

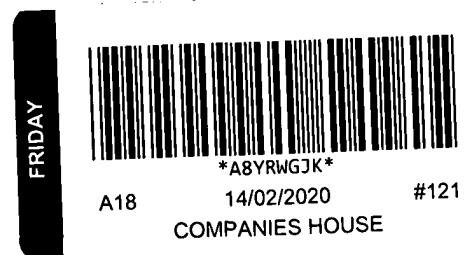
Registered number: 08104111 (England and Wales)

**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**

**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**



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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**

**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Members**

Rob Woolston  
Celia Varley  
Carolyn Lewis (DLET Representative)  
David Williams

**Trustees**

Jonathan Parsons  
Paul Stone (CEO and Accounting Officer)  
Gary Sims  
Edmund Green  
Margaret Spence  
David Williams  
Richard Bettsworth  
Shane Bray  
Mihir Trivedi

**Company Secretary**

Michelmores Secretaries Ltd, Woodwater House, Pynes Hill, Exeter, England, EX2 5WR

**Senior Management Team**

Chief Executive Officer	Paul Stone
Deputy Chief Executive Officer	James Brown
Director of Operations	Louise Barber
Finance Director	Emma Clarke
Director of IT	Nathan Thirlby
Head of Governance	Helen Stockill
Director of Primary	David Briggs
School Improvement Partner	Dawn White

**Company Name**

Discovery Schools Academies Trust Ltd

**Principal and Registered Office**

Kibworth Church of England Primary School, Hillcrest Avenue, Kibworth, LE8 0NH

**Company Registered Number**

08104111 (England & Wales)

**Independent Auditor**

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

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

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**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 LTD**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their Annual Report together with the financial statements and Auditor's Report of the charitable company for the period 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates a Multi-Academy Trust (MAT) of 13 schools for pupils aged 3 to 11 serving a catchment area in Leicester, Leicestershire and Rutland. It has a pupil capacity of 4,980 and had a roll of 4,288 in the school census in May 2019.

## **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 Ltd (DSAT) are also the directors of the charitable company for the purposes of company law.

During the period, 13 individual DSAT primary schools operated under their own names:

- Kibworth Church of England
- Parkland
- Sileby Redlands
- Enderby Danemill
- Woolden Hill
- Mowmacre Hill
- Greystoke
- Farndon Fields
- Asfordby Captains Close
- Braunstone Community
- Fossebrook
- Merrydale
- Leighfield

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

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1 and 2.

### **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.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Trustees' Indemnities**

Trustees benefit from indemnity insurance 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.

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

The Trust shall have between three to eleven trustees (also known as Directors) from the following categories:

- a) Up to 4 Trustees appointed by Members;
- b) Up to 2 Trustees appointed by Diocese of Leicester Education Trust;
- c) Up to 2 Staff Trustees appointed by Members (this provision is not used - In line with the DfE's preference (Governance Handbook) that no employees other than the CEO should serve as a Trustee);
- d) Chief Executive Officer;
- e) Up to 2 Parent Trustees appointed by Trustees (in the event that no provision is made for parent representatives on Advisory Boards); and
- f) Up to 2 Co-opted Trustees appointed by the Trustees acting jointly and with the consent of the Diocesan Board of Education.

DSAT requires its Trustees to have a broad range of skills and previous experiences in order to be effective in governance. The Board carries out a skills audit of Trustees which is used to inform the recruitment process. Positions are predominately advertised through the Academy Ambassadors programme outlining the skills the Board seeks to recruit. Candidates are required to complete an application form and are invited to meet with the Chair of Trustees and CEO. Completed applications are then assessed by the Partnership & Governance Committee for recommendation to the relevant appointing body.

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

A detailed Induction Programme is designed for each new Trustee overseen by the Chair of the Board. Induction takes place through a range of activities which include meetings with key Trust staff, training and access to governance support. Trustees are provided with copies of key strategies, policies, plans, minutes, accounts and other Trust documentation to enable them to fulfil their responsibilities. Regular training and trust updates are provided to all Trustees to enable them to keep up to date with changes in legislation and ensure they continue to deliver effective governance.

**Organisational Structure**

The Trust has established a management and governance structure to enable efficient and effective running of the organisation. The structure consists of three levels: the Board of Trustees, the Senior Executive Team (who are the Senior Leadership Team of the Trust) and local school Advisory Boards.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Board of Trustees**

The Board of Trustees is responsible for making major decisions about the strategic direction of the Trust, ensuring that its aims are met and its ethos is maintained. Specifically, this includes setting general policy, adopting an annual plan and budget, monitoring the Trust's financial performance and educational outcomes, making senior staff appointments and approving major investment programmes. The Board operates four committees to provide detailed scrutiny:

- Finance, Audit & Risk
- Education Standards
- Partnership & Governance
- Remuneration

**Senior Leadership Team**

The Board has appointed senior officers to act as the Senior Executive Team on behalf of the Board. The Chief Executive Officer (CEO) is the designated Accounting Officer and is responsible for the operational and financial management of the Trust, accountable to the Board of Trustees.

The CEO is supported by a Senior Leadership Team which comprises of: Deputy CEO, Finance Director, Director of Operations and Director of Primary Education.

The Senior Leadership Team are responsible for the day-to-day operation of the Trust, identifying areas of development and formulating strategy to present to the Trust Board, implementing Trust policies and reporting back to Trustees. The Director of Primary, supported by the School Improvement Partner is responsible for overseeing local school leadership (Headteachers) and offering strategic advice in respect of development, teaching and learning.

The Headteacher of each school is directly responsible for its day-to-day running and is assisted by their Senior Leadership Team. They are accountable for the educational and financial performance of their school and implementing Trust-wide strategies.

**Advisory Boards**

Advisory Boards have delegated authority from the Board of Trustees to support effective governance and oversight. The Advisory Board has a key role in influencing the development of the school and ensuring it is meeting the needs of children. Advisory Boards have some delegated decision-making authority and act as a 'critical friend' to the Headteacher providing a forum for discussion of strategy and policy matters to ensure the education delivered meets the needs of children locally. Advisory Boards are made up of a mix of local people including staff, parents and local community representatives.

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

A Remuneration Committee operates under delegated powers from the Board to provide detailed scrutiny and determine pay for the Senior Leadership of the Trust, including the CEO. The Chair of the Board leads the performance management process for the CEO and recommends targets and pay recommendations (if applicable) to the Remuneration Committee for review and approval. Executive pay is recommended by the CEO and approved by the Remuneration Committee. Individual Headteacher pay is recommended by the Director of Primary Education, with the support of the School Advisory Board, and reviewed and ratified by the CEO with the Remuneration Committee reviewing the effectiveness of performance management processes. All staff pay is awarded in accordance with the DSAT Pay Policy and is driven by an annual performance management process. The DSAT Pay Policy is developed after benchmarking and consideration of affordability, legal obligations, future impact on staff recruitment, portability of pay grades, impact on staff retention and performance management structures.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Employees and disabled persons**

DSAT operates a safe and fair recruitment and selection process which is regularly reviewed to take into account the Disability Discrimination Act requirements. Trust policy actively promotes equality of opportunity, eliminates any form of unlawful discrimination or harassment and encourages participation and promotes positive attitudes towards disabled employees. All steps possible are considered regarding supporting an individual's disability, even where that may involve favourable treatment.

DSAT strives to engage and consult with all staff at every opportunity. Engagement methods includes staff handbooks, staff intranet, dedicated network groups and staff surveys regarding individual welfare and Trust strategy. A formal Joint Consultative Group meeting takes place termly with Trade Union representatives and staff representatives to consider organisational change and review contractual policies to further support the consultative process, this includes policies such as the Pay Policy.

Executive teams and Headteachers meet monthly to review both operational and strategic matters and information is disseminated at school level through weekly Senior Leadership Team and staff meetings.

Monthly engagement is made through a collaborative structure of Office Managers network meetings which includes a termly joint meeting with Premises Officers. Such meetings give opportunities for partnership working, sharing information and receiving feedback which can then be fed back to wider groups of Trust colleagues.

