

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 2020

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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 2020

Members

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

Trustees

Jonathan Parsons
Paul Stone (Trust Leader and Accounting Officer)
Gary Sims
Edmund Green
Margaret Spence
David Williams (Ceased acting Chair on 06/09/2020)
Richard Bettsworth (Elected Chair on 06/09/2020)
Shane Bray
Mihir Trivedi

Company Secretary

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

Senior Management Team

Trust Leader	Paul Stone
Deputy Trust Leader	James Brown
Director of Operations	Louise Barber
Finance Director	Emma Clarke
Director of IT	Nathan Thirlby
Director of Primary	David Briggs
Head of Governance	Helen Stockill
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)

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent Auditor

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

Bankers

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

Solicitors

Michelmores Solicitors LLP, 6 New Street Square, London, EC4A 3BF

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report together with the financial statements and Auditor's Report of the charitable company for the period 1 September 2019 to 31 August 2020. 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 4980 and had a roll of 4468 in the school census in January 2020.

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 Limited (Discovery) are also the directors of the charitable company for the purposes of company law.

During the period, 13 individual Discovery 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

Discovery 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.

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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TRUSTEES' REPORT (continued)
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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 Trust Leader should serve as a Trustee);
- d) Trust Leader;
- 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.

Discovery requires its Trustees to have a broad range of skills and previous experiences in order to be effective in governance. The Board maintains 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 Trust Leader. 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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TRUSTEES' REPORT (continued)
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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, appointing the Trust Leader and approving major investment programmes. The Board operates four committees to provide detailed scrutiny:

- Finance, Audit & Risk;
- Education Standards;
- Partnership & Governance; and
- Human Resources.

Senior Leadership Team

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

The Trust Leader is supported by a Senior Leadership Team (SLT) which comprises of: Deputy Trust Leader, Finance Director, Director of Operations, Director of Primary Education and Head of Governance.

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.

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TRUSTEES' REPORT (continued)
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Arrangements for setting pay and remuneration of key management personnel

The Human Resources Committee operates under delegated powers from the Board to provide detailed scrutiny and determine pay for the senior leadership of the Trust, including the Trust Leader. The Chair of the Board leads the performance management process for the Trust Leader and recommends targets and pay recommendations (if applicable) to the Human Resources Committee for review and approval. Executive pay is recommended by the Trust Leader and approved by the Human Resources 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 Trust Leader with the Human Resources Committee reviewing the effectiveness of performance management processes. All staff pay is awarded in accordance with the Discovery pay policy and is driven by an annual performance management process. The Discovery 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

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%-50%	1
51%-99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	£209.45
Total pay bill	£20,611,000
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	100%
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

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 32.

Engagement with employees (including disabled persons)

Discovery operates a safe and fair recruitment and selection process which is regularly reviewed to take into account the Equalities Act 2010 requirements protecting individuals from discrimination. At Discovery we believe we are greater when we are different and actively promote equality of opportunity, encouraging participation and promoting positive attitudes towards all employees. Reasonable steps are considered when supporting an individual's disability, even where that may involve favourable treatment. An Equality Consultative working group had recently been established to review equality and diversity across the Trust with the aim to cultivate further an inclusive environment where all employees feel represented and valued.

Discovery strives to engage and consult with all staff at every opportunity. Engagement methods includes staff handbooks, staff intranet, Teams, 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 SLT 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 continues 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.

Engagement with suppliers, customers and others in a business relationship with a Trust

The Trust actively encourage engagement using a variety of tools such as websites, email, audits, policies, face to face consultation, social media and published statutory reporting. The Trust complete the Payment Practices and Performance reporting requirement twice a year to provide valuable information to potential suppliers regarding payment terms. Throughout COVID-19 the Trust have worked closely with all suppliers and various stakeholders in line with Cabinet Office Procurement Policy Notes.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

At Discovery we believe that every child and adult in our school community should have limitless learning opportunities. We all have the ability to succeed and our schools work hard to ensure that our children can discover their potential.

In delivering the Trust's objects and aims, Discovery 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.

Discovery 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 self-led learning communities where schools work together to improve. Schools gain autonomy as they improve and contribute to the system. 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 Raising Achievement 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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TRUSTEES' REPORT (continued)
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STRATEGIC REPORT

Achievements and Performance

The Trust focused on three key areas during the year and have made substantial progress, despite COVID-19 in their achievement:

1. Maintain and develop a culture of continuous school improvement which ensures the Trust achieves above national average progress for pupils:

2020 has been a challenging year in many ways, however these challenges have resulted in us reviewing and rethinking the way we deliver school improvement. During 2019-20 we built a new school improvement framework in collaboration with all our school leaders. We have had our biggest recruitment drive for Specialist Leaders of Education (SLE) resulting in a bank of 18 SLE's that we can now utilise for school improvement. We have appointed our first Trust Executive Head Teacher developed from talent within the Trust and now have an detailed Education Team, comprising of four non-teaching lead professionals and a lead practitioner. The coming year looks to be positive, with schools being in a position to take ownership of their school improvement needs whilst accessing high quality support.

