
Unrestricted	1,406
Restricted: Fixed asset funds	21,411
GAG	824
Pension reserve	(5,066)
Other	255
	<u>18,830</u>

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Investment Policy**

DSAT has an Investment Policy designed to:

- Optimise a return on working capital whilst allowing effective access to funds;
- Balance risk against return by avoiding risk rather than maximising potential returns; and
- Follow a guiding principle for ethical investments.

The policy requires this to be achieved through the use only of a current account and an automatic sweep to a higher interest reserve account with institutions approved by the Academy Finance Committee. Investments of any other type are not permitted at Academy level. Investments other than through the Direct Reserve Account will only be carried out corporately by DSAT using pooled surplus funds.

**Principal Risks and Uncertainties**

The principal risks facing the Academy are:

- Performance and Reputational risk – Ofsted inspection results are critical to the continued growth and development of DSAT. Mitigated by comprehensive performance management of each Academy on a monthly basis to identify performance gaps as they happen;
- Financial risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. Mitigated through prudent budgeting based on corporate guidance, and the maintenance of academy level reserves (in accordance with the DSAT reserves policy); and
- Personnel risk – Absence of key staff and Trustees. Mitigated by developing capacity at system lead level and creating corporate business capacity.

DSAT operates a comprehensive risk management system. A corporate Risk Register has been developed, approved by the Board and monitored by individual Committees of the Board. This identifies significant risk, controls and planned assurances. The corporate Risk Register has been adopted by individual Academies and additional local level risks identified where appropriate. Any significant residual risk is reported to the DSAT Board. Other more minor risks are managed at local Academy level.

**PLANS FOR FUTURE PERIODS**

The core educational objectives for DSAT remain unchanged for 2015/16. Individual Academies will develop their own SEF and School Business Plans to deliver these objectives and the DSAT performance management system will be fully operational for the year.

Further growth is planned for 2016/17. DSAT has opened a new-build Academy from 1 September 2016 and 3 further Academies will join the Trust between October and December 2016. DSAT is working closely with a number of other primary schools which in some instances will lead to Academy conversion into the Trust. The initial DSAT Business Plan developed in late 2013 has been re-developed to take account of current growth projections in terms of numbers and size of new Academies joining. However, our principles for taking on new Academies remain unchanged; new schools will:

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**TRUSTEES' REPORT (continued)**  
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- Be committed to continuous improvement;
- Develop a forward thinking organisation;
- Provide a curriculum that ensures achievement for all pupils;
- Provide improved access to educational services for those who need support; and
- Recognise that outstanding leadership will create outstanding schools, so focus on identifying and nurturing leadership potential.


DSAT is also now operating School Centred Initial Teacher Training (SCITT) with capacity to train up to 60 students during 2016/17.

**AUDITOR**

In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2016 and signed on the board's behalf by:

  
David Williams  
Chair of Trustees

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Discovery Schools Academies Trust (DSAT) and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

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

<b>Trustee</b>		<b>Meetings attended</b>	<b>Out of a possible</b>
Paul Stone	CEO and accounting officer	2	3
Ian Sadd		3	3
Brenda Davies		3	3
Jonathan Parsons		3	3
Gary Sims		3	3
Edmund Green		2	3
Jon Winterton		3	3
Maggie Spence		3	3
David Williams		2	2
Michael McAllister		0	2

Discovery Schools Academy Trust Articles of Association were changed to follow the National Minority Mixed MAT Articles for The Church of England. This was needed to ensure more effective governance at board level and to create a clearer scheme of delegation.

The Board of Trustees was reformed and Trustees with specific skills were selected to ensure support and challenge for the Trust. Key areas of support included Finance, Estates, HR, Community Engagement and Specialist Teaching Services. It also ensured the balance of Executive Members did not exceed 25% of the total.

The Scheme of Delegation was reviewed for all schools and shared with the local Chairs of Governors. The Terms of Reference for Local Governing Bodies was also reviewed. Each local governing body is required to complete an annual development plan and report back to the Cluster Leader about its effectiveness.

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trust identified 5 schools that need to review the governance arrangements due to capacity and effectiveness. It was identified that 4 of the local governing bodies should be reconstituted as local advisory boards due to the lack of capacity to fulfil the role. One governing body found extra capacity and has changed its organisation to ensure it meets expectations.

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure sound financial control by:

- putting in place a process for independent checking of financial controls, systems, transactions and risks;
- reviewing the risks to internal financial control at the Academy;
- agreeing a programme of work that will address these risks; and
- informing the governance statement.

