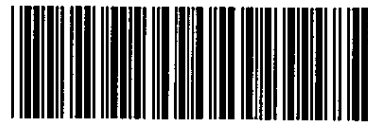


DIVERSE ACADEMIES TRUST LIMITED
(A Company limited by Guarantee)
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

Registered Number 7664012 (England and Wales)

FRIDAY



A1092Y80

A82

21/12/2012

#12

COMPANIES HOUSE

DIVERSE ACADEMIES TRUST LIMITED

FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2012

CONTENTS	PAGES
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	12
Statement of Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditor's Reports	17
Statement of Financial Activities (Income and Expenditure Account)	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Financial Statement	23

DIVERSE ACADEMIES TRUST LIMITED
REFERENCE AND ADMINISTRATION DETAILS
PERIOD ENDED 31 AUGUST 2012

Reference and Administrative Details

Trustees/Directors	J R Rolph (Chair) R Pitchford Reverend C Wall A Webster M Tivey (Staff Governor) A Knight R A Henderson R Stewardson (Staff Governor) C B Pickering (Principal and Accounting Officer)
---------------------------	--

Company Secretary	A Elway
--------------------------	---------

Senior Management Team:

▪ Executive Principal	C B Pickering
▪ Academy Principal	G D Lloyd
▪ Academy Principal	D Gibson
▪ Executive Business Manager	I Harmer

Registered Office	c/o Tuxford Academy Marnham Road Tuxford Newark Nottinghamshire NG22 0JH
--------------------------	---

Company Registration Number	7664012 (England and Wales)
------------------------------------	-----------------------------

Independent Auditor	RSM Tenon Audit Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW
----------------------------	---

Bankers	Lloyds TSB 37 Castlegate Newark NG24 1BD
----------------	---

Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ
-------------------	--

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2012

The charitable company was incorporated on 9 June 2011 and commenced trade as an Academy Trust on 1 August 2011

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee (registration number 7664012) and an exempt charity. The charitable company's articles of association are the primary governing documents of the academy trust.

The trustees of The Diverse Academies Trust Limited are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Diverse Academies Trust (DAT). Details of the directors and trustees who served throughout the period are included in the Reference and Administration 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 period 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.

Governors' Indemnities

The Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions.

Principal Activities

The Trust's principal activities are the provision of education of pupils between the ages of 11 and 18 currently across 2 secondary academies namely Tuxford and Retford Oaks.

Method of Recruitment and Appointment or Election of Directors

The Trust seeks to recruit directors across a broad spectrum so that it represents the community it resides in and as such has divided its membership accordingly so that there are representatives from the following area:

The Trust shall have a minimum of 5 directors which can include the following:

- A minimum of 2 staff directors
- Chairman of each academy board
- The Chief Executive
- A minimum of 2 parent directors

The Trust can appoint an additional 3 co-optees if they feel this is appropriate.

Increasingly the Directors will look to review the skills mix that it currently has and will therefore look to recruit external governors with specific skills.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Policies and Procedures Adopted for the Induction and Training of Directors

The Board of Directors takes the training and development of its members very seriously. This is demonstrated by the following:

All new Directors are given a detailed induction which is carried out by Roger Hyde, who is an experienced practitioner in Governor development, this is supplemented by access to the County Council's governance services for updates etc.

Prior to each individual Academy Board meeting the Governors receive training and updating on a wide variety of topics which are related to Academies and their roles.

The Trust and individual academies also maintain a training and development budgets which is used to provide additional training and development for its Directors and Academy Board Governors.

Organisational Structure

The Academy has a well-defined organisational structure which it uses to ensure that decisions are made and approved at the appropriate level.

Risk Management

The Directors are aware of the significant risks facing the Trust since it achieved Academy status, these surround in particular the finances of individual Academies, the need to continually enhance the facilities, as well as the overriding need to continually increase the quality of the teaching and learning it provides for its students. Discussions surrounding these key risks are undertaken with a variety of forums including Trust meetings, Academy Board meetings, appropriate portfolio meetings and management team meetings.

The Trust has looked throughout this initial accounting period to make on-going improvements to its overall systems of internal control through regular reviews by individual Academy responsible Officers and its auditors (RSM Tenon). The outcomes of these reviews have been addressed by the Trust to ensure that on-going improvements are achieved. A formal process is now being developed by the Trust to ensure that these on-going improvements are embedded across all Academies within the group. The overall aim is to have all Academies operating at sector best practice by the end of the 2013/2014 financial year.

The Trust has also ensured that individual Academies have completed the initial requirement to complete the Financial Management & Governance Evaluation (FMGE) questionnaire for submission to the Education Funding Agency (EFA). Both returns have self-assessed the Academies at Retford Oaks and Tuxford as being satisfactory which the Trust is comfortable with at this stage of its inception.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Whilst the EFA have withdrawn the requirement to submit the FMGE other than for new Academies the Trust feels that the completion of the FMGE on an annual basis is an important tool by which it can measure the embedding and effectiveness of its Risk Management processes. As such individual Academies will be required to submit an annual FMGE return which will be reviewed and monitored by the newly formed Trust Audit Committee. The Committee will be expecting to see that all Trust Academies will be rated as "Good" or better by the 2013/14 evaluation with the exception of any new Academies, which join the Trust.

