

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

Registered Number 7664012 (England and Wales)

FRIDAY



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DIVERSE ACADEMIES TRUST
FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2015

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DIVERSE ACADEMIES TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 AUGUST 2015

| | |
|--|--|
| Members | JR Rolph M Blore IC Wiggins |
| Trustees | JR Rolph (Chair) M Tivey (Staff Trustee) A Knight CB Pickering (Chief Executive Officer & Accounting Officer) T Favill (resigned 31 August 2015) CM Turner M Blore J Dickens W Spooner (Staff Trustee) IC Wiggins R Turner (appointed 29 June 2015) M Quigley (appointed 27 November 2015) C Burn (appointed 1 September 2015) A Webster (resigned 6 June 2015) R Pitchford (resigned June 2015) |
| Company Secretary | A Elway |
| Senior Management Team: | |
| Chief Executive Officer | CB Pickering |
| Deputy CEO / Executive Principal | D Clinton |
| Executive Principal | D Cotton |
| Executive Principal | L Davidson |
| Academy Principal | N Holmes |
| Academy Principal | K Hardy |
| Head of Academy | H Wainman |
| Director of Finance and Corporate Services | J Fearon (Chief Financial Officer) |
| Director of HR | G Corban |
| Principal and Registered Office | c/o Tuxford Academy Marnham Road Tuxford Newark Nottinghamshire NG22 0JH |
| Company Registration Number | 7664012 (England and Wales) |
| Independent Auditor | RSM UK Audit LLP (formerly Baker Tilley UK Audit LLP) Suite A, 7th Floor City Gate East Toll House Hill Nottingham, NG1 5FS |
| Bankers | Lloyds 37 Castlegate Newark, NG24 1BD |
| Solicitors | Flint Bishop St Michael's Court St Michael's Lane Derby, DE1 3HQ |

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DIVERSE ACADEMIES TRUST
DIRECTORY OF ACADEMIES
YEAR ENDED 31 AUGUST 2015

Tuxford Academy

Marnham Road
Tuxford
Newark
NG22 0JH

Retford Oaks Academy

Babworth Road
Retford
Nottinghamshire
DN22 7NJ

East Leake Academy

Lantern Lane
East Leake
Loughborough
LE12 6QN

Holgate Academy

Hillcrest Drive
Hucknall
Nottinghamshire
NG15 6PX

Tuxford Primary Academy

Newark Road
Tuxford
Newark
NG22 0NA

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT
YEAR ENDED 31 AUGUST 2015

The Trustees present their annual report together with the financial statements and auditor's report for the charitable company for the year ended 31 August 2015.

The Trust operates four secondary academies and one primary academy in Nottinghamshire. Its Academies have a combined pupil capacity of 5,400 and had a roll of 4,500 in the school census at October 2015.

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 memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Diverse Academies Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Diverse Academies Trust.

Details of the Trustees who served during the period 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 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.

Trustees' indemnities

A Trustee may benefit from any indemnity insurance purchased at the Academy Trust's expense 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of Trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of Trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

Method of recruitment and appointment or election of Trustees

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 areas. 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 Board will look to review the skills mix that the directors currently have and will therefore look to recruit external governors with specific skills.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (*continued*)

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience. The Academy Trust purchases support services which provide individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. The Academy Trust will perform an annual skills audit of governors and should any gaps be identified training courses are offered to address these issues.

Organisational structure

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

Connected organisations including related party relationships

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 Academy Trust shares a Chief Executive, Deputy Chief Executive, Director of Finance and Resources, Director of Corporate Services 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.

The relationship is detailed within a formal partnership agreement which creates the Diverse Academies Learning Partnership and this 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. Further information on transactions with related parties can be found in note 27.

Risk management

The Trustees have adopted the statement of recommended practice (SORP) approach to identifying and managing the risks of the Academy Trust. The schedule of risks will be tabled at all Finance committee meetings and mitigating actions agreed as required. The full Trustee group will review the risk log on an annual basis.

OBJECTIVES AND ACTIVITIES

Principal activities

The Academy Trust's principal activities are the provision of education of pupils between the ages of 2 and 19 currently across the following academies:

- Tuxford Academy
- Retford Oaks Academy
- East Leake Academy
- Tuxford Primary Academy
- Holgate Academy

Additionally the Academy Trust supports the development of teaching and learning through leading the Trent Valley Teaching School Alliance, support to other schools on improvement initiatives, and shared working with other schools.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (*continued*)

Objects and aims

The Academy 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 Academy 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.