The Committee has full Terms of Reference approved by the Board and meets a minimum of 3 times a year.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Paul Stone, CEO	3	3
Ian Sadd, Finance Director	3	3
Gary Sims, Non-Executive Director	3	3
Chris Biddle, Kibworth Finance Governor	1	3
Matt Peet, Headteacher – Sileby Redlands	2	3

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Chief Executive 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 the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by, for example:

- developing and upgrading our financial ledger package to operate across all DSAT Academies enabling the provision of high quality financial reporting information;
- employing in-house ICT and Finance staff and deploying across Trust schools;
- identifying opportunities for joint procurement in areas such as reprographics, insurance and training; and
- developing financial benchmarking across DSAT Academies.

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in DSAT for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board of Trustees through the action of sub-committees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Finance & Resources Committee has considered the need for a specific internal audit function and has appointed Leicestershire County Council Audit Services as an internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The internal auditor reports directly to the Trust and any significant recommendations are considered by the Finance & Resources Committee on behalf of the Board of Trustees. The agreed programme of work for the year was fully delivered. No significant issues were raised during the year or remained outstanding by 31 August 2016.



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**DISCOVERY SCHOOLS ACADEMIES TRUST**  
(A company limited by guarantee)

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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**REVIEW OF EFFECTIVENESS**

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

- the work of internal audit;
- the work of the external auditor;
- the provision of standard monthly performance management information;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has not been advised of any outstanding issues from reviews of the system of internal control by the Audit Committee. Where minor recommendations or improvement have been made, plans have been implemented to ensure continuous improvement of the system.

Approved by order of the members of the Board of Trustees on 13 December 2016 and signed on its behalf by:



David Williams  
Chair of Trustees



Paul Stone  
Accounting Officer

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Discovery Schools Academies Trust Limited I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



.....  
**Paul Stone**  
**Accounting Officer**

Date: 13 December 2016

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Trustees (who act as Governors of Discovery Schools Academies Trust Limited and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 13 December 2016 and signed on its behalf by:



.....  
**David Williams**  
Chair of Trustees

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**

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We have audited the financial statements of Discovery Schools Academies Trust Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where 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.



Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

19/12/16

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 7 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Discovery Schools Academies Trust Limited during the year 1 September 2015 to 31 August 2016 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 Discovery Schools Academies Trust Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Discovery Schools Academies Trust Limited and the EFA 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 Discovery Schools Academies Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANTS**

The Accounting Officer is responsible, under the requirements of Discovery Schools Academies Trust Limited's funding agreement with the Secretary of State for Education dated 29 June 2012, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**

**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED AND THE EDUCATION FUNDING AGENCY (continued)**

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The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- *evaluating the internal control procedures and reporting lines, and testing as appropriate, (between the individual components of the Multi-Academy Trust) and*
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

19 / 12 / 16

**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset fund 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME FROM:</b>						
<b>Donations &amp; capital grants:</b>						
Transferred on conversion	2	21	-	3,738	3,759	2,944
Other donations and capital grants	2	74	(146)	3,193	3,121	1,339
Other trading activities	3	588	74	-	662	524
Investments	4	2	-	-	2	2
Funding for Academy Trust's educational operations	5	-	13,562	69	13,631	10,097
Other income	6	-	340	-	340	198
<b>TOTAL INCOME</b>		<b>685</b>	<b>13,830</b>	<b>7,000</b>	<b>21,515</b>	<b>15,104</b>
<b>EXPENDITURE ON:</b>						
Raising funds	7	684	68	-	752	433
Academy Trust educational operations		-	13,918	327	14,245	10,705
<b>TOTAL EXPENDITURE</b>	9	<b>684</b>	<b>13,986</b>	<b>327</b>	<b>14,997</b>	<b>11,138</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	21	1	(156)	6,673	6,518	3,966
		-	(746)	746	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		1	(902)	7,419	6,518	3,966
Actuarial (losses)/gains on defined benefit pension schemes	26	-	(1,125)	-	(1,125)	83
<b>NET MOVEMENT IN FUNDS</b>		<b>1</b>	<b>(2,027)</b>	<b>7,419</b>	<b>5,393</b>	<b>4,049</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,405	(1,960)	13,992	13,437	9,388
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,406</b>	<b>(3,987)</b>	<b>21,411</b>	<b>18,830</b>	<b>13,437</b>

The notes on pages 25 to 53 form part of these financial statements.