Due to COVID-19, Statutory Assessment Tests (SAT's) in primary schools did not take place which prevented the Trust formally assessing pupil progress against the national average. COVID-19 has obviously had a considerable affect on the educational progress of our pupils however, Discovery approached this proactively by:

- Maintaining contact and monitoring the wellbeing of 100% of our vulnerable pupils;
- Achieving 67% engagement in pupil online learning;
- Engaging over 90% of our pupils in learning using a variation of methods and tools;
- Offering a discounted laptop buy scheme to parents to support home learning;
- Became an EdTech Demonstrator school to support home learning;
- Invested in ICT resources to underpin effective remote working and learning for our pupils;
- 92% of our schools remained open throughout the whole of COVID-19 to support our vulnerable & keyworker pupils; and
- Remained open for all our Trust pupils throughout all holiday periods throughout COVID-19 to support vulnerable and keyworker pupils.

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

The Trust have established an effective central support service to enable schools to focus on teaching and learning. These services include:

- Human Resources;
- Finance;
- Governance;
- Estates;
- ICT; and
- Therapy Support Service.

Key developments throughout 19/20 include:

- Review of governance to integrate SEND growth;
- Development of ICT systems and practice to underpin remote working and learning;
- Continuation of service delivery at a high level throughout COVID-19;

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- Independent condition surveys conducted to prioritise future capital resources;
- Successfully awarded a number of high value grants;
- Review of HR service resulting in increased expertise and streamlined systems and practice; and
- Growth of Discovery holiday camps.

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.

Our 'outstanding' SCITT provision continues to provide Trust schools and other educational providers with the highest quality Newly Qualified Teachers. SCITT also expanded to include a secondary cohort and supported Ofsted with the development of the new inspection framework for ITT.

Key development throughout 19/20 include:

- Enhancing financial expertise by gaining School Resources Management Advisor (SRMA) accreditation through the Institute of School Business Leaders (ISBL);
- Developing our provision to support SEND within our current and potential schools;
- 100% of our schools Ofsted rated 'good' or 'better';
- Opening our schools during all holiday periods to other non-trust school pupils throughout COVID-19;
- Achieved national recognition for our EPIC Educational Psychology and Wellbeing 'Bounce Back to School' programme; and
- Achieved substantial positive media presence including a visit from Lord Agnew as a result of a positive SRMA financial review.

Key Performance Indicators

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

Inadequate	Require Improvement	Good	Outstanding
0	0	12	1

100% of our current Trust schools have been judged as good or better therefore this KPI has now been achieved.

- **All schools are above national for reading, writing and maths:**

Unfortunately, due to COVID-19, pupils learning has been seriously disrupted and subsequently SAT's did not take place. Due to this, the KPI is unable to be assessed.

- **All schools achieve positive progress in reading, writing and maths:**

Unfortunately, due to COVID-19, pupils learning has been seriously disrupted and subsequently SAT's did not take place. Due to this, the KPI is also unable to be assessed.

- **All schools are above national for phonics:**

Unfortunately, due to COVID-19, pupils learning has been seriously disrupted and subsequently SAT's did not take place. Due to this, the KPI is also unable to be assessed.

- **Reading is judged as good across all schools**

All schools received a reading audit during the year which substantiated their Ofsted 'good or better' rating for reading across all of our Trust schools. Although this KPI was successfully achieved during 19/20, COVID-19 will have negatively impacted this progress.

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- **All trust schools are financially sustainable**

Our Trust has made considerable progress in ensuring financial security at both an Academy and MAT level. This has resulted in all except 2 of our Trust schools projecting financial security within 2 years. This is assessed termly using valuable information such as pupil projections, Integrated Curriculum Financial Planning (ICFP) and benchmarking. Although this KPI has not been fully achieved, an independent School Resource Management Advisor assessment was conducted during the year which was unable to identify any additional savings therefore our Trust is confident that we are operating as financially efficient as possible.

Going Concern

The Trust budget and forecast on a 3-5 year basis to foresee and mitigate against potential long term financial challenges. Annual forecasted outturns are reviewed and updated on a monthly basis which allows the Trust to understand & minimise the financial impact of unforeseen short-term challenges such as COVID-19.

On this basis, 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.

Promoting the success of the Company

The Trustees have a legal duty to act in a way which they consider, in good faith to promote the success of the Company in achieving its objectives. At Discovery, we are proud of our achievements and the positive reputation this has generated among our stakeholders. These achievements are celebrated with our stakeholders through events such as our Trust Awards which are key to building and maintaining valuable relationships. Discovery constantly reflect, learn and adapt our practices to ensure that we are always building upon previous success.

The Trust have a 3-5 year strategic plan which guides both short and long-term decision making and prioritises the use of resources. This strategy supports and draws on our Trust values of Integrity, Improvement, Connectivity, Altruism & Democracy to the benefit of all stakeholders. The Trust also has a comprehensive bank of policies which provides a consistent, fair and considered approach during the successful delivery of the strategic aims. These policies are consulted on prior to adoption and aim to ensure that Discovery continue to be a collaborative trust that delivers with high standards.

FINANCIAL REVIEW

Over 93% 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 £270k revenue surplus during the year (after pension & fixed assets funds movements have been excluded) and continues to maintain reserves at both an operating and strategic level in line with the reserves policy. This is despite the negative financial impact of COVID-19.

Despite this, the Trust continues to maintain reserves at both an operational and strategic level in line with the Reserves Policy.

The summary financial performance for 2019/2020 is as follows:

	£'000
Income	25,265
Expenditure	(26,069)
Deficit for year	<u>(804)</u>

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

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;
- Consider the set aside of funds for significant projects or growth that cannot be met by future income alone; and
- 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 £2,264,000, which is above the maximum reserves value. These additional reserves are earmarked for the planned SEND Trust growth in September 2021 and incorporates a maximum £176,000 earmarked for 2020/21 to support the Trust financial sustainability strategy.