Objectives, strategies and activities

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

The Chief Executive recommends the key objectives for the forthcoming 3 years which are revised annually, from which comes the Annual Delivery Plan (ADP) to meet the milestones in the overall 3 year plan. This sets the overall position for the Academy Trust and the wider DALP partnership. The overall strategy and ADP 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 are agreed and monitored by their own individual delegated governing bodies.

Public benefit

The Trustees have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

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

STRATEGIC REPORT

Achievements and performance

During the 2014/2015 financial year* DAT academies, in the main, performed well. As ever, overall general improvements mask some disappointments and some spectacular successes.

Tuxford Academy retained its outstanding status following its annual risk assessment by Ofsted. It also continued to lead vital school improvement work in the region through its responsibilities as a Teaching School – the lead school in the Trent Valley Teaching Schools' Alliance ('TVTSA').

At KS4:

GCSE performance was 67% 5 or more A* to C including Maths and English. This is a slight decline on 2014 results. 12 re-mark requests have been submitted which will, assuming successful, impact positively on this headline.

At KS5:

A Level performance resulted in an Average Points Score ('APS') of 210 per entry – an improvement on 2014.

AS Level performance resulted in an Average Points Score ('APS') of 97 per student – a slight decline on 2014.

East Leake Academy retained its good status following its annual risk assessment by Ofsted.

At KS4:

GCSE performance was 57% 5 or more A* to C including Maths and English. This is an improvement on 2014 results.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

STRATEGIC REPORT (*continued*)

At KS5:

A Level performance resulted in an Average Points Score ('APS') of 204 per entry – an improvement on 2014.

AS Level performance resulted in an Average Points Score ('APS') of 93 per student – in line with 2014 results.

Retford Oaks Academy was inspected by Ofsted in May 2015. As we forecast, the academy was judged to be requiring improvement. A swift, far-reaching program of DALP challenge, support and intervention began immediately. This response has already resulted in significant improvements.

At KS4:

GCSE performance was 52% 5 or more A* to C including Maths and English. This is a significant improvement on 2014 outcomes.

At KS5:

A Level performance resulted in an Average Points Score ('APS') of 204 per entry – an improvement on 2014.

AS Level performance resulted in an Average Points Score ('APS') of 92 per student.

Holgate Academy was inspected by Ofsted in June 2015. As we expected, the academy was judged to be good in all aspects. This represents significant improvement from its previously very poor performance.

KS4:

GCSE performance was 45% 5 or more A* to C grades including Maths and English. This is a significant decline on 2014 – caused exclusively by English GCSE marking and moderation issues. These concerns have been rectified for 2016 entry.

KS5:

A Level performance resulted in an Average Points Score ('APS') of 205 per entry – an improvement on 2014.

AS Level performance resulted in an Average Points Score ('APS') of 85 per student – in line with 2014 results.

Tuxford Primary Academy was inspected by Ofsted in October 2014. As we expected, the academy was judged to be good in all aspects. This represents significant improvement from its previously very poor performance.

Phonics – 85% of children achieved the expected standard – exactly the same position as in 2014.

KS1: Reading, writing and mathematics ('RWM') increased in almost all measures – some of them significantly so. For example, pupils gaining Level 3+ in writing increased from 6% in 2014 to 18%.

KS2: The number of students achieving Level 4 or above in RWM increased from 68% in 2014 to 69%. The number achieving Level 5 or above in RWM increased by 2% on 2014. Again, some significant increases occurred. For example, the number of students achieving Level 5+ in Grammar, punctuation and spelling increased from 16% in 2014 to 34%.

**All external examination performance data relates to Summer 2015 results.*

FINANCIAL REVIEW

The Trust continues to maintain a secure financial position, recording an in year operating surplus of £33k on unrestricted activities and a small deficit of £56k from restricted activities, before the impact of pension charges and fixed assets. The Trust invested £404k in major improvements to its facilities during the year, this is in addition to the £1.2m invested in capital improvements funded by the EFA. The majority of the Trust's activity continues to be the delivery of education funded by the Education Funding Agency. Income received in the year for this activity was £24,494k, a small increase on the prior year.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

FINANCIAL REVIEW (*continued*)

Financial and risk management objectives

The Academy Trust seeks to prioritise its expenditure for the delivery of teaching and support for our pupils whilst maintaining an overall surplus. The Academy Trust is seeking to reduce the cost of external supplies and services to minimise the impact of unfunded increase in pay and pensions. It will continue to identify opportunities for improved procurement and will where appropriate coordinate purchasing across the academies.