The expectation is that these Academies will be rated as "Good" or better by the end of the second academic year after joining the Trust.

Connected Organisations

Whilst the Trust is a multi-Academy Trust responsible for its own affairs it has entered into a partnership arrangement with The National Church of England Academy Trust Limited (NCEAT) with whom it has had a long standing collaboration agreement with since 2007. The Trust shares an Executive Head, Academy Improvement Support Manager, Executive Business Manager and Company Secretary with NCEAT as it seeks to make on-going improvements to the efficiencies of its operations across both Academic and Support functions.

This is detailed within a formal partnership agreement which creates the Diverse Academies Learning Partnership which outlines the way that the 2 trusts will work together. This involves the contribution to agreed central services including the staff highlighted above and the creation of a partnership board to oversee a variety of partnership activities covering both Academic and Support functions.

The Trust has also worked closely with Harry Carlton School (now East Leake Academy) during the year in question providing school to school improvement support and helping them prepare for academy conversion. This conversion was planned to take place on September 1 2012 but was delayed until November 1 2012. The Academy joined the DAT Trust on that date.

During the period in question the Trust derived income amounting to £81,000 in respect of the school to school support it provided. The impact of this support was reflected in East Leake Academy's recent Ofsted inspection which saw it graded as "Good", moving from its previous "satisfactory" judgement. The Trust has begun to work with Tuxford Primary School to sponsor it, to become an academy and co-ordinate its school to school improvement plan.

Objectives and Activities

Objects and Aims

The Trust's primary objective is the delivery of high quality teaching & learning to every child that attends one of its Academies. This is articulated through the objective for every Academy to be rated as "Good" or better within three years after its next inspection.

The Trust is committed to achieving this through the dissemination of best practice wherever that might be found with the academies and the Teaching School Alliance.

The key objective is supported by the undertaking that the Trust's Corporate Services will also seek to be rated as "Good" or better so that it can provide the support necessary to achieve the key objective.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Objectives, Strategies and Activities

The Trust's objectives, strategies and activities are set as follows

The Executive Principal sets the key objectives for the forthcoming 3 years which is revised annually from which comes the annual operating plan to meet the milestones in the overall 3 year plan. This sets the overall position for the Trust and the wider DALP partnership. The overall strategy and annual operating plan are agreed by both the Trust and DALP boards. The 2 boards then monitor and evaluate progress against the plan as the year progresses.

The individual Academies set out their own individual priorities within this overall framework which is agreed and monitored by their own individual boards.

Public Benefit

In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and Performance

During 2011/2012 Tuxford Academy was judged by Ofsted as 'outstanding' for the second consecutive time. The academy also became a 'Teaching School' and achieved its best ever GCSE results. Retford Oaks School finally became an academy, sponsored by Tuxford Academy within the Diverse Academies Trust, on 1 April 2012. This brought to an end a very unsettling period and now leaves the way open to secure further improvement in achievement and performance for the summer 2013 exam period.

A significant amount of support was provided for Harry Carlton School contributing to significant improvements in the quality of Leadership and Management and teaching and learning. This was reflected in a recent Ofsted review where the school's improvements were reflected in its rating of "Good".

As the number of trust members has increased so the Diverse Academies Learning Partnership infrastructure has developed to meet the needs of the academies in DAT and the National Church of England Academy. The Corporate functions of the trust and the services it provides to the academies have both expanded to meet need but have remained streamlined and focussed to give value for money.

Going Concern

After making appropriate enquiries, the directors have 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 can be found in the Statement of Accounting Policies.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Financial Review

The Trust has recorded a very strong financial performance in this its initial 13 month accounting period recording an overall operating surplus before the impacts of capital pension charges of **£888,000**. This has been achieved through the strong control of expenditure, especially staff related expenditure and the maximisation of income across a number of new funding opportunities. These reserves are split follows

- **Unrestricted Reserves of £238,000.** The Trust can use these reserves for a variety of initiatives that it sees as appropriate to furthering its primary aims and objectives, namely to continue improving both the quality of its Teaching and Learning across the Trust and improving the quality and expertise of its support services. A significant proportion of this surplus arises from the inclusion of school fund balances within the Trust accounts.
- **Restricted Reserves of £650,000.** The Trust must use these reserves for the purpose they are intended for. In the main these reserves are intended for the delivery of education.

The Trust sees this financial performance as being essential to build up levels of reserves that will allow the Trust to mitigate any potential adverse funding changes in the coming years as the impacts of changes to funding at both pre and post-16 come into effect. The Trust is currently evaluating the proposed changes and will look to model the impacts once more solid data is available from the Educational Funding Agency (EFA).

The Trust is looking where possible to build upon these reserves in the coming year to further consolidate its strong financial position and has where possible set realistic budgets for its existing Academies and for the proposed new converter Academies of East Leake and Tuxford Primary.