The Trust have assumed an annual 0.5% increase in the current Local Government Pension Scheme employer contribution in line with the currently reported pension deficit position.

At 31 August 2020 the total funds comprised:

Unrestricted		£2,264,000
Restricted:	Fixed asset funds	£31,942,000
	Pension reserve	(£13,843,000)
	Other	£108,000
		<hr/>
		£20,471,000
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Investment Policy

Discovery 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
- Ethical investments in line with the Trust values should only be considered.

No investments are currently in place however on an operational level, all cash is now consolidated into one current account along with a higher interest reserve account with institutions approved by the Academy Finance Committee.

Principal Risks and Uncertainties

The principal risks facing the Trust are:

- **Human Resources risk** – Whilst the Trust has successfully grown its capacity and expertise in this area during 19/20, new staff, systems and practices now need to be embedded to support the Trust schools further when managing, supporting and developing our valuable staff resource.
- **Reserves risk** - Projections indicate financial challenges in the coming 3-5 years due to COVID-19 and a number of other common factors. These projections are prudent and 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. COVID-19 has delayed progress in this area during 19/20 but this has been compensated by exceeding prior expectation.
- **Pupil Behaviour risk** – The Trust have seen a rise in the behaviour support required across certain schools. This will most certainly be exacerbated by the effects of COVID-19 during 20/21. The Trust need to ensure adequate resources are available in schools to support our pupils with their individual needs to ensure all pupils gain the best teaching and learning possible. We have also made a formal partnership with aims to lead this into an academy conversion for SEND SEMH schools
- **Attainment and progress risk** – Reading was a primary risk for the Trust however this will widen to all aspects of teaching and learning in 20/21 due to the effects of COVID-19. The Trust are putting in place robust plans to achieve the greatest impact with the government Catch Up funding.
- **Trust Growth risk** – Trust growth is planned to widen to incorporate SEND which will require central MAT support. The Trust was awarded specific funding to prepare for this growth to ensure high standards are maintained. We have also applied to open 3 Free schools, 2 of which are LA presumption bids.

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Discovery 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.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	2,492,576
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	154.69
Owned transport – mini-buses	0.21
Total scope 1	154.91
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	384.98
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	10.74
Total gross emissions in metric tonnes CO2e	550.62
<u>Intensity ratio</u>	
TonnesCO2e per pupil	0.12

Qualification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

We have assumed all employee owned vehicle are medium sized petrol.

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Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across 80% of sites to improve our understanding of energy consumption.

We have analysed our energy data and identified focused areas of efficiency.

We have installed PV panels on the roof of the Trust's academies with the aim of reducing energy consumption by over 20 %.

We have installed solar thermal panels on the roof of 85% of the Trust's academies.

We have reviewed and updated our heating controls strategy.

We have a five year plan to upgrade all our boilers saving over 15% on our gas consumption.

We have serviced, reviewed and adjusted all the setting on the ventilation and cooling and expect to reduce energy consumption by 5% in the next year.

We implemented remote working to reduce staff travel.

PLANS FOR FUTURE PERIODS

Discovery are due to commence a new three-year strategic plan in 20/21. Objectives during 20/21 include:

1. Develop the structure of school improvement to focus on raising attainment particularly for the most disadvantaged children to ensure that all school reading, writing and maths are above national averages through detail consideration of COVID-19 recovery planning.
2. Improve the strategic and operational capacity of the HR team to be more focused on the development of bespoke policy and practice for Discovery.
3. Develop mutually beneficial relationships with organisations to further the aims of the Trust in light of national changes in TSA reorganisation, licence provisions and regional school improvement structures.
4. Launch the Trust sustainability strategy and monitoring systems to reduce impact on the environment.
5. Implement the Trust equality strategy and ensure both pupils and adults can reach their full potential and voices are heard, considered and actioned.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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:



Richard Bettsworth
Chair of Trustees

Date: 15/12/2020

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

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

SCOPE OF RESPONSIBILITY

As Trustees we acknowledge we have overall responsibility for ensuring that Discovery Schools Academies Trust Ltd (Discovery) 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Trust Leader 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 8 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 during the year)	8	8
Edmund Green	5	8
Gary Sims	7	8
Jonathan Parsons	6	8
Margaret Spence	4	8
Paul Stone (Trust Leader and Accounting Officer)	8	8
Richard Bettsworth (elected Chair on 06/09/2020)	8	8
Shane Bray	7	8
Mihir Trivedi	7	8

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 2019 and a new vice chair was elected in line with the succession plan. Richard Bettsworth was elected Chair during the meeting held in September 2020.

During the COVID-19 pandemic it was recognised that governance arrangements needed to be focused and proportionate to ensure appropriate oversight of the response and assessment of risk. From March, the Board adopted virtual meeting arrangements, revised procedures and increased the frequency of meetings to respond to the changing nature of governance. Local governance continued with a specific focus on reviewing the robustness of the school risk assessment and mitigation plan.

The Board completed a self-review and evaluation using the Improvement Capacity Framework for Trust Governance at the end of the 2019/20 academic year. An action plan will be developed and overseen by the Partnership & Governance Committee during 2020/21.

A review of the Articles of Association is in progress with the aim of increasing the membership and diversity of the Board.

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

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

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.

The data and other information provided to the Board, Board Committees and local Advisory Boards has continued to be developed.