Technology is continually reviewed to ensure that means of communications are effective and efficient and readily accessible and understood by all that use it. A Trust intranet has been introduced to act as a source for Trust information as well as a tool for sharing updates and guidance on planned activities to seek feedback and improve communications.



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

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**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	0.99

**Percentage of time spent on facility time**

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

**Percentage of pay bill spent on facility time**

Total cost of facility time	£84.00
Total pay bill	£19,087,000
Percentage of the total pay bill spent on facility time	0%

**Paid trade union activities**

Time spent on paid trade union activities such as a percentage of total paid facility time hours	100%
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**Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local, public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The transactions undertaken with related parties in the year are detailed in note 31.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

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

- 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 Church of England 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.

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

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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 Trust's 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.

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 with key performance indicators to monitor success.

**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.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**STRATEGIC REPORT**

**Achievements and Performance**

The Trust focused on three key areas during the year and have made substantial progress in their achievement:

**1. Achieving an established culture of continuous school improvement:**

School improvement has further developed during 2018/19 which has been supported by the development of new roles including the Director of Primary and School Improvement Partner. These roles have provided valuable support to schools, based on their individual needs and have focused on the development of:

- A shared Professional Learning Community which has been accessed by all stakeholders with regular learning summaries;
- Ensuring a robust School Improvement strategy raising attainment and progress in schools to ensure that all schools are above national average for progress;
- Schools having a Research Informed Curriculum to meet the needs of their learners and is reflective of the school's position and that of its learners;
- Excellent standards of Pedagogy throughout all schools in the Trust to ensure all teaching and learning is judged at least good and aims to be above 50% outstanding when externally assessed;
- Utilising Wellbeing & Safeguarding strategies to ensure pupil safety and reduce learning barriers ensuring children with SEN make greater progress than their peers nationally; and
- Establishing a highly effective MIS that informs all areas of the Trust strategic development providing accurate data in Trust performance summary areas.

The impact of consistently focusing on school improvement across the Trust has led to 6 of DSAT's schools receiving a 'good' Ofsted grading since September 2018.

**DSAT SCHOOLS AND TRUST KS2 SUMMARY ASSESSMENT OUTCOMES 2018-19**

ARE	Reading	Writing	Maths	RWM
	2019	2019	2019	2019
Braunstone Community Primary School	46%	63%	57%	36%
Enderby Danemill Primary School	85%	85%	92%	75%
Merrydale Junior School	49%	70%	66%	46%
Parkland Primary School South Wigston	72%	75%	83%	65%
Captains Close Primary School	77%	85%	88%	69%
Mowmacre Hill Primary School	55%	71%	76%	43%
Sileby Redlands Community Primary School	58%	82%	76%	54%
Woolden Hill Primary School	88%	80%	84%	72%
Farndon Fields Primary School	80%	85%	75%	65%
Greystoke Primary School	89%	89%	98%	83%
Kibworth Church of England Primary School	91%	99%	96%	91%
Leighfield Primary School	82%	76%	76%	58%

**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

<b>Progress</b>	<b>Reading</b>	<b>Writing</b>	<b>Maths</b>
	2019	2019	2019
Braunstone Community Primary School	-1.0	-0.7	0.2
Captains Close Primary School	-1.3	-1.0	-1.1
Enderby Danemill Primary School	2.1	0.0	1.8
Farndon Fields Primary School	-1.7	0.3	-2.3
Greystoke Primary School	0.3	0.4	0.2
Kibworth Church of England Primary School	0.9	0.1	2.5
Leighfield Primary School	-0.9	-2.9	-2.7
Merrydale Junior School	-0.8	1.4	0.6
Mowmacre Hill Primary School	0.0	1.5	1.8
Parkland Primary School South Wigston	-1.8	1.7	0.2
Sileby Redlands Community Primary School	-0.8	1.7	1.5
Woolden Hill Primary School	1.2	1.2	1.3

<b>Greater Depth</b>	<b>Reading (%)</b>	<b>Writing (%)</b>	<b>Maths (%)</b>	<b>RWM (%)</b>
	2019	2019	2019	2019
Braunstone Community Primary School	5.0	0.0	9.0	0.0
Captains Close Primary School	23.0	19.0	35.0	15.0
Enderby Danemill Primary School	32.0	20.0	35.0	15.0
Farndon Fields Primary School	20.0	20.0	10.0	0.0
Greystoke Primary School	30.0	36.0	32.0	17.0
Kibworth Church of England Primary School	46.0	24.0	58.0	23.0
Leighfield Primary School	21.0	9.0	15.0	3.0
Merrydale Junior School	12.0	7.0	12.0	2.0
Mowmacre Hill Primary School	18.4	8.2	14.3	2.0
Parkland Primary School South Wigston	13.0	7.0	19.0	3.0
Sileby Redlands Community Primary School	10.0	12.0	22.0	6.0
Woolden Hill Primary School	12.0	24.0	24.0	8.0

**DSAT SCHOOLS AND TRUST KS1 SUMMARY ASSESSMENT OUTCOMES 2018-19**

	<b>RWM (%)</b>	<b>Reading (%)</b>	<b>Writing (%)</b>	<b>Maths (%)</b>	<b>Science (%)</b>
Braunstone Community Primary School	44.1	50.8	47.5	54.2	61.0
Captains Close Primary School	77.4	80.6	77.4	80.6	100.0
Enderby Danemill Primary School	67.2	77.6	70.7	79.3	81.0
Farndon Fields Primary School	71.0	74.2	74.2	74.2	83.9
Greystoke Primary School	60.0	70.0	66.7	70.0	83.3
Kibworth Church of England Primary School	74.0	80.0	78.0	84.0	84.0
Leighfield Primary School	82.3	84.8	84.8	84.8	91.1
Merrydale Junior School	71.4	78.6	71.4	82.1	85.7
Mowmacre Hill Primary School	44.0	56.0	56.0	66.0	72.0
Parkland Primary School South Wigston	56.6	65.8	57.9	65.8	77.6
Sileby Redlands Community Primary School	58.6	72.4	65.5	70.7	84.5
Woolden Hill Primary School	65.4	69.2	69.2	69.2	61.5

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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	Passed Phonics Test (%)
Braunstone Community Primary School	58.6
Captains Close Primary School	89.3
Enderby Danemill Primary School	83.1
Farndon Fields Primary School	88.2
Greystoke Primary School	83.3
Kibworth Church of England Primary School	100.0
Leighfield Primary School	90.0
Merrydale Junior School	88.0
Mowmacre Hill Primary School	76.4
Parkland Primary School South Wigston	88.1
Sileby Redlands Community Primary School	82.8
Woolden Hill Primary School	90.9

**DSAT SCHOOLS AND TRUST EYFS SUMMARY OUTCOMES 2018-19**

	FSP Good Level of Development (%)
Braunstone Community Primary School	50.9
Captains Close Primary School	81.3
Enderby Danemill Primary School	67.7
Farndon Fields Primary School	70.0
Greystoke Primary School	76.7
Kibworth Church of England Primary School	85.0
Leighfield Primary School	80.9
Merrydale Junior School	71.4
Mowmacre Hill Primary School	55.8
Parkland Primary School South Wigston	65.9
Sileby Redlands Community Primary School	66.0
Woolden Hill Primary School	73.1

**2. Embed effective support services to ensure leaders can focus on teaching and learning:**

The Trust have implemented and developed systems and practice to support schools and enable them to focus on teaching and learning. This includes HR, finance, governance, estates management, ICT, safeguarding and pupil wellbeing.

A further review of the Trust governance structure has taken place with planned changes for 19/20 onwards which aims to develop on previous successful practice.

Key focus throughout 18/19 include:

- Central services team in place to support educational and external growth with a sustainable level of capacity to meet school needs;
- Establish consistent and highly effective employee engagement at all levels through attendance within training programmes. Raising application rates for jobs and improving Trust retention rates; and
- Develop ICT to incorporate AI technology.

**3. Become MAT of choice:**

The Trust have worked in collaboration with other education providers through our successful partnership work and through trading key services such as ICT technical support.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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Our 'outstanding' SCITT provision continues to provide Trust schools and other educational providers with the highest quality Newly Qualified Teachers.