As regards the Fixed Asset Reserve, this is made up of the following

- **Assets transferred on conversion –** The Trust was gifted the use of the existing school buildings at both Retford and Tuxford on their individual conversion dates. Both buildings are just over 5 years old having been built by Nottinghamshire County Council under the Private Finance Initiative (PFI) scheme prior to conversion. As a result the Trust operates these buildings on a long leasehold agreement of 125 years but is currently depreciating them over 50 years which is seen as being more appropriate.
- **Assets added during the financial period under review –** The major asset added during the period was that of an extension to the reception area at Tuxford. This project was substantially complete at the end of the period under review and was formally commissioned during September 2012.
- **Capital grant funding –** The Trust received a formula derived allocation of funding to support the on-going development of its resource. These in the main were set against the purchase of ICT infrastructure items.
- **Depreciation –** These are the charges in respect of the use of the assets of the Trust with the major charge being against the buildings.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Financial and Risk Management Objectives and Policies

The Trust faces the following financial and other uncertainties over the coming 12-24 months and as such it is looking to develop objectives and policies to firstly establish the principle risks and then develop its objectives and policies to minimise them.

The Trust whilst not being totally risk adverse will look to mitigate the majority of the risks it faces through a combination of effective risk management and the use of its insurance policies to cover those risks which are outside of its immediate control and where the cost or probability of occurrence is such that the cost of effective mitigation is prohibitive.

During this initial review period much of the Risk Management activity has been carried out at individual Academy Board level with the solutions being mainly locally driven. However with the increasing number of academies within the Trust it is now appropriate that the Trust itself takes a much more pro-active approach to risk management.

As such the Trust will look to develop its own key strategic risks along with detailed processes for dealing with these risks which will include a detailed assessment of the key risks arising from individual Academy Financial Management & Governance Evaluation (FMGE) responses, the output from Responsible Officer and other audit reviews.

The Trust is looking to form an Audit Committee part of whose remit will be the oversight of Risk Management policies and processes.

From its initial review the Trust sees its key risks as follows:

- Funding reform changes – The Trust is currently working on evaluating and then modelling the possible impact on the projected revision to the funding formulas at both pre and post 16. There are significant changes proposed which could impact on one or more Trust academies.
- Availability of capital funding – Whilst the Trust currently occupies relatively new buildings which are in excellent condition, there is the need to re-develop the buildings to meet changes in pupil numbers and to continue upgrading the resources infrastructure of the Trust's Academies so that they remain of the highest quality. The unavailability of any significant volumes of capital funding will place substantial strain on Trust reserves if it is to meet these improvements in the short term.
- Changes in pension funding assumptions – The Trust is aware that over the next 12-24 months both pension funds that its employees are members of face, a major actuarial evaluation of their financial position. The revaluation could impact significantly on employer contributions if the current deficit reduction strategies are found not to have had the desired impact.
- Annual pay rises – the sector is in the midst of the public sector pay freeze which will be soon coming to an end and as such there could be an expectation by both staff and unions of significant movements in salaries. This however will be at the same time as the next round of public sector reviews is due. As such the Trust along with other organisations in the sector will find it very difficult to meet this expectation.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

The Trust will be looking to mitigate these uncertainties through the development of effective mid-term financial planning models that will look to identify key issues and give the Trust time to develop policies and objectives to meet these challenges as they occur

A principal factor in this will be the continuing development of reserves to allow the Trust time to re-adjust its operations to meet the revised landscape

The Trust following its departure from Local Authority control and management is increasingly looking to increase its expertise in a number of areas such as Finance, HR, ICT and Quality so that it can provide enhanced services to its member Academies as well as develop services for other Academies

Principal Risks and Uncertainties

The principal financial risk facing the Academy over the next 12-24 months is the proposed change to the funding formula at both pre and post 16 along with changes to the demographics with projected changes in Academy catchment area over the next few years. The Trust is looking to develop its forecasting expertise to highlight the key financial issues. It will then develop an approach to initially address any financial shortfall then implement strategies to deal with this including the formulation of targeted marketing aimed at increasing pupil numbers across the group.

The other significant risks facing the Trust over the next 12-24 months are as follows

- The need to continually improve on the excellent performance in the 2012 public examinations which saw 77% of Tuxford students at GCSE achieve 5 A*-C's. The Retford Oaks Academy meanwhile faces a potential Ofsted inspection in the next 12-24 months and will be striving to improve on its current "Satisfactory" status. The on-going increases in its academic status are seen as pivotal in helping to address a potential shortfall of students.
- The need to ensure consistency across the entire Group so that the standards established at Tuxford are replicated across other Academies in the group. This will become ever more important as the Trust increases the number of Academies under its control. The Trust has in response to this taken on an experienced curriculum adviser as Academy Improvement Support Manager with responsibility for raising standards across the Trust and its partners.
- The Trust will need to ensure that the same qualitative approach is targeted at its support services so that they continually evolve to meet the increased and changing demands being placed on them following conversion to Academy status. The Trust is continually reviewing the services provided both locally and centrally with a view to updating them as and when resources and circumstances permit.
- As the number of Academies within the Trust increases then increasing emphasis will need to be placed on ensuring that the HR systems and processes within the Trusts continue to grow with it. The Academy is looking to strengthen this area of expertise in the near future.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Reserves Policy