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 Trust financial regulations. The committee has given particular attention to monitoring the financial implications of COVID-19 on the short- and medium-term financial plans.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Gary Sims (Chair)	3	3
Shane Bray	3	3
Jonathan Parsons	2	3
Margaret Spence	1	1

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. Richard Bettsworth was elected as the new chair for the academic year. The committee met twice in November and June. The March meeting was cancelled following the COVID-19 school closure announcement. Additional Board meetings were scheduled to provide oversight of the Trust response to remote learning.

Attendance at meetings in the year was as follows:

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

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. The committee has given particular focus to assessing the implications of the developing teaching school hub programme and determining the direction of travel for the partnerships.

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

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Edmund Green (Chair)	1	2
Gary Sims	2	2
Mihir Trivedi	2	2
Clive Vella (co-opted member)	2	2

The Human Resources committee is a sub-committee of the Trust Board. Its purpose is to provide the Board with assurance concerning all aspects of strategic workforce and organisational development. The Committee maintains an oversight of the Trust's approach to remuneration, pay progression, terms and conditions of employment and workforce related policy. The name of the committee was changed from Remuneration to Human Resources to reflect its wider scope and remit.

Attendance at meetings in the year was as follows:

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

REVIEW OF VALUE FOR MONEY

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

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of 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 electricity which 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;
- Remote working and use of Teams resulting in reduced travel costs;
- Gaining School Resources Management Advisor (SRMA) accreditation through the Institute of School Business Leadership (ISBL) to gain income for the Trust; and
- Brought the Human Resources function in-house to build long term expertise and gain value for money.

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

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

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 for the period 1 September 2019 to 31 August 2020 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 period 1 September 2019 to 31 August 2020 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 buy-in an internal audit service from Leicestershire County Council.

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

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

The internal auditor's roles 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 an annual basis, the reviewer reports to the Board of Trustees, through the Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. On an annual basis, the internal auditor prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

No material control issues were identified as a result of the internal audit conducted in 2019/2020

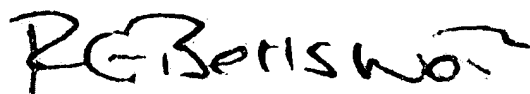
REVIEW OF EFFECTIVENESS

As Accounting Officer, the Trust Leader 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 during 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:



Richard Bettsworth
Chair of Trustees



Paul Stone
Accounting Officer

Date: 15/12/2020

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2020

As Accounting Officer of Discovery Schools Academies Trust 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 2019.

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: 15/12/2020

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that 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 2019 and the Academies Accounts Direction 2019 to 2020;
- 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; and
- 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:



.....
Richard Bettsworth
Chair of Trustees

Date: 15/12/2020

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

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

Opinion

We have audited the financial statements of Discovery Schools Academies Trust Ltd (the 'Academy') for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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.

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

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

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.

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

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

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. This description forms part of our Auditors' report.

Use of our report

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

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: 21 December 2020

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

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

In accordance with the terms of our engagement letter dated 24 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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 Trust, with reference to the income streams and other information available to us as auditors of the Academy Trust;
- 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 Board of Trustees and other evidence made available to us, relevant to our consideration of regularity; and
- consideration of governance issues.

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Date: 21 December 2020

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 2020**

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
INCOME FROM:						
Donations and capital grants	3	-	56	1,274	1,330	786
Funding for the Academy Trust's educational operations	4	-	22,131	101	22,232	20,714
Teaching schools	34	-	498	-	498	531
Other trading activities	5	940	-	-	940	1,238
Investments	6	1	-	-	1	1
Other income	7	34	230	-	264	658
TOTAL INCOME		975	22,915	1,375	25,265	23,928
EXPENDITURE ON:						
Raising funds	9	656	80	-	736	1,094
Academy Trust educational operations	10	-	24,131	730	24,861	23,332
Teaching schools	34	-	463	9	472	491
TOTAL EXPENDITURE		656	24,674	739	26,069	24,917
NET INCOME/ (EXPENDITURE)		319	(1,759)	636	(804)	(989)
Transfers between funds	21	(46)	(112)	158	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		273	(1,871)	794	(804)	(989)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	29	-	(1,296)	-	(1,296)	(3,652)
NET MOVEMENT IN FUNDS		273	(3,167)	794	(2,100)	(4,641)

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 2020

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
RECONCILIATION OF FUNDS:					
Total funds brought forward	1,991	(10,568)	31,148	22,571	27,212
Net movement in funds	273	(3,167)	794	(2,100)	(4,641)
TOTAL FUNDS CARRIED FORWARD	2,264	(13,735)	31,942	20,471	22,571

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

The notes on pages 34 to 70 form part of these financial statements.