The Academy Trust delegates approximately 97% of income to the individual academy boards who manage these funds through individual Finance Committees and a scheme of delegation.

The Academy Trust has a risk management plan in place which seeks to address the key risks faced by the Academies and this is monitored by each Academy Finance Committee and the Audit Committee. The key risks are:

- Proposed real term cuts to education;
- Changes to national insurance contribution from April 2016;
- Changes to the employer's contribution for the Teacher's Pension Scheme; and
- Risk of changes to the structure of exams.

The Academy Trust also monitors recruitment as a major driver of an Academy's income. All schools recruited on or above target, Tuxford Academy and Tuxford Primary Academy both had strong demand for places. Tuxford Primary has grown 54% in 2 years, which is exceptional growth.

The individual performance of each Academy is also measured; all 5 Academies operated within the approved budgets. 3 of the Academies made planned in year deficits, only East Leake Academy has a cumulative deficit. This is predominantly due to the inherited deficit at transfer, £260,000 of this has now been repaid.

Reserves policy

The Academy Trust is currently not looking to significantly increase the levels of reserves, as available reserves now represent 1.07 month's turnover. The Academy Trust aims to keep a Strategic reserve of up to 1.5 months turnover as a buffer to change.

Strategic reserves – Funds held as a buffer to allow the Academy 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. These are made up of restricted and unrestricted reserves. Note these exclude the Pension Reserve and Restricted Fixed Asset Reserve.

Capital reserves – An element of the reserves held by the Academy Trust are to invest in its premises and educational resources. This includes future investments in IT and Media, developing sports facilities and providing additional classroom accommodation.

Other Reserves – The Restricted Fixed Asset Reserve represents historic grants awarded for fixed assets, the fund value is the net book value of assets and any unspent grants. The Pension reserve represents the pension liability identified under FRS17.

Key performance indicators

Due to the diversity of the individual academies the Trust sets KPI's at an individual academy level. These targets are

Achievement – Detailed targets are set which reflect the entry position of cohorts within each school, 3 out of 5 academies met their targets, and plans are in place to achieve improvements.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

FINANCIAL REVIEW (*continued*)

Use of resources – The curriculum design and use of teaching staff is reviewed annually in each academy, all academies met the targets set, in 2 academies this provided additional resources for improvement. The Trust achieved a teaching utilisation of 77% against a target of 78%.

Recruitment – Each Academy sets a target recruitment number, this was met in all academies. Total roll at 1 October 2014 was 4363 compared to a target of 4300.

Financial Health – Each academy sets an in year budget which reflects in year income and historic reserves which may be used to support education and investment. All academies met their budget target. The Trust set a target of an in year reduction in Unrestricted and Restricted General Reserves of £200,000, the actual result was a reduction of £23,000 (prior to pension adjustments and fixed assets).

Trust Financial Health – The trust seeks to retain overall free reserves of between 1.5 month turnover (maximum) and 1 month minimum. The reserves were 1.07 month

Investment policy

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

Plans for future periods

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

Partnership

The Academy 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.

Quality of Provision

The Academy 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.

The Academy 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 Academy 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 Director of Finance is looking to increase the range and scope of these services over the next 12-24 months.

As a result of the above the Academy 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.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

Expansion of the Academy Trust

The Academy Trust, through DALP has built capacity to support new academies in the following manner.

- Allowing the integration of any feeder primary school into the group;
- Through school to school support which leads to partnership; or
- Increasing the size of the group where there is a strategic fit through proximity to existing schools or to bring additional expertise into the Trust.

The Academy 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.

Principal risks and uncertainties

The principal financial risk facing the Trust over the next 12-24 months is the real terms reduction in educational funding and increased unfunded pension and National Insurance contributions. The Trust is developing 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 and cost savings.

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

- The need to continually improve and maintain excellent performance in public examinations and national tests, within a changing framework for determining benchmarks.
- Maintaining and improving inspection grades.
- The need to ensure consistency across the entire Group. This will become ever more important as the Trust increases the number of Academies under its control. The Trust has recruited a former HMI inspector into the role of Deputy CEO to lead Academy Improvement Services.
- 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.

GOING CONCERN

After making appropriate enquiries, the governing body 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 can be found in the Statement of Accounting Policies.

AUDITORS

A resolution to reappoint RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) as auditor for the ensuing year was approved at the Annual General Meeting 9 December 2015. RSM UK Audit LLP has indicated its willingness to continue in office.