Key focus throughout 18/19 includes:

- Establishing an understandable and attractive partnership for other schools/MATs;
- Developing a range of traded services which can support other MATs and achieve sustainability for current MAT schools; and
- Establishing robust procedures and activities for effective PR and establish a positive reputation and develop the existing positive relationship.

**Key Performance Indicators**

- **95% of Trust schools will be judged by Ofsted as 'Good' or better**

Inadequate	Require Improvement	Good	Outstanding
0	1	11	1

Whilst 92% of our current Trust schools have been judged as good or better, this actually represents 96% of our overall pupils. Since the end of the financial year, we have received a good Ofsted judgement for our remaining RI school which results in 100% of our Trust schools being judged good or better.

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

One of our sponsored schools, Mowmacre Hill was graded as 'good' by Ofsted during 18/19 and whilst we are imminently expecting the Ofsted inspection for Woolden Hill, we are expecting a positive outcome. Both schools have made considerable progress since joining DSAT and the progress its' pupils are making reinforces this.

- **Trust reserves support strategic objectives**

The Trust reviewed its Reserves Policy during 18/19 which provided clear direction for the use of Trust reserves during the next two years.

During 18/19, £152,000 of reserves was invested in wraparound care provision, school improvement, expansion of school sites and supporting a school through the lagged effect of growing from 1 form entry to 2-form entry. A further draw on reserves of £118,000 to support staff remodelling was required but was recovered within 1 year by associated financial savings.

A maximum £250,000 of reserves has been earmarked during 19/20 to support the Trust financial sustainability strategy. Further draw on reserves may be required to support Trust growth when bringing additional schools into the Trust, the value of which will be determined on a case by case basis during a thorough due diligence process.

**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.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**FINANCIAL REVIEW**

Over 90% of the Trust's income is derived from central government grant to support its educational objectives, broadly based on pupil numbers attending individual academies within the Trust. The Trust has delivered a surplus during the year predominately due the timing of capital spend projects (deficit stated below includes pension deficit liability). The Trust continues to maintain reserves at both an operational and strategic level in line with the Reserves Policy.

The summary financial performance for 2018/19 is as follows:

	£'000
Income	23,928
Expenditure	<u>(24,917)</u>
Deficit for year	<u>(989)</u>

**Reserves Policy**

The Trust have categorised reserves for two purposes:

Operational Reserves – These reserves are the minimum funds the Trust will hold to support the following:

- Unplanned short-term financial difficulties;
- Cash flow variances; and
- Contingency against unforeseen events such as urgent or emergency requirements.

Operational reserves are set as a minimum percentage of General Annual Grant (GAG) in addition to capital and restricted funds.

Strategic Reserves – These are funds that the Trust will reserve in addition to the operational reserves to support foreseen strategic expenditure such as:

- Projected and unavoidable deficits in the preceding two years;
- Capital investment to maintain and replace the Trust buildings, plant and equipment;
- Investment in school improvement to benefit current pupils;
- Investment in the growth of the Trust;
- Support the Trust 3-5-year strategy; and
- Mitigation against identified risks.

Strategic reserves are set as an additional maximum percentage of GAG, in addition to capital and restricted funds.

The Trust and its' 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; and
- Consider the set aside of funds for significant projects or growth that cannot be met by future income alone.
- Ensure that any change in policy is approved by Finance, Audit and Risk Committee.

The value of unrestricted reserves held by the Trust are currently £1,991,000, which incorporates a maximum £250,000 earmarked for 2019/20 to support the Trust financial sustainability strategy.

Four schools have realised a deficit during 18/19 due to an agreed investment of consolidated excess reserves to focus on school improvement, the effects of lagged funding for schools that have increased their pupil numbers, remodelling costs and pupil occupancy challenges in rural areas.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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Schools that have realised a deficit in unrestricted reserves during 2018/19 have undergone a financial review, including benchmarking exercises to mitigate against long term deficits. Key actions are incorporated within the Trust financial sustainability strategy which covers:

- Maximising funding through pupil growth, which includes minimum pupil occupancy percentages for each Trust school;
- Growth in the number of schools within the Trust to dilute central costs, increase economies of scale and ultimately reduce the top slice charged to schools; and
- Creating efficiencies with the aim of reducing costs without negatively impacting on pupil Teaching and Learning. This includes staff remodelling and restructuring, reviewing and adopting further centralised contracts to maximise economies of scale, collaborative procurement and reducing staff absence.

At 31 August 2019 the total funds comprised:

Unrestricted		£1,991,000
Restricted:	Fixed asset funds	£31,148,000
	Pension reserve	(£10,777,000)
	Other	£209,000
		<u>£22,571,000</u>

#### **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 investment principles include:

- Selecting investments based on low risk and easily-accessibility. Funds will be placed in investments with a withdrawal notice of no more than 12 weeks;
- Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximisation;
- Funds will only be placed with financial institutions that are regulated by the Financial Conduct Authority and with good credit ratings; and
- Only ethical investments in line with the Trust values should be considered.

No investments are currently in place however on an operational level, current accounts and an automatic sweep to a higher interest reserve account with institutions approved by the Academy Finance Committee are in place.

#### **Principal Risks and Uncertainties**

The principal risks facing the Academy Trust are:

- Financial Sustainability risk – Projections indicate financial challenges in the coming 3-5 years due to a number of factors. These projections are based on a number of assumptions and potential risks facing the Trust. Robust risk mitigation strategies are in place which are monitored by the Finance, Audit and Risk Committee and the Board. These strategies focus on pupil occupancy growth, Trust growth, ensuring maximum efficiency and identifying additional income opportunities. These projections, along with the Trust financial sustainability strategy and financial systems and practice have been objectively assessed by a Schools Resource Management Advisor in August 2019 with the aim of providing assurance to the ESFA and Trust Board.



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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The outcome of this review was extremely positive, stating;

*"The work undertaken by the Trust in producing and implementing a recovery strategy and in making use of various tools and analysis to identify areas for investigation and savings ranks with the very best practice I have seen in many years of supporting schools and trusts both prior to and via SRMA deployments. I believe my independent review of data and the Trust's recovery plan alongside discussions should provide significant assurance that the Trust has taken appropriate and reasonable actions to identify and act to address the challenging financial position."*

- Pupil Performance risk – Whilst achieving an overall combined 1% improvement in performance in 2018/19 compared with prior year, the Trust is currently 2% below national. The Trust has made vast headway in bridging this gap with progress during 18/19, however this will remain a focus in the coming year with key focus on reading and greater depth. Individual risk mitigation plans are in place which draw on the Director of Schools, School Improvement Partner using techniques such as audits, coaching and CPD of Teaching staff.

DSAT operates a comprehensive risk management system. A robust Trust Risk Register, identifying significant risks, controls and planned assurances is developed and reviewed by key Trust staff for each individual Academy on a termly basis. Consolidated Trust risks are presented and monitored by the Finance, Audit and Risk Committee where key risks are identified to be monitored at Board level based on their severity.

#### **FUNDRAISING**

Fundraising is predominantly led by Schools' Parent Teacher Association's (PTA) through conducting school and community-based activities to raise funds for the school.

Additional fundraising takes place from parents via pupil learning initiatives. Parents are made aware of the activity and the purpose of fundraising. All donations are made on a voluntary basis.

No fundraising is conducted on the Trust's behalf or complaints received.

#### **PLANS FOR FUTURE PERIODS**

DSAT are in year three of its current three-year strategic plan. Focus will remain on further developing the following objectives:

- 1. Achieving an established culture of continuous school improvement.**  
Building on the success of the Trust school improvement model, the Trust will further develop this model to provide focused and bespoke school improvement guidance and support to schools focusing on:
  - a. curriculum development;
  - b. leadership of teaching & learning – cognitive science to retain learning;
  - c. development of leadership in schools to improve outcomes;
  - d. reading and greater depth; and
  - e. employee wellbeing.

This will involve the introduction of a further new role of School Improvement Advisor.