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

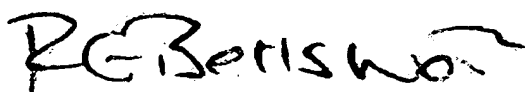
BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
FIXED ASSETS			
Tangible assets	17	30,570	30,788
		<u>30,570</u>	<u>30,788</u>
CURRENT ASSETS			
Debtors	18	1,240	1,038
Cash at bank and in hand	26	4,817	3,677
		<u>6,057</u>	<u>4,715</u>
Creditors: amounts falling due within one year	19	(2,299)	(2,135)
NET CURRENT ASSETS		<u>3,758</u>	<u>2,580</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,328</u>	<u>33,368</u>
Creditors: amounts falling due after more than one year	20	(14)	(20)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>34,314</u>	<u>33,348</u>
Defined benefit pension scheme liability	29	(13,843)	(10,777)
TOTAL NET ASSETS		<u><u>20,471</u></u>	<u><u>22,571</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	21	31,942	31,148
Restricted income funds	21	108	209
		<u>32,050</u>	<u>31,357</u>
Restricted funds excluding pension asset	21	32,050	31,357
Pension reserve	21	(13,843)	(10,777)
Total restricted funds	21	<u>18,207</u>	<u>20,580</u>
Unrestricted income funds	21	<u>2,264</u>	<u>1,991</u>
TOTAL FUNDS		<u><u>20,471</u></u>	<u><u>22,571</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 29 to 70 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
Richard Bettsworth
Chair of Trustees



.....
Paul Stone
Accounting Officer

Date: 15/12/2020

The notes on pages 34 to 70 form part of these financial statements.

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	23	291	(432)
CASH FLOWS FROM INVESTING ACTIVITIES	25	855	287
CASH FLOWS FROM FINANCING ACTIVITIES	24	(6)	(6)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		1,140	(151)
Cash and cash equivalents at the beginning of the year		3,677	3,828
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	4,817	3,677

The notes on pages 34 to 70 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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 2019 to 2020 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 and presentational 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.

This consideration has taken into account the expected impact of Covid-19 on the Academy Trust, as far as it can be determined, and the Trustees remain satisfied that the going concern principle remains appropriate.

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

- **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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of 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.

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

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

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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 29, 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 2020. 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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. DONATIONS AND CAPITAL GRANTS

	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Donations	56	-	56
Other capital income	-	-	-
DfE/ESFA capital grants	-	569	569
Local Authority and S106 grants	-	705	705
	<u>56</u>	<u>1,274</u>	<u>1,330</u>

	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
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>

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants		
General Annual Grant (GAG)	16,924	16,924
Pupil Premium	1,345	1,345
Capital Grants	101	101
Other ESFA/DfE grants	1,927	1,927
	<u>20,297</u>	<u>20,297</u>
Other government grants		
Local Authority other grants	1,908	1,908
	<u>1,908</u>	<u>1,908</u>
Exceptional government funding		
Coronavirus exceptional support	27	27
	<u>27</u>	<u>27</u>
	<u><u>22,232</u></u>	<u><u>22,232</u></u>
	Restricted funds 2019 £000	Total funds 2019 £000
DfE/ESFA grants		
General Annual Grant (GAG)	16,469	16,469
Pupil Premium	1,353	1,353
Capital Grants	271	271
Other ESFA/DfE grants	1,356	1,356
	<u>19,449</u>	<u>19,449</u>
Other government grants		
Local Authority other grants	1,265	1,265
	<u>1,265</u>	<u>1,265</u>
	<u><u>20,714</u></u>	<u><u>20,714</u></u>

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS (CONTINUED)

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers £27,000 of premises and cleaning costs. These costs are included in notes 8 and 10 below as appropriate.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £000	Total funds 2020 £000
Rental income	19	19
Catering income	161	161
Affinity Teaching School Alliance income	190	190
Other income	570	570
	<u>940</u>	<u>940</u>

	Unrestricted funds 2019 £000	Total funds 2019 £000
Rental income	63	63
Catering income	230	230
Affinity Teaching School Alliance income	280	280
Other income	665	665
	<u>1,238</u>	<u>1,238</u>

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. INVESTMENT INCOME

	Unrestricted funds 2020 £000	Total funds 2020 £000
Investment income	1	1

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

7. OTHER INCOME

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Parental contributions	-	170	170
Staff insurance income	7	-	7
Other income	27	60	87
	<u>34</u>	<u>230</u>	<u>264</u>

	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>

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. EXPENDITURE

	Staff Costs	Premises	Other	Total
	2020	2020	2020	2020
	£000	£000	£000	£000
Expenditure on raising funds:				
Direct costs	478	-	258	736
Activities:				
Direct costs	17,776	631	1,194	19,601
Support costs	2,712	1,020	1,528	5,260
Teaching school	183	-	289	472
	21,149	1,651	3,269	26,069

	Staff Costs	Premises	Other	Total
	2019	2019	2019	2019
	£000	£000	£000	£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
	19,628	1,564	3,725	24,917

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Uniform costs	9	-	9
Catering costs	159	-	159
Lettings costs	19	-	19
Affinity Teaching School Alliance expenditure	71	-	71
Wages and salaries	283	80	363
National insurance	34	-	34
Pension costs	81	-	81
	<u>656</u>	<u>80</u>	<u>736</u>

	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>

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Educational operations	19,601	5,260	24,861

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

Analysis of direct costs

	Total funds 2020 £000	Total funds 2019 £000
Staff costs	17,776	16,302
Depreciation	730	633
Educational supplies	496	258
Staff development	81	104
Other direct costs	459	563
Insurance	59	219
	19,601	18,079

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Staff costs	2,493	2,527
Pension finance cost (note 16)	219	175
Travel and subsistence	36	70
Recruitment and support	51	9
Maintenance of premises and equipment	456	506
Cleaning	136	107
Rent and rates	155	166
Energy costs	273	226
Insurance	78	86
Catering	810	796
Legal and professional	260	273
Legal costs - conversion	22	-
Other support costs	228	270
Bank charges and interest	8	12
Governance costs	35	30
	5,260	5,253

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	16	17
Depreciation of tangible fixed assets	739	642
Internal audit costs	5	3
Fees paid to auditors for:		
- audit services	31	30
- non-audit services	2	3

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	14,526	14,198
Social security costs	1,205	1,186
Pension costs	4,880	3,683
	<u>20,611</u>	<u>19,067</u>
Agency staff costs and apprenticeship levy	310	305
Staff restructuring costs	9	81
Pension finance cost (note 16)	219	175
	<u>21,149</u>	<u>19,628</u>

Staff restructuring costs comprise:

	2020 £000	2019 £000
Redundancy payments	2	52
Severance payments	5	29
Other restructuring costs	2	-
	<u>9</u>	<u>81</u>

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

Included in staff restructuring costs is a non-statutory severance payment totalling £5,000 made during the year (2019 - three non-statutory payments totalling £29,000).