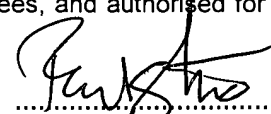
**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08104111**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	17		21,189	13,992
<b>CURRENT ASSETS</b>				
Debtors	18	592		688
Cash at bank and in hand		3,653		2,778
		<u>4,245</u>		<u>3,466</u>
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(1,528)</u>		<u>(860)</u>
<b>NET CURRENT ASSETS</b>			<u>2,717</u>	<u>2,606</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>23,906</u>	<u>16,598</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20		<u>(10)</u>	<u>(12)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>23,896</u>	<u>16,586</u>
Defined benefit pension scheme liability	26	(5,066)		(3,149)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>18,830</u></u>	<u><u>13,437</u></u>
<b>FUNDS OF THE ACADEMY</b>				
<b>Restricted funds:</b>				
Restricted funds	21	1,079		1,189
Restricted fixed asset fund	21	21,411		13,992
		<u>22,490</u>		<u>15,181</u>
Restricted funds excluding pension liability				
Pension reserve		<u>(5,066)</u>		<u>(3,149)</u>
Total restricted funds			<u>17,424</u>	<u>12,032</u>
Unrestricted funds	21		<u>1,406</u>	<u>1,405</u>
<b>TOTAL FUNDS</b>			<u><u>18,830</u></u>	<u><u>13,437</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:

  
 .....  
**David Williams**  
 Chair of Trustees

  
 .....  
**Paul Stone**  
 Head Teacher

The notes on 25 to 53 form part of these financial statements.

**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	<b>Note</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	906	1,068
<b>Cash flows from investing activities:</b>			
Interest from investments	4	2	2
Purchase of tangible fixed assets		(1,716)	(1,096)
Capital grants from DfE/EFA		1,562	538
Capital funding received from sponsors and others		-	10
Cash donated from single academy/ transferred on conversion to an Academy Trust		123	567
<b>Net cash (used in)/provided by investing activities</b>		<b>(29)</b>	<b>21</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(2)	-
Cash inflows from new borrowing		-	14
<b>Net cash (used in)/provided by financing activities</b>		<b>(2)</b>	<b>14</b>
<b>Change in cash and cash equivalents in the year</b>		<b>875</b>	<b>1,103</b>
Cash and cash equivalents brought forward		2,778	1,675
<b>Cash and cash equivalents carried forward</b>		<b>3,653</b>	<b>2,778</b>

The notes on pages 25 to 53 form part of these financial statements.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**

(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**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 of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Company's functional and presentational currency is British Pound Sterling (£).

The company was incorporated in the UK.

The registered office is Kibworth Primary School, Hillcrest Avenue, Kibworth, LE8 0NH.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Discovery Schools Academies Trust Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Discovery Schools Academies Trust Limited for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 33.

**1.2 Going concern**

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

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 Income**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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 the receipt is probable and it can be measured reliably.

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

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

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Expenditure**

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

Expenditure on raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold buildings	-	2% straight line per annum
Fixtures and fittings	-	10% straight line per annum
Computer equipment	-	25% straight line per annum

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Licence to occupy**

The Trustees of Discovery Schools Academies Trust Limited, in agreement with the Board of Education of the Diocese of Leicester, occupy buildings and some open land on a rent free licence. Full details of the arrangement are detailed in note 17.

The Directors have considered the guidance in the Academies Accounts Direction paragraph 8.7.5 in relation to properties occupied under licence. Having considered the arrangements under which the Academy Trust is occupying the land and buildings, for the reasons given in note 17, the Directors have concluded that the arrangement should not be included as an asset on the balance sheet and the Directors have not included any value of land or buildings in the financial statements.

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

**1.9 Interest receivable**

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

**1.10 Taxation**

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

**1.11 Debtors**

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

**1.12 Cash at bank and in hand**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.13 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 that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

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

**1.14 Financial instruments**

The Academy 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 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.16 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 17 for the carrying amount of the tangible fixed assets, and note 1.6 for the useful economic lives for each class of assets.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.



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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset fund 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Local Authority surplus transferred on conversion	21	-	-	21	567
Fixed assets transferred on conversion	-	-	3,738	3,738	3,230
Pension deficit transferred on conversion	-	-	-	-	(853)
Subtotal	21	-	3,738	3,759	2,944
Donations	1	13	1	15	401
Donated gift from single Academy Trust	73	(530)	2,070	1,613	-
Dfe/EFA capital grants	-	-	639	639	916
Local Authority grants	-	371	483	854	22
Subtotal	74	(146)	3,193	3,121	1,339
Total donations and capital grants	95	(146)	6,931	6,880	4,283

In 2015, of the total income from donations and capital grants, £863,000 was by way of unrestricted income and £3,420,000 restricted income.