- 2. Embed effective support services to ensure leaders can focus on teaching and learning.**  
The Trust are keen to maintain teaching and learning as the focus within each of the Academies. To enable this, the Trust will develop further centralised systems, in particular in relation to wrap around care and cash consolidation. The Trust will provide expertise and support for academies to make informed decisions that are in the best interests of the wider Trust via CPD and the development of bespoke tools focusing on achieving efficiencies, digitally enable staff to support them in their role and ensure all sites are safe and effectively maintained.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**3. Become MAT of choice.**

Further growth is being pursued by the Trust and initial discussions are being held with four SEN schools which may lead to the Trust broadening its current educational reach. SEN units are also being considered and developed across the Trust which supports this growth opportunity.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**


The Academy does not hold any such funds on behalf of any other organisations.

**AUDITOR**

In so far as the Trustees are 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 and signed on the Board's behalf by:



David Williams  
Chair of Trustees

Date: 16/12/2019.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**SCOPE OF RESPONSIBILITY**

As Trustees we acknowledge we have overall responsibility for ensuring that Discovery Schools Academies Trust Ltd (DSAT) 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 Ltd and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
David Williams (Chair of Trustees)	5	5
Edmund Green	4	5
Gary Sims	5	5
Jonathan Parsons	3	5
Margaret Spence	5	5
Paul Stone (CEO and Accounting Officer)	5	5
Richard Bettsworth	4	5
Shane Bray	5	5
Mihir Trivedi	4	5

There were no significant changes to the composition of the Board during the year. The Chair of the Board was reappointed for a further year at the meeting held in September 2018. Although the Trustees met less than six times, effective oversight of funds was maintained through monthly meetings of the Senior Leadership Team.

The Board maintains a skills audit and has conducted an evaluation of the effectiveness of each committee. The Board has considered its constitution which is restricted by the provisions in the Articles of Association. The Board subsequently requested a review of the Articles of Association against the latest DfE model for ongoing deliberation in 2019/20.

The Board requested a review of cluster board effectiveness and whether it was supporting governance in the Trust. Supported by the Head of Governance, the Board's review considered the strength and challenges of the model, consultation feedback and alternative models. As a result of the review the Board agreed the removal of the cluster board governance tier from September 2019. In addition, the Board approved the implementation of an independent School Improvement Committee to have oversight of the Trust's support for schools at risk of underperforming.

All Terms of Reference and other constitutional documents and arrangements have been reviewed, with the aim of further increasing the range and rigour of information provided throughout the governance structure.

As the Trust has matured, the data and other information provided to the Board, Board Committees and local Advisory Boards has been reviewed. Cluster governance reporting has been developed but is relatively immature as this level of governance embeds. Reporting will continue to be developed and refined in line with government guidelines and governance requirements.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The ongoing review of governance within the Trust has also resulted in:

- Establishment of a Board succession plan to ensure continuity in governance.
- An improvement in communications across the tiers of governance with the creation of a 'Link Governor' to ensure effective communication between each Cluster Governing Board and their constituent Advisory Boards. The format and content of the termly meetings for Advisory Boards Chairs, facilitated by the Chair of the Trust Board, were reviewed and improved.
- Establishment of local Advisory Board self-evaluation reviews and resulting development plans which lead to improvements in recruitment, support for induction and training.
- Establishment of a Chairs self-review process for Advisory Boards to support continuous improvement in the Chairs' and boards performance.
- Implementation of a policy review framework to ensure effective oversight of policy management, development and review at Trust level.
- Development and review of a range of Trust-wide policies to support effective governance including complaints, conflicts of interests and expenses.

The Finance, Audit and Risk Committee is committee of the Trust Board. Its purpose is to have financial oversight and scrutiny of the Trust, ensuring good financial and risk management, effective internal controls and compliance with the Trust Funding Agreement, Academies Financial Handbook and DSAT financial regulations.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Gary Sims (Chair)	3	3
Ed Green	0	2
Jonathan Parsons	3	3
Shane Bray	2	2
Chris Biddles	1	3

The Education Standards Committee is a committee of the Trust Board. The committee's focus is on improving the educational performance of the Trust by maintaining strategic oversight of curriculum development, assessment, quality assurance and standards.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
David Williams (Chair)	1	3
Margaret Spence	2	3
Paul Stone	3	3
Richard Bettsworth	3	3

The Partnership and Governance Committee is a committee of the Trust Board. Its purpose is to establish and govern the operations of the range of partnerships operating under the Trust. The oversight of this committee includes ATSA, EPIC, SCITT, Advisory Boards and wider external partnerships with other MATs and organisations.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Edmund Green (Chair)	3	3
Gary Sims	3	3
Mihir Trivedi	3	3
Clive Vella (co-opted member)	2	2

The Remuneration committee is a committee of the Trust Board. Its purpose is to maintain an oversight of the Trust's approach to remuneration, pay progression, terms and conditions of employment and workforce related policy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Jonathan Parsons (Chair)	3	3
Richard Bettsworth	2	3
Shane Bray	3	3
David Williams	1	1

#### **REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the Academy Trust 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:

- Tendering of large contracts at Trust level for services such as the catering and payroll provision has resulted in savings across the Trust due to economies of scale;
- Conducted staff remodelling with the aim of aligning roles and responsibilities across the Trust and making financial efficiencies;
- Implemented the National Agency selection tool across the Trust to reduce the cost of covering teaching staff when absent;
- Implemented a Trust 'self-insurance' scheme for staff absence;
- Trading of support services to other educational providers has provided valuable additional income opportunities across the Trust whilst also utilising any surplus resources which includes Ofsted inspections and ICT strategic and operational support; and
- Consolidation of Trust cash management.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 Discovery Schools Academies Trust Ltd for the year ended 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal 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 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Audit Services as internal auditor.

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**THE RISK AND CONTROL FRAMEWORK (continued)**

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

- testing of governance and statutory responsibilities;
- testing of risk management system;
- testing of budgetary planning, monitoring and reporting process;
- testing of income and debt management system;
- testing of assets;
- testing of payroll, personnel and safer recruitment systems;
- testing of procurement and payment systems;
- testing of efficiency; and
- testing of financial information systems.

On a termly basis, the reviewer reports to the Board of Trustees, through the Finance, Audit & Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

No material control issues were identified as a result of the internal audit conducted in 2018/2019.


**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 the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

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

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

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

Date: 16/12/2019

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

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



.....  
**Paul Stone**

Accounting Officer

Date: 16/12/2019 .



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

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

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

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

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

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

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



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

Date: 16/12/2019

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVERY SCHOOLS ACADEMIES TRUST LTD**

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**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVERY SCHOOLS ACADEMIES TRUST LTD (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVERY SCHOOLS ACADEMIES TRUST LTD (CONTINUED)**

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**Responsibilities of Trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVERY SCHOOLS ACADEMIES TRUST LTD (CONTINUED)

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**Use of our report**

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

*MHA MacIntyre-Hudson*

Helen Blundell LLB FCA FCIE 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

Date: *19 December 2019*

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

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In accordance with the terms of our engagement letter dated 24 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Discovery Schools Academies Trust Ltd during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Discovery Schools Academies Trust Ltd's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Discovery Schools Academies Trust Ltd's funding agreement with the Secretary of State for Education dated 29 June 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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**Approach**

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

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

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

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

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; 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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

  
Reporting Accountant

**MHA MacIntyre Hudson**

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

Date: 19 December 2019

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

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>INCOME FROM:</b>						
Donations and capital grants	3	-	74	712	786	2,040
Funding for the Academy Trust's educational operations	4	-	20,443	271	20,714	19,427
Teaching schools	34	-	531	-	531	402
Other trading activities		1,238	-	-	1,238	1,125
Investments	6	1	-	-	1	1
Other income	7	229	429	-	658	579
<b>TOTAL INCOME</b>		<b>1,468</b>	<b>21,477</b>	<b>983</b>	<b>23,928</b>	<b>23,574</b>
<b>EXPENDITURE ON:</b>						
Raising funds	9	585	509	-	1,094	1,130
Academy Trust educational operations		-	22,699	633	23,332	21,887
Teaching schools	34	-	482	9	491	437
<b>TOTAL EXPENDITURE</b>		<b>585</b>	<b>23,690</b>	<b>642</b>	<b>24,917</b>	<b>23,454</b>
<b>NET INCOME/ (EXPENDITURE)</b>		<b>883</b>	<b>(2,213)</b>	<b>341</b>	<b>(989)</b>	<b>120</b>
Transfers between funds	21	(968)	1,009	(41)	-	-
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES) CARRIED FORWARD</b>		<b>(85)</b>	<b>(1,204)</b>	<b>300</b>	<b>(989)</b>	<b>120</b>