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. STAFF COSTS (CONTINUED)

c. STAFF NUMBERS

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

	2020 No.	2019 No.
Teaching	198	216
Administration and Support	454	440
Management	39	26
	<u>691</u>	<u>682</u>

d. HIGHER PAID STAFF

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	4	5
In the band £70,001 - £80,000	3	4
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	-
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-
	<u>1</u>	<u>-</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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £764,456 (2019 - £703,792).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

13. CENTRAL SERVICES

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

- Estates
- Affinity membership
- Strategic Finance
- Strategic HR
- Governance (including clerking)
- Strategic ICT
- School Improvement Services
- Legal Services
- Communications
- Safeguarding

The Academy Trust 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:

	2020 £000	2019 £000
Kibworth Church of England Primary School	103	97
Parkland Primary School (South Wigston)	106	102
Sileby Redlands Community Primary School	67	64
Enderby Danemill Primary School	71	72
Woolden Hill Primary School	38	39
Mowmacre Hill Primary School	81	81
Greystoke Primary School	62	58
Farndon Fields Primary School	40	40
Captains Close Primary School	32	32
Fossebrook Primary School	35	30
Braunstone Community Primary School	99	99
Merrydale Junior School	76	77
Leighfield Academy	34	34
TOTAL	844	825

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The 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:

		2020	2019
		£000	£000
Paul Stone, Trust Leader	Remuneration	125 - 130	110 - 115
	Pension contributions paid	25 - 30	15 - 20

During the year, retirement benefits were accruing to 1 Trustee (2019 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2020, expenses totalling £1,379 were reimbursed to 2 Trustees (2019 - £3,438 to 2 Trustees).

Other related party transactions including the Trustees are set out in note 32.

15. TRUSTEES' AND OFFICERS' INSURANCE

In the year to 31 August 2020, 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 2020 is included in the total insurance cost of £77,967 (2019 - £86,040) 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 2019 are covered by government funds. The RPA provides Trustee and Officer indemnity cover.

16. PENSION FINANCE COST

	2020	2019
	£000	£000
Interest income on pension scheme assets	276	338
Interest on pension scheme liabilities	(495)	(513)
	(219)	(175)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. TANGIBLE FIXED ASSETS

	Freehold land £000	Long leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST OR VALUATION					
At 1 September 2019	659	31,745	564	637	33,605
Additions	-	266	131	124	521
At 31 August 2020	659	32,011	695	761	34,126
DEPRECIATION					
At 1 September 2019	-	2,257	176	384	2,817
Charge for the year	-	572	59	108	739
At 31 August 2020	-	2,829	235	492	3,556
NET BOOK VALUE					
At 31 August 2020	659	29,182	460	269	30,570
At 31 August 2019	659	29,488	388	253	30,788

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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 (2019 - £5,690,400) 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

	2020	2019
	£000	£000
Trade debtors	133	63
VAT repayable	123	68
Other debtors	6	16
Prepayments and accrued income	978	891
	1,240	1,038

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Other loans	6	6
Trade creditors	508	512
Other taxation and social security	274	293
Other creditors	360	314
Accruals and deferred income	1,151	1,010
	<u>2,299</u>	<u>2,135</u>

Included within other loans are loans of £5,665 (2019 - £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.

	2020 £000	2019 £000
Deferred income at 1 September 2019	602	780
Resources deferred during the year	619	602
Amounts released from previous periods	(602)	(780)
	<u>619</u>	<u>602</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 2020/21 academic year.

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

	2020 £000	2019 £000
Other loans	14	20

Included within other loans are loans of £14,286 (2019 - £19,950) 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 2020**

21. STATEMENT OF FUNDS

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
UNRESTRICTED FUNDS						
Unrestricted funds	1,991	975	(656)	(46)	-	2,264
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	16,924	(16,914)	(10)	-	-
Other DfE/ESFA	-	1,954	(1,954)	-	-	-
Pupil Premium	-	1,345	(1,345)	-	-	-
Other Government grants	132	1,908	(1,942)	(98)	-	-
Other income	-	286	(286)	-	-	-
Teaching school	77	498	(463)	(4)	-	108
Pension reserve	(10,777)	-	(1,770)	-	(1,296)	(13,843)
	(10,568)	22,915	(24,674)	(112)	(1,296)	(13,735)
RESTRICTED FIXED ASSET FUNDS						
Net book value	30,788	-	(739)	521	-	30,570
SCA capital grant	338	569	-	(245)	-	662
S106 grant	-	705	-	(138)	-	567
DfC grant	38	101	-	(74)	-	65
Growth pot grant	-	-	-	98	-	98
Other capital income	10	-	-	(10)	-	-
Salix loan	(26)	-	-	6	-	(20)
	31,148	1,375	(739)	158	-	31,942
TOTAL RESTRICTED FUNDS	20,580	24,290	(25,413)	46	(1,296)	18,207
TOTAL FUNDS	22,571	25,265	(26,069)	-	(1,296)	20,471

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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 2020.