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Rental income	56	-	56	10
Catering income	163	-	163	133
Affinity Teaching School Alliance income	248	-	248	241
Other income	121	74	195	140
	588	74	662	524

In 2015, of the total income from other trading activities, £467,000 was by way of unrestricted income and £57,000 restricted income.

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**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Interest receivable	2	-	2	2

In 2015, of the total investment income, £2,000 was by way of unrestricted income.

**5. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	11,030	11,030	8,481
Pupil premium	-	938	938	860
Capital grants	-	69	69	56
Start up grants	-	75	75	25
Other EFA/DfE grants	-	1,040	1,040	423
	-	13,152	13,152	9,845
<b>Other government grants</b>				
Local Authority grants	-	479	479	252
	-	479	479	252
<b>Total</b>	-	13,631	13,631	10,097

In 2015, of the total income from educational operations, £10,097,000 was by way of restricted income.

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Parental contributions	-	211	211	175
Insurance claims	-	34	34	2
Other incoming resources	-	95	95	21
	-	340	340	198

In 2015, of the total other incoming resources, £198,000 was by way of restricted income.

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**7. COSTS OF GENERATING VOLUNTARY AND OTHER INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Catering costs	163	-	163	133
Lettings costs	56	-	56	-
Uniform expenditure	13	-	13	-
Affinity Teaching School Alliance expenditure	190	28	218	119
Staff costs	262	40	302	181
	<u>684</u>	<u>68</u>	<u>752</u>	<u>433</u>

In 2015, the total expenditure of £433,000 was from unrestricted funds.

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**8. CHARITABLE ACTIVITIES**

	<b>Total funds 2016 £000</b>	<b>Total funds 2015 £000</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	7,382	5,638
National insurance	518	345
Pension cost	1,296	924
Depreciation	327	255
Educational supplies	208	132
Staff development	234	114
Other direct costs	449	374
Insurance	84	67
	<b>10,498</b>	<b>7,849</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,272	820
National insurance	70	48
Pension cost	239	175
Pension finance costs (note 16)	142	105
Travel and subsistence	55	48
Recruitment and support	19	7
Maintenance of premises and equipment	351	308
Cleaning	63	45
Rent and rates	82	60
Energy costs	171	126
Insurance	72	111
Catering	504	448
Legal and professional	445	264
Other support costs	210	199
Bank charges and interest	10	7
Governance costs	42	85
	<b>3,747</b>	<b>2,856</b>
	<b>14,245</b>	<b>10,705</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. EXPENDITURE**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<b>Total</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Costs of generating funds	302	-	450	752	433
Activities:					
Direct costs	9,196	274	1,028	10,498	7,849
Support costs	1,723	667	1,357	3,747	2,856
	<b>11,221</b>	<b>941</b>	<b>2,835</b>	<b>14,997</b>	<b>11,138</b>

In 2016, of the total expenditure, £684,000 (2015 - £433,000) was by way of unrestricted funds and £14,313,000 (2015 - £10,272,000) by way of restricted funds.

**10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets:		
- owned by the charity	327	255
Legal fees	62	54
Operating lease rentals	14	11

**11. AUDITORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Academy's auditor and its associates for the audit of the Academy's annual accounts	28	23
Fees payable to the Academy's auditor and its associates in connection with the Academy's pension scheme(s) in respect of:		
The auditing of the scheme	3	6
Internal audit services	3	2

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**12. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>8,681</b>	6,437
Social security costs	<b>604</b>	393
Operating costs of defined benefit pension schemes	<b>1,569</b>	1,099
	<b>10,854</b>	7,929
Supply teacher costs	<b>225</b>	202
FRS 17 Pension costs	<b>142</b>	105
	<b>11,221</b>	8,236

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>179</b>	147
Administration and support	<b>334</b>	302
Management	<b>13</b>	29
	<b>526</b>	478

Average headcount expressed as a full time equivalent:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>144</b>	92
Administration and support	<b>201</b>	164
Management	<b>13</b>	29
	<b>358</b>	285

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>6</b>	5
In the band £70,001 - £80,000	<b>2</b>	1
In the band £80,001 - £90,000	<b>0</b>	1
In the band £110,001 - £120,000	<b>1</b>	0

Eight of the above employees participated in the Teachers' Pension Scheme. The annualised pension contributions for these employees was £97,605 (2015 - £67,531). One other employee participated in the Local Government Pension Scheme, for which pension contributions amounted to £13,265.