The Academy is currently looking to increase the levels of reserves that it is proposing to hold for the following reasons

Strategic Reserves – Funds held as a buffer to allow the Trust to meet year to year changes in pupil numbers without the need to make short term adjustments to staffing and also to meet the potential for on-going restructuring if reduced funding or student numbers dictate

Capital Reserves – The Trust will be looking to increase the levels of its reserves over the strategic funding reserves in order to support the need to constantly invest in the infrastructure of the Academy to ensure that the quality of the environment is continually enhanced. The Trust has identified a number of infrastructure projects which it would look to develop should resources become available including new drama facilities at Tuxford, as well as on-going improvements in its ICT infrastructure

Investment Policy

The Academy will look to invest any surplus funds it has in short term deposits which whilst not generating substantial returns do ensure that the Academy can gain easy access to its funds and minimise its exposure to any losses

As levels of reserves increase and the quality of the Trust's cash flow forecasting improves then the Trust will look to invest longer term to enhance the potential return of these investments whilst still maintaining the security and accessibility of these investments

Plans for Future Periods

The Trust is looking to continue developing its activities and operations in the following areas

- **Partnership**

The Trust is committed to continually developing the existing arrangements with The National Church of England Academy Trust with whom it currently has a well-defined and mature partnership under the Diverse Academies Learning Partnership (DALP) agreement

This arrangement is already demonstrating clear benefits for both Trusts in the sharing of key staff, the development of effective models of working and the development of high quality learning materials

This arrangement has seen both Tuxford and The National achieve their best ever performances at GCSE during the summer of 2012, an outcome which confirmed Tuxford's re-accreditation as an Outstanding provider and puts The National in an excellent position to achieve a very positive outcome at its next Ofsted visit which is due in the next 12-24 months

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

- **Quality of Provision**

The Trust is committed to the on-going development of its member Academies in terms of its Academic performance targeting that individual Academies will be graded as Good or better by the time of the Ofsted inspection after next and Outstanding by the time of the third inspection. One Academy is already rated as outstanding with a recently converted Academy having been graded as Good, immediately prior to conversion.

The Trust has invested its resources in achieving this objective through the appointment of an Academies Improvement & Support Manager who is carrying out detailed curriculum reviews in areas of concern plus the establishment of peer working groups aimed at highlighting and disseminating best practice.

The Trust is also investing in the development of efficient and effective Corporate Services aimed at providing a high quality business support function which enhances expertise whilst reducing duplication and expenditure. This function led by the Executive Business Manager is looking to increase the range and scope of these services over the next 18-24 months.

As a result of the above the Trust is committed to providing high quality staff development opportunities to its entire staff to provide them with the skills and expertise to meet the new challenges posed by conversion to Academy status.

- **Expansion of the Trust**

The Trust is expecting to add two new members into the Group during the coming financial year, these being East Leake Academy which converted to an Academy on 1 November 2012 and Tuxford Primary which are currently going through the application process with an expected conversion date of 1 February 2013.

Whilst the Trust is not actively seeking new members it will retain the option to increase the size and scope of the group in the following manner:

- Allowing the integration of any feeder primary school into the group or
 - Increasing the size of the group where it makes a strategic fit through proximity to existing schools or to bring additional expertise into the Trust.
- The Trust will also look to work with other Academies whether stand alone or multi-academy to expand its area of expertise or to provide its services. This may involve the development of a softer federated approach where other schools and academies access Trust services on an optional basis according to their need.

DIVERSE ACADEMIES TRUST LIMITED

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2012

Auditor

Insofar 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

The auditors are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

Approved by order of the directors and trustees on 12 December 2012 and signed on their behalf by.



J R Rolph FCA
Chair

DIVERSE ACADEMIES TRUST LIMITED

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2012

Scope of Responsibility

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

The Directors of the DAT board has delegated the day-to-day responsibility to the Executive Principal, 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 Diverse Academies Trust Limited and the Secretary of State for Education. They are also responsible for reporting to the Trust any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements described in the Director's Report and in the Statement of Trustees' responsibilities. The Trust Directors have formally met 4 times during the period. Attendance during the year at meetings of the Trust Board was as follows:

Directors	Meetings attended	Out of a possible
J R Rolph (Chair/Member/Chair of Governors at Tuxford)	4	4
R A Henderson (Member/Chair of Governors at Retford Oaks)	4	4
R Stewardson (Staff Governor)	2	4
R Pitchford (Parent Governor)	4	4
G Mill (Parent Governor)	1	1
M Tivey (Staff Governor)	3	4
A Knight (Parent Governor)	1	1
A Webster (other elected Director)	3	4
Reverend C Wall (member other elected Director)	4	4
C B Pickering (Executive Principal and Accounting Officer)	4	4
A Elway (Company Secretary and Clerk)	4	4

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 continually improved within the Diverse Academies Trust Limited during the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

DIVERSE ACADEMIES TRUST LIMITED
GOVERNANCE STATEMENT CONTINUED
PERIOD ENDED 31 AUGUST 2012

Capacity to Handle Risk

The Trust Board is continually reviewing the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been significantly improved during the period ending 31 August 2012 and is still being enhanced through to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Academy Board.