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 SCA 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 £158,000 to the restricted fixed asset fund represent contributions towards expenditure on improvements to the building and other facilities.

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NOTES TO THE FINANCIAL STATEMENTS
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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 2020 were allocated as follows:

	2020	2019
	£000	£000
Central MAT reserve	2,264	-
Discovery Schools Academies Trust	-	(123)
Kibworth Church of England Primary School	-	239
Parkland Primary School (South Wigston)	-	411
Sileby Redlands Community Primary School	-	(17)
Enderby Danemill Primary School	-	271
Woolden Hill Primary School	-	4
Mowmacre Hill Primary School	-	455
Greystoke Primary School	-	306
Affinity Teaching School Alliance	-	283
SCITT	108	77
Farndon Fields Primary School	-	(170)
Captains Close Primary School	-	(188)
Fossebrook Primary School	-	165
Braunstone Community Primary School	-	537
Merrydale Junior School	-	51
Leighfield Primary School	-	(101)
Total before fixed asset funds and pension reserve	2,372	2,200
Restricted fixed asset fund	31,942	31,148
Pension reserve	(13,843)	(10,777)
TOTAL	20,471	22,571

During the year the Trust approved the pooling of reserves of schools and so the fund balances for each individual school at 31 August 2020 were zero. A single central MAT reserve is maintained to provide financial support across the MAT where required, with the exception of the Teaching School (SCITT) which is held separately.

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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 2020 £000
Central MAT reserve	821	357	1	141	1,320
Discovery Schools Academies Trust	1,703	190	39	483	2,415
Kibworth Church of England Primary School	2,005	250	22	334	2,611
Parkland Primary School (South Wigston)	1,196	195	21	271	1,683
Sileby Redlands Community Primary School	1,224	160	27	297	1,708
Enderby Danemill Primary School	684	108	7	177	976
Woollen Hill Primary School	1,489	216	35	336	2,076
Mowmacre Hill Primary School	1,097	137	29	235	1,498
Greystoke Primary School	108	370	3	74	555
Affinity Teaching School Alliance	122	61	-	271	454
SCITT	894	133	9	228	1,264
Farndon Fields Primary School	706	101	3	187	997
Captains Close Primary School	550	92	9	139	790
Fossebrook Primary School	1,901	292	12	360	2,565
Braunstone Community Primary School	1,310	161	33	267	1,771
Merrydale Junior School	590	102	9	177	878
	<u>16,400</u>	<u>2,925</u>	<u>259</u>	<u>3,977</u>	<u>23,561</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
UNRESTRICTED FUNDS						
Unrestricted funds	2,076	1,468	(585)	(968)	-	1,991
RESTRICTED GENERAL FUNDS						
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)
	(5,712)	21,477	(23,690)	1,009	(3,652)	(10,568)
RESTRICTED FIXED ASSET FUNDS						
Net book value	30,733	-	(642)	697	-	30,788
SCA capital grant	109	702	-	(473)	-	338
S106 grant	(2)	-	-	2	-	-
DfC grant	40	271	-	(273)	-	38
Growth pot grant	-	10	-	-	-	10
Other capital income	(32)	-	-	6	-	(26)
	30,848	983	(642)	(41)	-	31,148
TOTAL RESTRICTED FUNDS	25,136	22,460	(24,332)	968	(3,652)	20,580
TOTAL FUNDS	27,212	23,928	(24,917)	-	(3,652)	22,571

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**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	30,570	30,570
Current assets	4,557	108	1,392	6,057
Creditors due within one year	(2,293)	-	(6)	(2,299)
Creditors due in more than one year	-	-	(14)	(14)
Provisions for liabilities and charges	-	(13,843)	-	(13,843)
TOTAL	2,264	(13,735)	31,942	20,471

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	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)
TOTAL	1,991	(10,568)	31,148	22,571

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £000	2019 £000
Net expenditure for the period (as per Statement of Financial Activities)	(804)	(989)
ADJUSTMENTS FOR:		
Depreciation	739	642
Capital grants from DfE and other capital income	(1,375)	(983)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	1,551	1,044
Defined benefit pension scheme finance cost (note 16)	219	175
(Increase)/decrease in debtors	(202)	141
Increase/(decrease) in creditors	164	(461)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	291	(432)

24. CASH FLOWS FROM FINANCING ACTIVITIES

	2020 £000	2019 £000
Repayments of borrowing	(6)	(6)
NET CASH USED IN FINANCING ACTIVITIES	(6)	(6)

25. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £000	2019 £000
Interest received	1	1
Purchase of tangible fixed assets	(521)	(697)
Capital grants from DfE/ESFA	1,375	983
NET CASH PROVIDED BY INVESTING ACTIVITIES	855	287

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**NOTES TO THE FINANCIAL STATEMENTS
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26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020	2019
	£000	£000
Cash in hand	4,817	3,677
TOTAL CASH AND CASH EQUIVALENTS	4,817	3,677

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	3,677	1,140	4,817
	3,677	1,140	4,817

28. CAPITAL COMMITMENTS

At 31 August 2020 the Academy Trust had capital commitments as follows:

	2020	2019
	£000	£000
CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS		
Acquisition of tangible fixed assets	322	-

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**NOTES TO THE FINANCIAL STATEMENTS
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29. PENSION COMMITMENTS

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

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

Contributions amounting to £358,432 were payable to the schemes at 31 August 2020 (2019 - £309,650) and are included within creditors.