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Included in staff costs are non-statutory/non-contractual severance payments totalling £5,387 (2015 - £nil). Individually, these payments were: £5,000 and £387.

The key management personnel of the Academy Trust comprise the Staff Trustees and the Senior Management Team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £413,315 (2015: £296,017).

**13. CENTRAL SERVICES**

The Academy has provided the following central services to its Academies during the year:

- School Improvement Services
- Clerking
- Finance
- IT
- Legal
- HR
- Communications

The Academy charges for these services on the following basis:

Strategic lead schools	- 5% of GAG funding
Sponsored schools	- 5% of GAG funding
Partner schools	- 5 % of GAG funding

The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Kibworth C of E Primary School	85	80
Parkland Primary School	101	92
Redlands Community Primary School	55	52
Enderby Danemill Primary School	71	69
Woolden Hill Primary School	36	33
Mowmacre Primary School	79	74
Greystoke Primary School	57	24
Farndon Fields Primary School	37	-
Captains Close Primary School	30	-
	<hr/>	<hr/>
Total	551	424

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**14. TRUSTEES' REMUNERATION AND EXPENSES**

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

		<b>2016 £000</b>	<b>2015 £000</b>
Paul Stone, Director of Schools	Remuneration	<b>110-115</b>	80-85
	Pension contributions paid	<b>15-20</b>	10-15
Ian Sadd, Finance Director	Remuneration	<b>60-65</b>	10-15
	Pension contributions paid	<b>10-15</b>	0-5
Brenda Davies, Deputy Director of schools	Remuneration	<b>75-80</b>	10-15
	Pension contributions paid	<b>10-15</b>	0-5
Jane Windsor	Remuneration	-	60-65
	Pension contributions paid	-	5-10
Matthew Peet	Remuneration	-	60-65
	Pension contributions paid	-	5-10

During the year ended 31 August 2016, travel and subsistence expenses totalling £6,480 (2015 - £7,698) were reimbursed to 3 Trustees (2015 - 5 Trustees).

Other related party transactions involving the Trustees are set out in note 28.

**15. TRUSTEES' AND OFFICERS' INSURANCE**

In the year to 31 August 2015, in accordance with normal commercial practice the Academy purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £3,000,000 on any one claim and the cost for the year ended 2015 was £6,289.

In the year to 31 August 2016, the Academy used the Department for Education's Risk Protection Arrangement (RPA). The insurance provides Trustees liability cover up to £10,000,000 on any one loss and any one membership year. The cost of the insurance for the year ended 31 August 2016 is included in the total insurance cost of £72,235 paid under the RPA. The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise from 1 September 2015 are covered by government funds.



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**16. PENSION FINANCE COST**

	2016 £000	2015 £000
Expected return on pension scheme assets	158	97
Interest on pension scheme liabilities	(300)	(202)
	<u>(142)</u>	<u>(105)</u>

**17. TANGIBLE FIXED ASSETS**

	Long leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 September 2015	13,990	297	200	14,487
Additions	3,652	27	107	3,786
Transfers on conversion	3,738	-	-	3,738
At 31 August 2016	<u>21,380</u>	<u>324</u>	<u>307</u>	<u>22,011</u>
<b>Depreciation</b>				
At 1 September 2015	371	28	96	495
Charge for the year	242	34	51	327
At 31 August 2016	<u>613</u>	<u>62</u>	<u>147</u>	<u>822</u>
<b>Net book value</b>				
At 31 August 2016	<u>20,767</u>	<u>262</u>	<u>160</u>	<u>21,189</u>
At 31 August 2015	<u>13,619</u>	<u>269</u>	<u>104</u>	<u>13,992</u>

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**17. TANGIBLE FIXED ASSETS (continued)**

Included in long leasehold property is long leasehold land at a valuation of £4,428,600 (2015 - £3,073,700) which is not depreciated.

During the year, the Trust acquired the Long Leasehold property of Captains Close Primary School and Farndon Fields Primary School at a value of £3,652,000. These assets were donated from the individual Academies when they joined the Trust on 1 September 2015.