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

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

		Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
	Note					
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED (LOSSES)/GAINS BROUGHT FORWARD</b>		<b>(85)</b>	<b>(1,204)</b>	<b>300</b>	<b>(989)</b>	<b>120</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>						
Actuarial losses on defined benefit pension schemes	28	-	(3,652)	-	(3,652)	2,174
<b>NET MOVEMENT IN FUNDS</b>		<b>(85)</b>	<b>(4,856)</b>	<b>300</b>	<b>(4,641)</b>	<b>2,294</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		2,076	(5,712)	30,848	27,212	24,918
Net movement in funds		(85)	(4,856)	300	(4,641)	2,294
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,991</b>	<b>(10,568)</b>	<b>31,148</b>	<b>22,571</b>	<b>27,212</b>

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

The notes on pages 35 to 70 form part of these financial statements.

**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08104111**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>FIXED ASSETS</b>			
Tangible assets	17	30,788	30,733
		<u>30,788</u>	<u>30,733</u>
<b>CURRENT ASSETS</b>			
Debtors	18	1,038	1,179
Cash at bank and in hand		3,677	3,828
		<u>4,715</u>	<u>5,007</u>
Creditors: amounts falling due within one year	19	(2,135)	(2,596)
		<u>2,580</u>	<u>2,411</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>33,368</u>	<u>33,144</u>
Creditors: amounts falling due after more than one year	20	(20)	(26)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>33,348</u>	<u>33,118</u>
Defined benefit pension scheme liability	28	(10,777)	(5,906)
<b>TOTAL NET ASSETS</b>		<u><u>22,571</u></u>	<u><u>27,212</u></u>
<b>FUNDS OF THE ACADEMY</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	31,148	30,848
Restricted income funds	21	209	194
		<u>31,357</u>	<u>31,042</u>
Restricted funds excluding pension asset	21		
Pension reserve	21	(10,777)	(5,906)
		<u>20,580</u>	<u>25,136</u>
<b>Total restricted funds</b>	21		
<b>Unrestricted income funds</b>	21	1,991	2,076
		<u>22,571</u>	<u>27,212</u>
<b>TOTAL FUNDS</b>		<u><u>22,571</u></u>	<u><u>27,212</u></u>

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

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BALANCE SHEET (CONTINUED)  
AS AT 31 AUGUST 2019

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The financial statements on pages 30 to 70 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

  
.....  
David Williams  
Chair of Trustees  
Date: 16/12/2019.

  
.....  
Paul Stone  
Accounting Officer

The notes on pages 35 to 70 form part of these financial statements.

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

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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	Note	2019 £000	2018 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash (used in)/provided by operating activities	23	(432)	2,348
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	25	287	(2,056)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	24	(5)	(5)
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		(150)	287
Cash and cash equivalents at the beginning of the year		3,828	3,541
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	26	<u>3,678</u>	<u>3,828</u>

The notes on pages 35 to 70 form part of these financial statements

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

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

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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 historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Discovery Schools Academies Trust Ltd meets the definition of a public benefit entity under FRS 102.

Discovery Schools Academies Trust Ltd is a company limited by guarantee incorporated in England and Wales. The address of the registered office, principal place of operation and registered number are detailed on pages 1 and 2. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees Report.

The financial statements are prepared in British Pound Sterling (£), the functional currency, rounded to the nearest £1,000.

**1.2 Going concern**

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

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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.3 Income**

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy, can be reliably measured.

- **Grants**

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

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

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.4 Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Taxation**

The Academy 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.6 Tangible fixed assets**

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.6 Tangible fixed assets (CONTINUED)**

Depreciation is provided on the following bases:

Freehold land	- Not depreciated
Long leasehold land	- 0.8% straight line per annum
Long leasehold property	- 2% straight line per annum
Computer equipment	- 25% straight line per annum
Fixtures and fittings	- 10% straight line per annum
Assets under construction	- Not depreciated until project is complete

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

**1.7 Debtors**

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

**1.8 Cash at bank and in hand**

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

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

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 these 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.



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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.11 Pensions**

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

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

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

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

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

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

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.12 Fund accounting**

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

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

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

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

**2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

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

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

**3. DONATIONS AND CAPITAL GRANTS**

	<b>Restricted funds 2019 £000</b>	<b>Restricted fixed asset funds 2019 £000</b>	<b>Total funds 2019 £000</b>
Donations	74	-	74
Other capital income	-	10	10
DfE/ESFA capital grants	-	382	382
Local Authority and S106 grants	-	320	320
	<u>74</u>	<u>712</u>	<u>786</u>

	<b>Unrestricted funds 2018 £000</b>	<b>Restricted funds 2018 £000</b>	<b>Restricted fixed asset funds 2018 £000</b>	<b>Total funds 2018 £000</b>
Donations	17	-	-	17
DfE/ESFA capital grants	-	102	310	412
Local Authority and S106 grants	-	9	1,602	1611
	<u>17</u>	<u>111</u>	<u>1,912</u>	<u>2,040</u>

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

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

**4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	<b>Restricted funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	16,469	<b>16,469</b>	16,201
Pupil Premium	1,353	<b>1,353</b>	1,375
Capital Grants	271	<b>271</b>	99
Other ESFA/DfE grants	1,356	<b>1,356</b>	906
	<u>19,449</u>	<u><b>19,449</b></u>	<u>18,581</u>
<b>Other government grants</b>			
Local Authority other grants	1,265	<b>1,265</b>	846
	<u>1,265</u>	<u><b>1,265</b></u>	<u>846</u>
	<u><u>20,714</u></u>	<u><u><b>20,714</b></u></u>	<u><u>19,427</u></u>

The total amount of funding received for the Academy Trust's educational operations in 2018 was £19,427,000 which was all restricted.

There were no unfulfilled conditions or other contingencies attached to the government grants above.

**5. INCOME FROM OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Rental income	63	<b>63</b>	61
Catering income	230	<b>230</b>	248
Affinity Teaching School Alliance income	280	<b>280</b>	430
Other income	665	<b>665</b>	386
	<u>1,238</u>	<u><b>1,238</b></u>	<u>1,125</u>

The total amount of funding received for the Academy Trust's other trading activities in 2018 was £1,125,000, which was all unrestricted.

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

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

**6. INVESTMENT INCOME**

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	1	1	1

**7. OTHER INCOME**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Parental contributions	-	224	224
Staff insurance income	154	-	154
Other income	75	205	280
	<u>229</u>	<u>429</u>	<u>658</u>

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Parental contributions	-	280	280
Staff insurance income	259	-	259
Other income	40	-	40
	<u>299</u>	<u>280</u>	<u>579</u>

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

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

**8. EXPENDITURE**

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on raising funds:				
Direct costs	432	-	662	1,094
Activities:				
Direct costs	16,302	559	1,218	18,079
Support costs	2,703	1,005	1,545	5,253
Teaching school	191	-	300	491
	<u>19,628</u>	<u>1,564</u>	<u>3,725</u>	<u>24,917</u>

	Staff Costs 2018 £000	Premises 2018 £000	Other 2018 £000	Total 2018 £000
Expenditure on raising funds:				
Direct costs	466	-	664	1,130
Activities:				
Direct costs	14,977	551	1,350	16,878
Support costs	2,557	945	1,507	5,009
Teaching school	242	4	191	437
	<u>18,242</u>	<u>1,500</u>	<u>3,712</u>	<u>23,454</u>