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 Academy Board,
- regular reviews by individual academy portfolio's with responsibility for finance of financial information which indicates financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

The Directors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor at this juncture. However, the Academy governors have appointed Margaret Blore a Tuxford Governor as Responsible Officer ('RO') to work in conjunction with RSM Tenon who are currently carrying out the detailed RO reviews within the Trust. Further RO's have subsequently been identified for both Retford and East Leake Academies. The RO's and RSM Tenon's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis the RO reports to the Academy Board and Trust on the operation of the systems of control and on the discharge of the Academy Board's financial responsibilities.

This role has been supplemented by a detailed interim review of the Academy's financial control systems. The outcomes of this review and that of the Responsible Officer have highlighted no significant weaknesses in the Academy's internal control systems and have highlighted the on-going improvements required to ensure the Academy is meeting Academy best practice.

An action plan has been developed so that the Academy can monitor its progress against Academy best practice. As such the Trust believes that it has fully met the EFA's requirements of the RO function.

The Trust has over recent months considered the need to establish an Audit Committee to review and direct the work of the above to ensure that any findings from individual reviews are embedded across the Trust.

Following on from the recent publication of the revised "Academies Financial Handbook" this review has been accelerated with terms of reference due to be debated at its next meeting.

DIVERSE ACADEMIES TRUST LIMITED
GOVERNANCE STATEMENT CONTINUED
PERIOD ENDED 31 AUGUST 2012

Review of Effectiveness

As Accounting Officer, the Executive Principal 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 Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- 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 by the implications of the result of their review of the system of internal control by the individual academy portfolios concerned with the monitoring of financial information and to plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Diverse Academies Trust on 12 December 2012 and signed on its behalf by



J R Rolph FCA
Chair



C B Pickering
Accounting Officer

DIVERSE ACADEMIES TRUST LIMITED

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

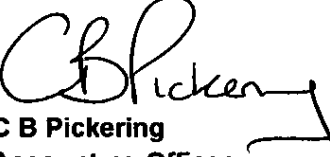
PERIOD ENDED 31 AUGUST 2012

Statement on Regularity, Propriety and Compliance

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.


C B Pickering
Accounting Officer

DIVERSE ACADÉMIES TRUST LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

PERIOD ENDED 31 AUGUST 2012

The Directors (who act as trustees for charitable activities of Diverse Academies Trust Limited and are also the directors of the Charitable company for the purposes of company law) are responsible for preparing the Directors' report and financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- 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 Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

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

Approved by order of the members of the Trust Board on 12 December 2012 signed on its behalf by



J R Rolph
Chair

DIVERSE ACADEMIES TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

PERIOD ENDED 31 AUGUST 2012

Independent Auditor's Report on the Financial Statements to the Governing Body of Diverse Academies Trust.

We have audited the financial statements of Diverse Academies Trust for the period ended 31 August 2012 which comprises the Statement of Financial Activities (including income and expenditure account and statement of recognised gains and losses), balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of the charitable company's affairs as at 31 August 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and the annual accounts direction 2011/2012 issued by the Education Funding Agency
- have been prepared in accordance with the requirements of the Companies Act 2006

DIVERSE ACADEMIES TRUST LIMITED
INDEPENDENT AUDITOR'S REPORT CONTINUED
PERIOD ENDED 31 AUGUST 2012

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

David Hoose
Senior Statutory Auditor
for and on behalf of



RSM Tenon Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5 FW

12 December 2012

DIVERSE ACADEMIES TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

PERIOD ENDED 31 AUGUST 2012

Independent Auditor's Report on Regularity to the Directors of Diverse Academies Trust Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 July 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 August 2011 to 31 August 2012 have been applied to the purposes identified by parliament and the financial transactions conform to the authorities which govern them

This report is made solely to the Academy Trust Board and the EFA. Our review work has been undertaken so that we might state to the Academy Trust Board and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust Board and the EFA for our review work for this report, or for the opinion we have formed.

Respective responsibilities of the Academy Trust Board and Auditors

The Directors are responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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.

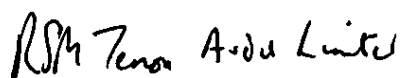
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA. We conducted our review in accordance with Academies Handbook and the Accounts Direction issued by the EFA. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income & expenditure.