The Trustees of Discovery Schools Academies Trust Limited, in agreement with the Board of Education of the Diocese of Leicester, occupy the buildings and some open land of Kibworth C of E Primary School on a rent free licence. This continuing permission of the Board of Education is pursuant to, and subject to, the Board's charitable objects. The licence delegates aspects of the management of the land (and buildings) to the Academy Trust company for the time being, but does not vest any rights over the land in the Academy Trust company. The terms of this licence have been agreed between the Secretary of State and the Trustees of Discovery Schools Academies Trust Limited and contain a termination clause on the Trustees of Discovery Schools Academies Trust Limited by the Board of Education giving two years notice. The Academy is responsible for the maintenance and insurance of the land and buildings.

The land and buildings at Kibworth C of E Primary School was valued by the Leicestershire County Council external valuation service on 11 February 2013, which carried out a full valuation to the value of £2,786,290.

**18. DEBTORS**

	2016 £000	2015 £000
General debtors	93	63
VAT recoverable	163	120
Other debtors	9	306
Prepayments and accrued income	327	199
	<u>592</u>	<u>688</u>

**19. CREDITORS: Amounts falling due within one year**

	2016 £000	2015 £000
Other loans	2	2
Trade creditors	581	119
Other taxation and social security	178	111
Other creditors	181	120
Accruals and deferred income	586	508
	<u>1,528</u>	<u>860</u>

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**19. CREDITORS: Amounts falling due within one year (continued)**

*Included in the above:*

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Deferred income</b>		
Deferred income at 1 September 2015	<b>255</b>	188
Resources deferred during the year	<b>309</b>	255
Amounts released from previous years	<b>(255)</b>	(188)
	<u><b>309</b></u>	<u>255</u>
Deferred income at 31 August 2016	<u><b>309</b></u>	<u>255</u>

At the balance sheet date the Academy Trust was holding funds received in advance for universal infant free school meals and trip income relating to the 2016/17 financial year.

**20. CREDITORS:**  
**Amounts falling due after more than one year**

	<b>2016</b>	2015
	<b>£000</b>	£000
Other loans	<u><b>10</b></u>	<u>12</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2016</b>	2015
	<b>£000</b>	£000
Repayable by instalments	<u><b>3</b></u>	<u>5</u>

Included within other loans is a loan of £11,733 (2015 - £13,538) from Salix Finance. The loan is interest free and repayable over 8 years. This loan was pre-approved by the Secretary of State, and provided through the Academies Capital Maintenance Fund for boiler and heater system projects.

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**21. STATEMENT OF FUNDS**

	Brought forward £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Carried forward £000
<b>Unrestricted funds</b>						
General Funds	1,405	685	(684)	-	-	1,406
<b>Restricted funds</b>						
General Annual Grant (GAG)	755	11,030	(10,649)	(312)	-	824
Other DfE/EFA grants	-	1,039	(1,039)	-	-	-
Start up grant	-	75	(75)	-	-	-
Pupil Premium	-	938	(938)	-	-	-
EFA Capital grants	434	-	-	(434)	-	-
Other Government grants	-	851	(596)	-	-	255
Other income	-	427	(427)	-	-	-
Pension reserve	(3,149)	(530)	(262)	-	(1,125)	(5,066)
	(1,960)	13,830	(13,986)	(746)	(1,125)	(3,987)
<b>Restricted fixed assets funds</b>						
Restricted Fixed Asset Funds	13,992	6,778	(327)	746	-	21,189
Unspent CIF capital grant	-	222	-	-	-	222
	13,992	7,000	(327)	746	-	21,411
Total restricted funds	12,032	20,830	(14,313)	-	(1,125)	17,424
Total of funds	13,437	21,515	(14,997)	-	(1,125)	18,830

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

**General Annual Grant (GAG)**

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Transfers of £312,000 from GAG funding to the restricted fixed assets fund represent contributions towards property improvements, fixtures, fittings and equipment and computer equipment.

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**21. STATEMENT OF FUNDS (continued)**

**Other DfE/EFA Grants**

Other funds provided by the DfE/EFA for particular purposes within the Academy's educational operations.

**Start up grant**

Being the fund from the Education Funding Agency to cover development costs to prepare the Academy for opening.

**Pupil Premium**

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

**Capital grants**

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

**Other grants**

These are funds and grants received from the Local Authority and other institutions for use on specific educational projects.

**Other income**

These consist of restricted income from all other sources to be used primarily for the Academy's educational operations.