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

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

**9. EXPENDITURE ON RAISING FUNDS**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Uniform costs	11	-	11
Catering costs	230	-	230
Lettings costs	63	-	63
Affinity Teaching School Alliance expenditure	281	77	358
Wages and salaries	-	322	322
National insurance	-	31	31
Pension costs	-	79	79
	<u>585</u>	<u>509</u>	<u>1,094</u>

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Uniform costs	16	-	16
Catering costs	248	-	248
Lettings costs	61	-	61
Affinity Teaching School Alliance expenditure	338	-	338
Wages and salaries	98	278	376
National insurance	-	32	32
Pension costs	-	59	59
	<u>761</u>	<u>369</u>	<u>1,130</u>

**DISCOVERY SCHOOLS ACADEMIES TRUST LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**10. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational operations	18,079	5,253	<b>23,332</b>

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total funds 2018 £000
Educational operations	16,878	5,009	21,887

**Analysis of direct costs**

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	16,302	14,977
Depreciation	633	632
Educational supplies	258	236
Staff development	104	227
Other direct costs	563	584
Insurance	219	222
	<b>18,079</b>	<b>16,878</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**Analysis of support costs**

	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Staff costs	2,527	2,371
Pension finance cost (note 16)	175	185
Travel and subsistence	70	60
Recruitment and support	9	9
Maintenance of premises and equipment	506	448
Cleaning	107	98
Rent and rates	166	138
Energy costs	226	261
Insurance	86	84
Catering	796	747
Legal and professional	273	308
Other support costs	270	254
Bank charges and interest	12	13
Governance costs	30	33
	<u>5,253</u>	<u>5,009</u>

**11. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) for the year includes:

	<b>2019 £000</b>	<b>2018 £000</b>
Operating lease rentals	17	16
Depreciation of tangible fixed assets	642	638
Internal audit costs	3	3
Fees paid to auditors for:		
- audit services	27	29
- non-audit services	3	3
	<u>689</u>	<u>689</u>

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

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**12. STAFF COSTS**

**a. STAFF COSTS**

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	14,198	13,263
Social security costs	1,186	1,106
Pension costs	3,683	3,353
	<hr/> 19,067	<hr/> 17,722
Agency staff costs and apprenticeship levy	305	325
Staff restructuring costs	81	10
Pension finance cost (note 16)	175	185
	<hr/> <hr/> 19,628	<hr/> <hr/> 18,242

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	52	-
Severance payments	29	10
	<hr/> 81	<hr/> 10

**b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS**

Included in staff restructuring costs are three non-statutory severance payments totalling £29,000 made during the year (2018 - one payment totalling £10,000). Individually the payments were £5,000, £1,000 and £23,000.

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

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**12. STAFF COSTS (CONTINUED)**

**c. STAFF NUMBERS**

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

	2019 No.	2018 No.
Teaching	216	224
Administration and Support	440	446
Management	26	24
	<u>682</u>	<u>694</u>

The growth in management staff since 2018 relates to the re-definition of teachers in management roles.

**d. HIGHER PAID STAFF**

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	5	5
In the band £70,001 - £80,000	4	4
In the band £80,001 - £90,000	1	-
In the band £110,001 - £120,000	1	1
	<u>1</u>	<u>1</u>

**e. KEY MANAGEMENT PERSONNEL**

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on Page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £703,792 (2018: £753,533).

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

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**13. CENTRAL SERVICES**

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

- School Improvement Services
- Clerking
- Legal
- 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

Finance, IT and HR resources are provided to Academies separately and are not included in the 5% of GAG funding charge.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Kibworth Church of England Primary School	97	90
Parkland Primary School (South Wigston)	102	100
Sileby Redlands Community Primary School	64	58
Enderby Danemill Primary School	72	68
Woolden Hill Primary School	39	40
Mowmacre Hill Primary School	81	80
Greystoke Primary School	58	57
Farndon Fields Primary School	40	39
Captains Close Primary School	32	32
Fossebrook Primary School	30	25
Braunstone Community Primary School	99	101
Merrydale Junior School	77	77
Leighfield Academy	34	34
<b>TOTAL</b>	<b>825</b>	<b>801</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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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. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £000	2018 £000
Paul Stone, Chief Executive Officer	Remuneration	110 - 115	110 - 115
	Pension contributions paid	15 - 20	15 - 20

During the year, retirement benefits were accruing to 1 Trustees (2018 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, expenses totalling £3,438 were reimbursed to 2 Trustees (2018 - £3,896 to 1 Trustee).

Other related party transactions including the Trustees are set out in note 31.

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

In the year to 31 August 2019, the Academy Trust 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 2019 is included in the total insurance cost of £86,040 (2018 - £83,924) 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 2018 are covered by government funds. The RPA provides Trustee and Officer indemnity cover.

**16. PENSION FINANCE COST**

	2019 £000	2018 £000
Interest income on pension scheme assets	338	252
Interest on pension scheme liabilities	(513)	(437)
	<u>(175)</u>	<u>(185)</u>

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**17. TANGIBLE FIXED ASSETS**

	Freehold land £000	Long leasehold property £000	Assets under construction £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST OR VALUATION</b>						
At 1 September 2018	-	30,264	1,683	478	483	32,908
Additions	-	457	-	86	154	697
Transfers between classes	659	1,024	(1,683)	-	-	-
At 31 August 2019	659	31,745	-	564	637	33,605
<b>DEPRECIATION</b>						
At 1 September 2018	-	1,740	-	134	301	2,175
Charge for the year	-	517	-	42	83	642
At 31 August 2019	-	2,257	-	176	384	2,817
<b>NET BOOK VALUE</b>						
At 31 August 2019	659	29,488	-	388	253	30,788
At 31 August 2018	-	28,524	1,683	344	182	30,733

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

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

Included in long leasehold property is long leasehold land at a carrying value of £5,690,400 (2018 - £6,349,400) which is being depreciated over the term of the lease. The freehold of these land and buildings are owned by Leicestershire County Council. The Academy Trust holds 125 year leases on a peppercorn rent from 2012.

Land totalling £659,000 in respect of the Leighfield Academy land has been gifted to the Academy Trust and therefore is held under freehold property. No depreciation has been charged on this land.

The Trustees consider that the valuation of the land remains appropriate for the purposes of these financial statements.

The Trustees of Discovery Schools Academies Trust Ltd, in agreement with the Board of Education of the Diocese of Leicester, occupy the buildings and some open land of Kibworth Church of England 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 Ltd and contain a termination clause on the Trustees of Discovery Schools Academies Trust Ltd by the Board of Education giving two years notice. The Academy is responsible for the maintenance and insurance of the land and buildings.

No adjustments have been made in the financial statements to recognise the value to the Trust of the donated facility. This is because the value of the donated facility cannot be measured reliably.

**18. DEBTORS**

	2019 £000	2018 £000
Trade debtors	63	50
VAT repayable	68	315
Other debtors	16	5
Prepayments and accrued income	891	809
	<u>1,038</u>	<u>1,179</u>

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**19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £000	2018 £000
Other loans	6	6
Trade creditors	512	536
Other taxation and social security	293	305
Other creditors	314	311
Accruals and deferred income	1,010	1,438
	<u>2,135</u>	<u>2,596</u>

Included within other loans are loans of £5,665 (2018 - £5,665) from Salix Finance. The loans are interest free and repayable in instalments over 8 years. These loans were pre-approved by the Secretary of State, and provided through the Academies Capital Maintenance Fund for boiler and heater system projects and ceiling replacements.

	2019 £000	2018 £000
Deferred income at 1 September 2018	780	457
Resources deferred during the year	602	780
Amounts released from previous periods	(780)	(457)
	<u>602</u>	<u>780</u>

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, rates reimbursements, PE grant funding, EYFS, non-government grants and trip income relating to the 2019/20 academic year.

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2019 £000	2018 £000
Other loans	<u>20</u>	<u>26</u>

Included within other loans are loans of £19,950 (2018 - £25,614) from Salix Finance. The loans are interest free and repayable in instalments over 8 years. These loans were pre-approved by the Secretary of State, and provided through the Academies Capital Maintenance Fund for boiler and heater system projects and ceiling replacements.