Opinion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



David Hoose
Senior Statutory Auditor
for and on behalf of
RSM Tenon Audit Limited
12 December 2012

DIVERSE ACADEMIES TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account and Statement of Recognised gains and losses)

PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000
Incoming resources					
Income resources from generated funds					
- Voluntary income	3	11	-	-	11
- Transfer from local Authority on conversion	25	213	(2,072)	32,231	30,372
- Activities for generating funds	4	506	262	-	768
- Investment income	5	7	-	-	7
Income resources from charitable activities					
- Funding for the Academy's educational operations	6	16	10,393	45	10,454
Total incoming resources		753	8,583	32,276	41,612
Resources expended					
Cost of generating funds					
- Cost of generating voluntary income					
- Fundraising trading	7	(10)	-	-	(10)
Charitable activities					
- Academy's educational operations	8	(392)	(10,050)	(510)	(10,952)
Governance costs	9	(113)			(113)
Total resources expended	7	(515)	(10,050)	(510)	(11,075)
Net incoming/(outgoing) resources before transfers		238	(1,467)	31,766	30,537
Gross transfer between funds		-	(81)	81	-
Net income/(expenditure) for the year		238	(1,548)	31,847	30,537
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension scheme	23	-	(325)	-	(325)
Net movement in funds & total funds carried forward	17	238	(1,873)	31,847	30,212

All of the academy's activities derive from acquisitions in the current financial period

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The notes on pages 23 to 36 form part of these financial statements

DIVERSE ACADEMIES TRUST LIMITED

BALANCE SHEET AT 31 AUGUST 2012

COMPANY NUMBER: 7664012

	Notes	2012 £000	2012 £000
Fixed assets			
Tangible assets	13		31,847
Current assets			
Debtors	14	231	
Cash at bank and in hand		1,534	
		<u>1,765</u>	
Liabilities			
Creditors amounts falling due within one year	15	(877)	
Net current assets			<u>888</u>
Total assets less current liabilities & net assets excluding pension liability			32,735
Pension scheme liability	23		(2,523)
Net assets including pension liability			<u><u>30,212</u></u>
Funds of the academy			
Restricted funds			
- Fixed asset fund	16	31,847	
- General fund	16	650	
- Pension reserve	16	<u>(2,523)</u>	
Total restricted funds			29,974
Unrestricted funds			
- General fund	16		238
Total funds			<u><u>30,212</u></u>

The financial statements on page 20 to 36 were approved by The Trust and authorised for issue on 12 December 2012 and are signed on their behalf by



John Rolph, FCA
Chair

The notes on pages 23 to 36 form part of these financial statements

DIVERSE ACADEMIES TRUST LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2012

COMPANY NUMBER: 7664012

		2012 £000
Net cash inflow from operating activities	18	1,395
Returns on investments and servicing of finance	19	7
Capital expenditure	20	(81)
(Decrease)/Increase in cash in the year		1,321
Reconciliation of net cash flow to movement in net funds		
Cash transferred on conversion to an academy trust		
Net Funds at 1 September 2011		213
Net Funds at 31 August 2012	21	1,534

All of the cash flows are derived from acquisitions in the current financial period

The notes on pages 23 to 36 form part of these financial statements

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. The Statement of Financial Activities as set out on page 20 identifies the identical information as that of the Income and Expenditure Statement. As such, no separate Income and Expenditure Statement has been prepared.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversion to an Academy Trust

The conversion from state maintained schools to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Tuxford School and Retford Oaks to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/(expenditure) in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

Going concern

The governors 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 trust to continue as a going concern. The governors make this assessment each year in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

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

▪ **Grants receivable**

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

▪ **Sponsorship income**

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

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

1. Statement of Accounting Policies (continued)

▪ **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured

▪ **Other income**

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

▪ **Donated services and gifts in kind**

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

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

▪ **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds

▪ **Charitable activities**

These are costs incurred on the trust's educational operations

▪ **Governance costs**

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

1. Statement of Accounting Policies (continued)

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy

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

Long leasehold buildings	50 years
Furniture and equipment	5 years
Computer equipment and software	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use

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

Leased Assets

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

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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS') and a defined contribution pension scheme. These first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the trust

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

1. Statement of Accounting Policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 services costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested.

If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency or the Department for Education.

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

2. General Annual Grant (GAG)

a) Results and carry forward for the period

	Tuxford £000	Retford £000	2012 £000
GAG brought forward from previous period			
GAG allocation for current period	7,021	2,335	9,356
Total GAG available to spend	7,021	2,335	(8,976)
Recurrent expenditure from GAG	6,715	2,166	(8,881)
Fixed assets purchased from GAG	70	11	(81)
GAG carried forward to next year	236	158	394
Maximum permitted GAG carry forward (12% of allocation for current year)	(843)	(280)	(1,123)
GAG to surrender to DfE	(607)	(122)	(729)
(12% rule breached if result is positive)			

3. Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Other Donations	11	-	11

4. Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Management Charges	-	92	92
Other Income	506	170	676
	506	262	768

5. Investment Income

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Short term deposits	7	-	7

6. Funding for academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
DfE/EFA capital grants	-	45	45
DfE/EFA revenue grants			
- General Annual Grant (GAG)	-	9,877	9,877
- Start Up Grants	-	197	197
- Other DfE/EFA Grants	-	155	155
	-	10,229	10,229
Other Government grants			
- Local authority grants	16	164	180
	16	164	180
Total	16	10,438	10,454

DIVERSE ACADEMIES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDING 31 AUGUST 2012