**Pension reserve**

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. STATEMENT OF FUNDS (continued)**

**Analysis of Academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
Discovery Schools Academies Trust	156	206
Kibworth C of E Primary School	421	349
Parkland Primary School	386	576
Redlands Community Primary School	64	150
Danemill Primary School	303	265
Woolden Hill Primary School	32	214
Mowmacre Primary School	243	280
Greystoke Primary School	282	304
Affinity Teaching School Alliance	242	250
SCITT	84	-
Farndon Fields Primary School	50	-
Captains Close Primary School	8	-
Fossebrook Primary School	214	-
Total before fixed asset fund and pension reserve	<b>2,485</b>	<b>2,594</b>
Restricted fixed asset fund	<b>21,411</b>	<b>13,992</b>
Pension reserve	<b>(5,066)</b>	<b>(3,149)</b>
Total	<b>18,830</b>	<b>13,437</b>

**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
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**21. STATEMENT OF FUNDS (continued)**

**Analysis of Academies by cost**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciat- ion £000	Total 2016 £000	Total 2015 £000
Discovery Schools Academies Trust	277	333	-	149	759	384
Kibworth C of E Primary School	1,360	164	48	473	2,045	2,036
Parkland Primary School	1,562	193	29	538	2,322	2,104
Redlands Community Primary School	906	120	30	347	1,403	1,298
Danemill Primary School	988	201	20	384	1,593	1,649
Woolden Hill Primary School	562	79	14	206	861	827
Mowmacre Primary School	1,339	187	16	513	2,055	1,888
Greystoke Primary School	941	121	12	316	1,390	550
Affinity Teaching School Alliance	62	241	-	217	520	365
SCITT	99	32	-	335	466	-
Farndon Fields Primary School	529	87	23	244	883	-
Captains Close Primary School	453	91	18	196	758	-
Fossebrook Primary School	20	12	4	77	113	-
Consolidation costs	40	(39)	(6)	(785)	(790)	(441)
FRS 17 Adjustment	-	-	-	-	-	174
	<u>9,138</u>	<u>1,822</u>	<u>208</u>	<u>3,210</u>	<u>14,378</u>	<u>10,834</u>

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**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset fund 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	21,189	21,189	17,451
Current assets	1,406	2,617	222	4,245	3,466
Creditors due within one year	-	(1,528)	-	(1,528)	(860)
Creditors due in more than one year	-	(10)	-	(10)	(12)
Provisions for liabilities and charges	-	(5,066)	-	(5,066)	(3,149)
	<u>1,406</u>	<u>(3,987)</u>	<u>21,411</u>	<u>18,830</u>	<u>13,437</u>

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

	2016 £000	2015 £000
Net income for the year (as per Statement of financial activities)	6,518	3,966
<b>Adjustment for:</b>		
Depreciation charges	327	256
Returns on investments and servicing of finance	(2)	(2)
Fixed assets donated/transferred on conversion	(5,808)	(3,230)
Pension transferred from Single Academy/Local Authority on conversion	530	853
Cash transferred on donation/from Local Authority on conversion	(123)	(567)
Decrease/(increase) in debtors	96	(60)
Increase in creditors	668	178
Capital grants from DfE and other capital income	(708)	(538)
Other transfers from Local Authority	(854)	(10)
Defined benefit pension scheme cost less contributions payable (note 26)	120	117
Defined benefit pension scheme finance cost (note 16)	142	105
<b>Net cash provided by operating activities</b>	<u>906</u>	<u>1,068</u>

**24. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	3,653	2,778
<b>Total</b>	<u>3,653</u>	<u>2,778</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. CAPITAL COMMITMENTS**

At 31 August 2016 the Academy had capital commitments as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Contracted for but not provided in these financial statements	<u>-</u>	<u>335</u>

**26. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £177,873 were payable to the schemes at 31 August 2016 (2015 - £146,553) and are included within creditors.

**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;

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**26. PENSION COMMITMENTS (continued)**

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. 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 £811,000 (2015 - £529,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £933,000 (2015 - £582,000), of which employer's contributions totalled £748,000 (2015 - £451,000) and employees' contributions totalled £185,000 (2015 - £131,000). The agreed contribution rates for future years are 21.7% 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

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**26. PENSION COMMITMENTS (continued)**

The Academy expects to contribute £682,000 to its defined benefit pension scheme in 2017.