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

**21. STATEMENT OF FUNDS**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	2,076	1,468	(585)	(968)	-	1,991
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	-	16,469	(17,478)	1,009	-	-
Other DfE/ESFA	-	1,362	(1,362)	-	-	-
Pupil Premium	-	1,353	(1,353)	-	-	-
Other Government grants	151	1,265	(1,284)	-	-	132
Other income	-	497	(497)	-	-	-
Teaching school	43	531	(497)	-	-	77
Pension reserve	(5,906)	-	(1,219)	-	(3,652)	(10,777)
	<u>(5,712)</u>	<u>21,477</u>	<u>(23,690)</u>	<u>1,009</u>	<u>(3,652)</u>	<u>(10,568)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Net book value	30,733	-	(642)	697	-	30,788
CIF/SCA capital grants	109	702	-	(473)	-	338
S106 grant	(2)	-	-	2	-	-
DfC grant	40	271	-	(273)	-	38
Other capital income	-	10	-	-	-	10
Salix loan	(32)	-	-	6	-	(26)
	<u>30,848</u>	<u>983</u>	<u>(642)</u>	<u>(41)</u>	<u>-</u>	<u>31,148</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>25,136</u>	<u>22,460</u>	<u>(24,332)</u>	<u>968</u>	<u>(3,652)</u>	<u>20,580</u>
<b>TOTAL FUNDS</b>	<u>27,212</u>	<u>23,928</u>	<u>(24,917)</u>	<u>-</u>	<u>(3,652)</u>	<u>22,571</u>

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

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

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

**Unrestricted funds**

Unrestricted funds are to be used towards meeting any of the charitable objectives of the Academy Trust at the discretion of the Trustees.

**General Annual Grant (GAG)**

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

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

**Other DfE/EFA Grants**

Other funds provided by the Education and Skills Funding Agency for particular purposes within the Academy's educational operations.

**Pupil Premium**

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

**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 Trust'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. Plans are in place to address the deficit.

**Restricted fixed asset fund**

The net book value of the fixed asset fund has been set up to recognise the tangible assets held by the Academy Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

The unspent CIF capital grant fund, DfC grant and S106 grant has been created to recognise unspent capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the restricted fixed assets fund.

The CIF loan balance represents the Salix loan liability which was received as part of the CIF funding received for the purchase of tangible fixed assets. As repayments are made against this liability, a transfer will be made from restricted funds against the CIF loan fund.

Total transfers of £41,000 from the restricted fixed asset fund to the restricted funds represents allocations of uncapitalised expenditure on improvements to the building and other facilities.

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

**Capital grants**

This consists of Devolved Formula Capital (DfC) and other capital funding from the Education and Skills 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.

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Discovery Schools Academies Trust	(123)	(169)
Kibworth Church of England Primary School	239	153
Parkland Primary School (South Wigston)	411	449
Sibley Redlands Community Primary School	(17)	(55)
Enderby Danemill Primary School	271	230
Woolden Hill Primary School	4	41
Mowmacre Hill Primary School	455	378
Greystoke Primary School	306	310
Affinity Teaching School Alliance	283	225
SCITT	77	43
Farndon Fields Primary School	(170)	(36)
Captains Close Primary School	(188)	(109)
Fossebrook Primary School	165	180
Braunstone Community Primary School	537	529
Merrydale Junior School	51	88
Leighfield Primary School	(101)	13
Total before fixed asset funds and pension reserve	2,200	2,270
Restricted fixed asset fund	31,148	30,848
Pension reserve	(10,777)	(5,906)
<b>TOTAL</b>	<b>22,571</b>	<b>27,212</b>

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

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £000
Sileby Redlands Community Primary School	(17)
Farndon Fields Primary School	(170)
Captains Close Primary School	(188)
Leighfield Primary School	(101)
	<u><u>          </u></u>

The deficits on the above academies have predominately arisen due to a Trust decision to invest in school improvement and increasing published admission numbers for Farndon Fields and Sileby Redlands and the associated lagged effect of funding this growth. Other contributing factors relate to challenges surrounding pupil numbers and the geographical location.

The Academy is taking the following action to return the academies to surplus:

Four schools have realised a deficit during 18/19 due to an agreed investment of consolidated excess reserves to focus on school improvement, the effects of lagged funding for schools that have increased their pupil numbers, remodelling costs and pupil occupancy challenges in rural areas.

Schools that have realised a deficit in unrestricted reserves during 2018/2019 has undergone a financial review, including benchmarking exercises to mitigate against long term deficits. Key actions are incorporated within the Trust financial sustainability strategy which covers:

- Maximising funding through pupil growth, which includes minimum pupil occupancy percentages for each Trust school;
- Growth in the number of schools within the Trust to dilute central costs, increase economies of scale and ultimately reduce the top slice charged to schools; and
- Creating efficiencies with the aim of reducing costs without negatively impacting on pupil Teaching and Learning. This includes staff remodelling and restructuring, reviewing and adopting further centralised contracts to maximise economies of scale, collaborative procurement and reducing staff absence.

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

**TOTAL COST ANALYSIS BY ACADEMY**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Discovery Schools Academies Trust	682	387	-	(366)	703
Kibworth Church of England Primary School	1,550	238	39	423	2,250
Parkland Primary School (South Wigston)	1,938	237	26	347	2,548
Sileby Redlands Community Primary School	1,085	172	23	264	1,544
Enderby Danemill Primary School	1,221	214	35	302	1,772
Woolden Hill Primary School	658	91	9	184	942
Mowmacre Hill Primary School	1,428	200	32	319	1,979
Greystoke Primary School	1,012	140	9	239	1,400
Affinity Teaching School Alliance	83	349	(2)	359	789
SCITT	131	60	-	289	480
Farndon Fields Primary School	772	126	13	(143)	768
Captains Close Primary School	542	101	3	205	851
Fossebrook Primary School	429	75	13	150	667
Braunstone Community Primary School	1,943	252	17	392	2,604
Merrydale Junior School	1,335	185	28	273	1,821
Leighfield Primary School	605	100	10	230	945
	<u>15,414</u>	<u>2,927</u>	<u>255</u>	<u>3,467</u>	<u>22,063</u>

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

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	2,219	1,442	(865)	(720)	-	2,076
Teaching school	-	13	(13)	-	-	-
	<u>2,219</u>	<u>1,455</u>	<u>(878)</u>	<u>(720)</u>	<u>-</u>	<u>2,076</u>
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	29	16,063	(16,638)	546	-	-
Other DfE/ESFA grants	-	1,044	(1,044)	-	-	-
Pupil Premium	-	1,375	(1,375)	-	-	-
Other Government grants	153	846	(848)	-	-	151
Other income	-	437	(437)	-	-	-
Teaching school	86	389	(419)	(13)	-	43
Pension reserve	(6,903)	-	(1,177)	-	2,174	(5,906)
	<u>(6,635)</u>	<u>20,154</u>	<u>(21,938)</u>	<u>533</u>	<u>2,174</u>	<u>(5,712)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Net book value	28,951	-	(638)	2,420	-	30,733
CIF/SCA capital grants	382	310	-	(583)	-	109
S106 grant	(7)	1,602	-	(1,597)	-	(2)
DfC grant	45	53	-	(58)	-	40
Other capital income	(37)	-	-	5	-	(32)

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

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
	29,334	1,965	(638)	187	-	30,848
<b>TOTAL RESTRICTED FUNDS</b>	22,699	22,119	(22,576)	720	2,174	25,136
<b>TOTAL FUNDS</b>	24,918	23,574	(23,454)	-	2,174	27,212

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

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	30,788	30,788
Current assets	4,120	209	386	4,715
Creditors due within one year	(2,129)	-	(6)	(2,135)
Creditors due in more than one year	-	-	(20)	(20)
Provisions for liabilities and charges	-	(10,777)	-	(10,777)
<b>TOTAL</b>	1,991	(10,568)	31,148	22,571