7. Resources expended

	Staff Costs £000	Non pay Premises £000	Expenditure other costs £000	2012 Total £000
Costs of activities for generating funds	-	-	10	10
Academy's education operations				
- Direct costs	6,558	-	896	7,454
- Allocated support costs	1,202	1,071	1,225	3,498
	<u>7,760</u>	<u>1,071</u>	<u>2,121</u>	<u>10,952</u>
Governance costs including allocated support costs	-	-	113	113
	<u>7,760</u>	<u>1,071</u>	<u>2,244</u>	<u>11,075</u>

Incoming/outgoing resources for the year include:

	2012 £000
Operating leases	18
Fees payable to auditor – audit	14
other services	9
Depreciation of fixed assets	<u>510</u>

8. Charitable Activities – Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Direct costs			
Teaching and educational support staff costs	-	6,558	6,558
Educational supplies	392	237	629
Examination fees	-	205	205
Staff development	-	34	34
Educational consultancy	-	28	28
Other direct costs	<u>392</u>	<u>7,062</u>	<u>7,454</u>

Allocated support costs:

Support staff costs	-	1,202	1,202
Depreciation	-	510	510
Recruitment and support	-	10	10
Maintenance of premises and equipment	-	891	891
Rent and rates	-	72	72
Insurance	-	52	52
Security and transport	-	27	27
Catering	-	31	31
Bank interest and charges	-	61	61
Furniture	-	37	37
Advertising	-	31	31
IT related costs	-	201	201
Other professional fees	-	197	197
Extended Services	-	50	50
Other support costs	-	126	126
	-	<u>3,498</u>	<u>3,498</u>
Total	<u>392</u>	<u>10,560</u>	<u>10,952</u>

9. Governance Costs

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000
Legal and professional fees	95	-	95
Auditor's remuneration			
Audit of financial statements	14	-	14
Responsible officer audit	4	-	4
	<u>113</u>		<u>113</u>

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

10. Staff costs

Staff costs during the period were

	2012
	£000
Wages and salaries	6,226
Social security costs	483
Pension costs	930
	<u>7,639</u>
Supply teacher costs	97
Compensation payments	24
	<u><u>7,760</u></u>

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows

	2012
	£000
Charitable activities	
Teachers	135
Administration and support	93
Management	13
Total	244

The number of employees whose emoluments fell within the following bands was

	2012
	£000
£60,001 - £70,000	2
£70,001 - £80,000	1
£130,001 -140,000	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for these staff amounted to £49,000.

11. Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows

Executive Principal	£130,001-£140,000
Other Staff Governor 1	£40,001 - £50,000
Other Staff Governor 2	£40,001 - £50,000

During the year ended 31 August 2012, no travel and subsistence expenses were reimbursed to governors

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

12. Governors' and Officers' Insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2012 was £6,000.

The cost of this insurance is included in the total insurance cost.

13. Tangible Fixed Assets

	Long Leasehold and Buildings £000	Furniture and equipment £000	Computer Equipment £000	Total £000
Cost				
Transfer on conversion	32,231	-	-	32,231
Additions	67	20	39	126
At 31 August 2012	32,298	20	39	32,357
Depreciation				
Charges in period	(501)	(1)	(8)	(510)
At 31 August 2012	(501)	(1)	(8)	(510)
Net book values				
At 31 August 2012	31,797	19	31	31,847

14. Debtors

	2012 £000
Trade debtors	3
Other debtors	10
Prepayments	77
VAT repayment due from HMRC	141
	231

All amounts shown within debtors fall due for payment within 1 year.

15. Creditors: amounts falling during within one year

	2012 £000
Trade creditors	131
Other taxation and social security	188
LA Loan	27
Other creditors	118
Accruals and deferred income	413
	877

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDING 31 AUGUST 2012

16. Funds

	Transfer on conversion £000	Income resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2012 £000
Restricted general funds					
General Annual Grant (GAG)	-	9,356	(8,881)	(81)	394
Start up Grant	-	197	(197)	-	-
Other DfE/EFA grants	-	1,102	(846)	-	256
Pension reserve	(2,072)	-	(126)	(325)	(2,523)
	(2,072)	10,655	(10,050)	(406)	(1,873)
Restricted fixed asset funds					
DfE/EFA capital grants	-	45	(5)	-	40
Capital expenditure from GAG	-	-	-	81	81
Transfer from Local Authority	32,231	-	(505)	-	31,726
	32,231	45	(510)	81	31,847
Total restricted funds	30,159	10,700	(10,560)	(325)	29,974
Unrestricted funds					
General funds	213	540	(515)	-	238
Total unrestricted funds	213	540	(515)	-	238
Total funds	30,372	11,240	(11,075)	(325)	30,212

17. Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds 2012 £000
Tangible fixed assets	-	-	31,847	31,847
Current assets	238	1,527	-	1,765
Current liabilities	-	(877)	-	(877)
Pension scheme liability	-	(2,523)	-	(2,523)
Total net assets	238	(1,873)	31,847	30,212