Sensitivity analysis:

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	1,503
1 year increase in member life expectancy	3%	317
0.5% increase in the Salary Increase Rate	5%	571
0.5% increase in the Pension Increase Rate	8%	885

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	3,961	2,114
Debt instruments	990	672
Property	495	352
Cash	55	64
<b>Total market value of assets</b>	<b>5,501</b>	<b>3,202</b>

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

	2016 £000	2015 £000
Net interest cost	(142)	(105)
Current service cost	(758)	(568)
Past service cost	(110)	-
<b>Total</b>	<b>(1,010)</b>	<b>(673)</b>
<b>Actual return on scheme assets</b>	<b>886</b>	<b>85</b>

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**26. PENSION COMMITMENTS (continued)**

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

	2016 £000	2015 £000
Opening defined benefit obligation	6,351	3,996
Interest cost	300	202
Contributions by employees	185	131
Actuarial losses/(gains)	1,853	(95)
Current service cost	758	568
Past service cost	110	-
Liabilities assumed in a business combination	1,014	1,552
Benefits paid	(4)	(3)
Closing defined benefit obligation	<u>10,567</u>	<u>6,351</u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	3,202	1,839
Interest income	158	97
Actuarial gains and (losses)	728	(12)
Contributions by employer	748	451
Contributions by employees	185	131
Assets acquired in a business combination	484	699
Benefits paid	(4)	(3)
Closing fair value of scheme assets	<u>5,501</u>	<u>3,202</u>

**27. OPERATING LEASE COMMITMENTS**

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
<b>Amounts payable:</b>		
Within 1 year	14	12
Between 1 and 5 years	19	12
Total	<u>33</u>	<u>24</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**28. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place during the year:

The Trustees of Discovery Schools Academies Trust Limited, in agreement with the Board of Education of the Diocese of Leicester, occupy buildings and some open land on a rent free licence, the terms of which have been agreed between the Secretary of State and the trustees of Discovery Schools Academies Trust Limited, and within which is contained a termination clause on the Trustees of Discovery Schools Academies Limited by the Board of Education giving two years notice. Full details of the arrangement are detailed in note 17.

The Academy Trust made recharges and received services from Inspiring Leaders Limited, a company in which Paul Stone, Trustee of the Academy Trust, is a Director.

Total services charged by Inspiring Leaders Limited amounted to £21,936 (2015 - £17,395). There were no amounts outstanding at the balance sheet date.

Total recharges made to Inspiring Leaders Limited amounted to £13,944 (2015 - £14,119). The amount outstanding at the balance sheet date was £2,300 (2015 - £4,225).

The Academy Trust made central service charges and received services from Brockington College, an Academy in which Michael McAllister, Trustee of the Academy Trust, is a Director.

Total services charged by Brockington College amounted to £3,172. There were no amounts outstanding at the balance sheet date.

Total recharges made to Brockington College amounted to £161. There were no amounts outstanding at the balance sheet date.

In the year ended 31 August 2015, transactions were disclosed with Affinity Teaching School Alliance (ATSA). ATSA joined the Trust during the period and so any transactions with the entity have been removed on consolidation.

**29. CONTROLLING PARTY**

The Academy is ultimately controlled by the Governing Body.

**30. COMPANY LIMITED BY GUARANTEE**

The Academy Trust is a company limited by guarantee and does not have share capital.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**31. COMPARATIVES**

During the current year the financial statements included 9 schools, the Affinity Teaching School Alliance and School-Centred Initial Teacher Training (SCITT) . This includes the 2 Academies which joined the Trust on 1 September 2015. SCITT also joined the trust on 1 September 2015. The previous year included 7 Academies, with 2 Academies converting in that year and the Affinity Teaching School Alliance.

**32. MEMBERS' LIABILITY**

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

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**33. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2015 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014 £000</b>	<b>31 August 2015 £000</b>
Total funds under previous UK GAAP		9,388	13,437
Total funds reported under FRS 102		<u>9,388</u>	<u>13,437</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	<b>31 August 2015 £000</b>
Net income previously reported under UK GAAP		4,014
Defined benefit pension scheme finance cost	A	(48)
Net income reported under FRS 102		<u>3,966</u>

Explanation of changes to previously reported funds and net income/expenditure:

**A - Change in recognition of LGPS interest cost**

Under previous UK GAAP the Academy Trust accounted for an expected return on plan assets. FRS102 requires the expected return on scheme assets to be analysed between two components; interest income on plan assets and other actuarial gains on plan assets.

Under FRS102 the latter component of the expected return on scheme assets, other actuarial gains, is reported within actuarial gains and losses in the Statement of Financial Activities rather than being accounted for in arriving at net income or expenditure for the year, as it was under previous UK GAAP.

The effect of the change has been to reduce reported net income for the year. Actuarial losses for the year have decreased correspondingly. Net movement in funds reported in the year is unchanged.