DIVERSE ACADEMIES TRUST
TRUSTEES' REPORT (*continued*)
YEAR ENDED 31 AUGUST 2015

Statement as to disclosure of information to auditors

The Trustees have confirmed that as far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware. Each of the Trustees have confirmed that they have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Annual Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 16th December 2015 and signed on its behalf by:



JR Rolph
Chair

DIVERSE ACADEMIES TRUST
GOVERNANCE STATEMENT
YEAR ENDED 31 AUGUST 2015

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that 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 board of Trustees has delegated the day-to-day responsibility to the CEO, 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 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 4 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 |
|------------------|--------------------------|--------------------------|
| JR Rolph (Chair) | 4 | 4 |
| R Turner | 1 | 1 |
| M Quigley | 2 | 3 |
| M Blore | 4 | 4 |
| IC Wiggins | 4 | 4 |
| CB Pickering | 4 | 4 |
| R Pitchford | 3 | 3 |
| A Knight | 3 | 4 |
| M Tivey | 3 | 4 |
| A Webster | 3 | 3 |
| T Favill | 4 | 4 |
| W Spooner | 4 | 4 |
| CM Turner | 4 | 4 |
| J Dickens | 4 | 4 |

Governance reviews

The members of the Trust approved increasing the number of members from 3 to 5 at its meeting on 20 April 2015. There are currently 3 members. The Trust Board takes overall responsibility for the Trust's finances but it has delegated key decision making to the governing body of each individual Academy. These governing bodies set the Academy's educational targets and budgets which are then approved by the Trust Board.

The Audit Committee is a sub-committee of the main Board of Trustees. The Audit committee provides an overview of controls in both trusts within the DALP partnership, the joint committee acts as the Audit Committee to Diverse Academies Trust and National Church of England Academy Trust. The purpose of the committee is to review the internal controls of the Trust, recommending an annual programme of work to test the controls and receive all reports on internal controls. The Committee makes recommendations to the board on improvements and areas of concern. Attendance at meeting in the year was as follows:

DIVERSE ACADEMIES TRUST
GOVERNANCE STATEMENT (*continued*)
YEAR ENDED 31 AUGUST 2015

| Trustee | Meetings attended | Out of a possible |
|----------------|--------------------------|--------------------------|
| M Mays | 2 | 2 |
| R Marshall | 1 | 1 |
| S Tongue | 2 | 2 |
| J Eastwood | 1 | 2 |
| O Serati | 0 | 1 |
| M Quigley | 2 | 2 |
| S Odabashy | 2 | 2 |
| T Hill | 1 | 1 |
| A Silcock | 1 | 1 |

Review of Value for Money

As accounting officer the CEO 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 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Working with the leadership team of each academy to review the deployment of educational staff, the academies use modelling tools which allow allocations by year group to be compared to best practice across the 11 to 19 sector.
 - The Academy has been able to prioritise resources to priorities and has seen good outcomes in both exam results and more importantly in the levels of progress made by pupils. Areas of weakness have been identified and plans for improvement in place.
 - The Academy Trust's Improvement Plan has identified key of development and budgetary provision has been made to enable the Senior Leadership Team to carry out these actions.
 - Through the Diverse Academies Learning Partnership (DALP) the trust has taken part in collaborative work in the development of curriculum, CPD and leadership. The trust has made significant contributions to collaborative work and received support from the other partners in delivering its provision to achieve enhanced pupil outcomes. The Trust believes this collaborative working is an important aspect of the journey to achieve an " Outstanding " OFSTED rating and best practice within education.
 - The DALP partnership has also provided specialist input in Maths and English.
- Sharing the Chief Exec / Accounting Officer and Chief Financial Officer roles across the DALP partnership which lowers the cost for the Trust.
- The Trust has undertaken a review of its support services during the year and put in place revised terms and conditions for teaching support staff and reduced the number of other support staff employed.
- Undertaking joint procurement with NCEAT to lower the cost of cleaning and catering.
- Sharing HR, Careers and Educational Welfare posts with NCEAT lowers the cost for the Trust.

DIVERSE ACADEMIES TRUST
GOVERNANCE STATEMENT (*continued*)
YEAR ENDED 31 AUGUST 2015

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 Diverse Academies Trust for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2015 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;
- identification and management of risks.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor at this juncture. However, the Trustees have appointed a Responsible Officer ('RO') for each Academy to carry out the detailed RO reviews within the Trust. The ROs role includes performing a range of checks on the Academy Trust's financial systems. On a regular basis the ROs report 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. The role of internal audit will be reviewed by the audit committee during 2015/16.