TEACHERS' PENSION SCHEME

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
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29. PENSION COMMITMENTS (CONTINUED)

The employer's pension costs paid to TPS in the year amounted to £1,853,000 (2019 - £1,280,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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 2020 was £1,850,000 (2019 - £1,686,000), of which employer's contributions totalled £1,492,000 (2019 - £1,351,000) and employees' contributions totalled £358,000 (2019 - £335,000). The agreed contribution rates for future years are 24.7% per cent for employers and 5.5% - 12.5% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Academy Trust 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

	2020	2019
	%	%
Rate of increase in salaries	2.7	3.3
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.2	2.3
Commutation of pensions to lump sums	50	50

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29. 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:

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.5	21.2
Females	23.8	23.4
<i>Retiring in 20 years</i>		
Males	22.2	22.2
Females	25.2	24.7

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(851)	(705)
Discount rate -0.1%	851	705
Mortality assumption - 1 year increase	1,190	978
Mortality assumption - 1 year decrease	(1,190)	(978)
CPI rate +0.1%	765	591
CPI rate -0.1%	(765)	(591)

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

	2020 £000	2019 £000
Equities	9,386	7,924
Bonds	4,614	4,235
Property	1,273	1,093
Cash	636	410
Total market value of assets	15,909	13,662

The actual return on scheme assets was £535,000 (2019 - £781,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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29. PENSION COMMITMENTS (CONTINUED)

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

	2020 £000	2019 £000
Current service cost	(2,919)	(2,065)
Past service cost	(124)	(330)
Interest income	276	338
Interest cost	(495)	(513)
Total amount recognised in the Statement of Financial Activities	(3,262)	(2,570)

The Academy Trust expects to contribute £1,435,000 to its defined benefit pension scheme in 2021.

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

	2020 £000	2019 £000
At 1 September	24,439	17,183
Current service cost	2,919	2,065
Interest cost	495	513
Employee contributions	358	335
Actuarial losses	1,555	4,095
Benefits paid	(138)	(82)
Past service cost	124	330
At 31 August	29,752	24,439

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

	2020 £000	2019 £000
At 1 September	13,662	11,277
Interest income	276	338
Actuarial gains	259	443
Employer contributions	1,492	1,351
Employee contributions	358	335
Benefits paid	(138)	(82)
At 31 August	15,909	13,662

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NOTES TO THE FINANCIAL STATEMENTS
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30. OPERATING LEASE COMMITMENTS

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Within 1 year	16	13
Between 1 and 5 years	21	11
	37	24

31. 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

32. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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 £13,925 (2019 - £19,320). The amount outstanding at the balance sheet date was £Nil (2019 - £408).

Total recharges made to Inspiring Leaders Limited for staff costs, consultancy fees and venue hire amounted to £1,167 (2019 - £17,278). The amount outstanding at the balance sheet date was £Nil (2019 - £15,880).

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, agreed prior to April 2019, in respect of project costs amounted to £735 (2019 - £3,770). The amount outstanding at the balance sheet date was £Nil (2019 - £Nil).

Total recharges for membership to the Affinity Teaching School Alliance and course costs made to Barwell C of E Academy amounted to £150 (2019 - £4,010). The amount outstanding at the balance sheet date was £Nil (2019 - £40).

The Academy Trust 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 £Nil (2019 - £700). The amount outstanding at the balance sheet date was £Nil (2019 - £Nil).

J Stone, spouse of P Stone, Trust Leader, is employed by the Academy Trust as a teacher. J Stone's appointment was made in open competition and P Stone was not involved in the decision-making process regarding appointment. J Stone is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to the Trust Leader. Take on procedures were in line with normal Trust guidelines, with DBS checks and references being sought.

DISCOVERY SCHOOLS ACADEMIES TRUST LTD
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NOTES TO THE FINANCIAL STATEMENTS
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M Williams, daughter of D Williams, Trustee, is employed by the Academy Trust as support staff. M Williams' appointment was made in open competition and D Williams was not involved in the decision-making process regarding appointment. M Williams is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to the Trustee. Take on procedures were in line with normal Trust guidelines, with DBS checks and references being sought.

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

33. CONTROLLING PARTY

The Academy Trust is ultimately controlled by the Governing Body.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

34. TEACHING SCHOOL TRADING ACCOUNT

	2020 £000	2020 £000	2019 £000	2019 £000
Income				
DIRECT INCOME				
Private fee income	498		531	
TOTAL INCOME		498		531
Expenditure				
DIRECT EXPENDITURE				
Depreciation	9		9	
OTHER EXPENDITURE				
Other staff costs	183		191	
Course fees	4		4	
Travel and subsistence	3		3	
Professional fees	1		1	
Advertising	5		3	
Training room hire	1		4	
Rent	4		-	
Governance costs	2		4	
Other support costs	260		271	
TOTAL OTHER EXPENDITURE	463		481	
TOTAL EXPENDITURE		472		490
Transfers between funds excluding depreciation		5		(7)
Surplus from all sources		31		34
Teaching school balances at 1 September 2019		77		43
TEACHING SCHOOL BALANCES AT 31 AUGUST 2020		108		77