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**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	30,733	30,733
Current assets	4,666	194	147	5,007
Creditors due within one year	(2,590)	-	(6)	(2,596)
Creditors due in more than one year	-	-	(26)	(26)
Provisions for liabilities and charges	-	(5,906)	-	(5,906)
<b>TOTAL</b>	<b>2,076</b>	<b>(5,712)</b>	<b>30,848</b>	<b>27,212</b>

**23. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019 £000	2018 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(989)	120
<b>ADJUSTMENTS FOR:</b>		
Depreciation	642	638
Capital grants from DfE and other capital income	(983)	(363)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	1,044	992
Defined benefit pension scheme finance cost (note 16)	175	185
Decrease in debtors	141	74
(Decrease)/increase in creditors	(461)	703
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(432)</b>	<b>2,348</b>



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**24. CASH FLOWS FROM FINANCING ACTIVITIES**

	<b>2019 £000</b>	<b>2018 £000</b>
Repayments of borrowing	(5)	(5)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5)</b>	<b>(5)</b>

**25. CASH FLOWS FROM INVESTING ACTIVITIES**

	<b>2019 £000</b>	<b>2018 £000</b>
Interest received	1	1
Purchase of tangible fixed assets	(697)	(2,420)
Capital grants from DfE/ESFA	983	363
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>	<b>287</b>	<b>(2,056)</b>

**26. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2019 £000</b>	<b>2018 £000</b>
Cash in hand	3,677	3,828
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>3,677</b>	<b>3,828</b>

**27. CAPITAL COMMITMENTS**

At 31 August 2019 the Academy Trust had capital commitments as follows:

	<b>2019 £000</b>	<b>2018 £000</b>
<b>CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS</b>		
Acquisition of tangible fixed assets	-	337

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**28. PENSION COMMITMENTS**

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

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

Contributions amounting to £309,650 were payable to the schemes at 31 August 2019 (2018 - £308,441) and are included within creditors.

**TEACHERS' PENSION SCHEME**

**INTRODUCTION**

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

**VALUATION OF THE TEACHERS' PENSION SCHEME**

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

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website [www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx).

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**28. PENSION COMMITMENTS (CONTINUED)**

**SCHEME CHANGES**

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

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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

The employer's pension costs paid to TPS in the period amounted to £1,280,000 (2018 - £1,214,000).

**LOCAL GOVERNMENT PENSION SCHEME**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,686,000 (2018 - £1,462,000), of which employer's contributions totalled £1,351,000 (2018 - £1,161,000) and employees' contributions totalled £ 335,000 (2018 - £301,000). The agreed contribution rates for future years are 25.3% for employers and 5.5% - 12.5% for employees.

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

**Principal actuarial assumptions**

	2019	2018
	%	%
Rate of increase in salaries	3.3	3.3
Rate of increase for pensions in payment / inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3
Commutation of pensions to lump sums	50	50

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**28. PENSION COMMITMENTS (CONTINUED)**

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.4	24.3
<i>Retiring in 20 years</i>		
Males	22.2	23.8
Females	24.7	26.2

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	(705)	(485)
Discount rate -0.1%	705	485
Mortality assumption - 1 year increase	978	687
Mortality assumption - 1 year decrease	(978)	(687)
CPI rate +0.1%	591	395
CPI rate -0.1%	(591)	(395)

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	7,924	6,992
Bonds	4,235	3,045
Property	1,093	1,015
Cash	410	225
<b>Total market value of assets</b>	<b>13,662</b>	<b>11,277</b>

The actual return on scheme assets was £781,000 (2018 - £476,000).

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**28. PENSION COMMITMENTS (CONTINUED)**

The amounts recognised in the Statement of financial activities are as follows:

	2019 £000	2018 £000
Current service cost	(2,065)	(2,153)
Past service cost	(330)	-
Interest income	338	252
Interest cost	(513)	(437)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(2,570)</b>	<b>(2,338)</b>

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

	2019 £000	2018 £000
<b>At 1 September</b>	<b>17,183</b>	<b>16,310</b>
Current service cost	2,065	2,153
Interest cost	513	437
Employee contributions	335	301
Actuarial losses/(gains)	4,095	(1,950)
Benefits paid	(82)	(68)
Past service cost	330	-
<b>At 31 August</b>	<b>24,439</b>	<b>17,183</b>

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

	2019 £000	2018 £000
<b>At 1 September</b>	<b>11,277</b>	<b>9,407</b>
Interest income	338	252
Actuarial gains	443	224
Employer contributions	1,351	1,161
Employee contributions	335	301
Benefits paid	(82)	(68)
<b>At 31 August</b>	<b>13,662</b>	<b>11,277</b>

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**29. OPERATING LEASE COMMITMENTS**

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

	2019 £000	2018 £000
Within 1 year	13	17
Between 1 and 5 years	11	23
	<u>24</u>	<u>40</u>

**30. MEMBERS' LIABILITY**

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

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**31. RELATED PARTY TRANSACTIONS**

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

The Trustees of Discovery Schools Academies Trust Ltd, 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 Ltd, and within which is contained a termination clause on the Trustees of Discovery Schools Academies Ltd 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. The contract entered into with Inspiring Leaders Limited was entered into prior to 7 November 2013 and followed correct procurement procedures. Paul Stone neither participated in, nor influenced the decision for the procurement of these services.

Total services charged by Inspiring Leaders Limited in respect of course and conference costs amounted to £19,320 (2018 - £38,433). The amount outstanding at the balance sheet date was £408 (2018 - £Nil).

Total recharges made to Inspiring Leaders Limited for staff costs, consultancy fees and venue hire amounted to £17,278 (2018 - £13,140). The amount outstanding at the balance sheet date was £15,880 (2018 - £6,940).

The Academy Trust made recharges and received services from Barwell C of E Academy, an Academy in which Margaret Spence, Trustee of the Academy Trust, is a Director.

Total services charged by Barwell C of E Academy in respect of project costs amounted to £3,770 (2018 - £3,060). The amount outstanding at the balance sheet date was £Nil (2018 - £Nil).

Total recharges for membership to the Affinity Teaching School Alliance and course costs made to Barwell C of E Academy amounted to £4,010 (2018 - £5,209). The amount outstanding at the balance sheet date was £40 (2018 - £Nil).

The Academy Trust made received award sponsorship from Moir Wade Design Limited, a company in which the husband of the Headteacher of Fossebrook Primary School is a Director.

Total recharges made to Moir Wade Design Limited for awards sponsorship amounted to £700 (2018 - £700). The amount outstanding at the balance sheet date was £Nil (2018 - £Nil).

No other related party transactions took place in the period of account other than certain Trustees remuneration and expenses as disclosed in note 14.

**32. CONTROLLING PARTY**

The Academy Trust is ultimately controlled by the Governing Body.

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**33. MEMBERS' LIABILITY**

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

**34. TEACHING SCHOOL TRADING ACCOUNT**

	2019 £000	2019 £000	2018 £000	2018 £000
<b>Income</b>				
<b>DIRECT INCOME</b>				
Private fee income	531		389	
<b>OTHER INCOME</b>				
Staff insurance claims	-		13	
<b>TOTAL INCOME</b>		<b>531</b>		<b>402</b>
<b>Expenditure</b>				
<b>DIRECT EXPENDITURE</b>				
Depreciation	9		6	
<b>OTHER EXPENDITURE</b>				
Other staff costs	191		243	
Course fees	4		90	
Travel and subsistence	3		1	
Professional fees	1		26	
Advertising	3		10	
Training room hire	4		18	
Rent	-		4	
Governance costs	4		3	
Other support costs	271		37	
<b>TOTAL OTHER EXPENDITURE</b>	<b>481</b>		<b>432</b>	
<b>TOTAL EXPENDITURE</b>		<b>490</b>		<b>438</b>
<b>Transfers between funds excluding depreciation</b>		<b>(7)</b>		<b>(7)</b>
<b>Surplus/(deficit) from all sources</b>		<b>34</b>		<b>(43)</b>
<b>Teaching school balances at 1 September 2018</b>		<b>43</b>		<b>86</b>
<b>TEACHING SCHOOL BALANCES AT 31 AUGUST 2019</b>		<b>77</b>		<b>43</b>