18. Reconciliation of net income to net cash inflow from operating activities

	2012 £000
Net income for the period	30,537
Depreciation (note 13)	510
Capital grants from DfE and other capital income	(45)
Interest receivable (note 5)	(7)
FRS 17 pension cost less contributions payable (note 23)	65
FRS pension finance costs (note 23)	61
Transfer from Local Authority (note 25)	(30,372)
(Increase) in debtors (note 14)	(231)
Increase in creditors (note 15)	877
Net cash inflow from operating activities	1,395

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

19. Returns on investments and servicing of finance

	2012 £000
Interest received	7
Net cash inflow from returns on investment and servicing of finance	<u>7</u>

20. Capital Expenditure and financial investment

Purchase of tangible fixed assets	(126)
Capital grants from DfE/EFA	45
Net cash outflow from capital expenditure and financial investment	<u>(81)</u>

21. Analysis of changes in net funds

	Monies on conversion from LA £000	Cash flows £000	At 31 August 2012 £000
Cash in hand and at bank	213	1,321	<u>1,534</u>

22. Members' Liabilities

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

23. Pension and similar obligations

The academy'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 Nottinghamshire County Council

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £118,000 were payable to the schemes at 31 August and are included within creditors

Teachers' Pension Scheme

The Teachers' pension Scheme ("TPS") is a statutory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employer's contributions, are credited to the Exchequer under arrangements governed by the above Act

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

23. Pension and similar obligations (continued)

The Teachers' Pensions Regulations require an annual account, the Teachers' Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%) which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA") using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers are not fully covered by standard contributions to be paid in future and by the notional fund build up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2011 – 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £164,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75% and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5% which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost sharing agreement also introduced (effective for the first time for the 2008 valuation) a 14% cap on employer contributions payable.

From 1 April to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8% depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are depending on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are therefore currently suspended. The Government however has set out a future process for determining the employer contribution rate under the new scheme and this process will involve a full actuarial valuation.

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

23. Pension and similar obligations (continued)

Under the definitions set out in Financial Reporting Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken full advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £339,000 of which employer's contributions totalled £256,000 and employees' contributions totalled £85,000. The agreed contribution rates for future years are 18.3% for employers and variable rates for employees ranging from 5.8% to 7.5%.

Principal Actuarial Assumptions

	At 31 August 2012
Rate of increase in salaries	4.1%
Rate of increase for pension in payment/inflation	2.7%
Discount rate for scheme liabilities	3.9%
Inflation assumption (CPI)	1.9%
Commutation of pensions to lump sums	

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

	At 31 August 2012
Retiring today	
Males	18.6
Females	22.7
Retiring in 20 years	
Males	20.6
Females	24.5

The academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2012	Fair value as 31 August 2012
Equities	5.5%	1,663
Gilts	2.8%	248
Bonds	3.9%	99
Property	4.5%	322
Cash	0.5%	99
Other	5.5%	49
Total market value of assets		2,480
Present value of scheme liabilities		
Funded		(5,003)
Surplus/(deficit) in the scheme		(2,523)

The actual return on scheme assets was £124,000

DIVERSE ACADEMIES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDING 31 AUGUST 2012

23. Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2012
	£000
Current services cost (net of employee contributions)	319
Past service cost	
Total operating charge	319

Analysis of pension finance income/ (costs)

	2012
	£000
Expected return on pension scheme assets	98
Interest on pension liabilities	(159)
	(61)

Pension finance income/ (costs)

The actuarial gains and losses for the current year are recognised in the statement of financial activities

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

	2012
	£000
Transfer on Conversion	
Current service cost	4,135
Employee contributions	319
Actuarial loss	83
Benefits paid	350
Past Service cost	(43)
Interest Cost	159
At 31 August	5,003

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

	2012
	£000
Transfer on Conversion	
Expected return on assets	2,063
Actuarial gain	98
Employer contributions	25
Employee contributions	254
Benefits paid	83
	(43)
At 31 August	2,480

The estimated value of employer contributions for the period ended 31 August 2013 is £319,000

The five year history of experience adjustments is as follows:

	2012
	£000
Present value of defined benefit obligations	(5,003)
Fair value share of scheme assets	2,480
Deficit in the scheme	(2,523)

DIVERSE ACADEMIES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDING 31 AUGUST 2012

24. Related Party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisation in which a member of the board of governors may have an interest. All transactions involving such organisation are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the period the Academy received services from National Church of England Academy Trust totalling £14,000 and in return provided services of £92,000. At 31 August 2012 a balance of £2,000 was due to Diverse Academies Trust.

The parties are related by virtue of a common executive directorship.

25. Conversion to an academy trust

On 1 August 2011 the Tuxford School and on 1 April 2012 Retford Oaks School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Diverse Academies Trust Limited from Nottinghamshire County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Long leasehold land and building	-	-	32,231	32,231
Budget surplus on LA funds	263	-	-	263
LGPS pension deficit	-	(2,072)	-	(2,072)
Borrowing obligations	(50)	-	-	(50)
Net assets/(liabilities)	213	(2,072)	32,231	30,372