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

An action plan has been developed so that the Trust 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.

DIVERSE ACADEMIES TRUST
GOVERNANCE STATEMENT (*continued*)
YEAR ENDED 31 AUGUST 2015

Review of effectiveness

As Accounting Officer, the CEO 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 of the implications of the result of their review of the system of internal control by the Audit 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 on 16 December 2015 and signed on its behalf by:



JR Rolph
Chair



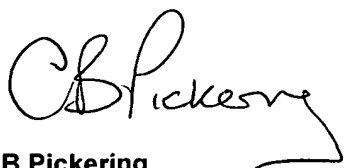
CB Pickering
Accounting Officer

DIVERSE ACADEMIES TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
YEAR ENDED 31 AUGUST 2015

As Accounting Officer of Diverse Academies Trust, I have considered my responsibility to notify the Academy Trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. 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 of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

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 shall be notified to the board of trustees and EFA.



CB Pickering
Accounting Officer

16 December 2015

DIVERSE ACADEMIES TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
YEAR ENDED 31 AUGUST 2015

The Trustees (who act as governors of Diverse Academies Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts 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 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 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 Trustees 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation, the Charitable Company applies financial and other controls which conform to the requirements 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 Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Trustees on 16 December 2015 signed on its behalf by:



JR Rolph
Chair

DIVERSE ACADEMIES TRUST
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 AUGUST 2015

We have audited the financial statements of Diverse Academies Trust for the year ended 31 August 2015 on pages 19 to 41. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 2015 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other requirements of the Companies Act 2006

In our opinion the information given in the Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DIVERSE ACADEMIES TRUST
INDEPENDENT AUDITOR'S REPORT (continued)
YEAR ENDED 31 AUGUST 2015

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:

- the charity has not kept adequate accounting records, 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RSM UK LLP CP

Philip Coleman (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Chartered Accountants
Suite A, 7th Floor
City Gate East
Toll House Hill
Nottingham
Nottinghamshire
NG1 5FS

21 December 2015

DIVERSE ACADEMIES TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account and Statement of Recognised Gains and Losses)
YEAR ENDED 31 AUGUST 2015

| | Note | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted Pension fund £'000 | Restricted fixed asset fund £'000 | Total 2015 £'000 | Total 2014 Restated £'000 |
|---|------|--------------------------------|---|--|--|------------------------|------------------------------------|
| Incoming resources | | | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | | | |
| Voluntary income | 2 | 543 | - | - | 1,297 | 1,840 | 1,362 |
| Transfer from Local Authority on conversion | | - | - | - | - | - | 5,126 |
| Investment income | 4 | 6 | - | - | - | 6 | 5 |
| Activities for generating funds | 3 | 516 | 175 | - | - | 691 | 590 |
| <i>Incoming resources from charitable activities:</i> | | | | | | | |
| Academy Trust's educational operations | 5 | - | 24,494 | - | - | 24,494 | 24,402 |
| Total incoming resources | | <u>1,065</u> | <u>24,669</u> | | <u>1,297</u> | <u>27,031</u> | <u>31,485</u> |
| Resources expended | | | | | | | |
| <i>Cost of generating funds:</i> | | | | | | | |
| Cost of generating voluntary income | 6 | 531 | - | - | - | 531 | 615 |
| Fundraising trading | 6 | 501 | 175 | - | - | 676 | 466 |
| <i>Charitable activities:</i> | | | | | | | |
| Academy Trust's educational operations | 7 | - | 24,070 | 531 | 2,208 | 26,809 | 25,799 |
| Governance costs | 8 | - | 76 | - | - | 76 | 146 |
| Total resources expended | 6 | <u>1032</u> | <u>24,321</u> | <u>531</u> | <u>2,208</u> | <u>28,092</u> | <u>27,026</u> |
| Net incoming/(outgoing) resources before transfers | | 33 | 348 | (531) | (911) | (1,061) | 4,459 |
| Gross transfers between funds | 17 | - | (404) | - | 404 | - | - |
| Net income/(expenditure) for the year | | 33 | (56) | (531) | (507) | (1,061) | 4,459 |
| <i>Other recognised gains and losses:</i> | | | | | | | |
| Actuarial losses on defined benefit pension scheme | 26 | - | - | (146) | - | (146) | (549) |
| Net movement in funds | | 33 | (56) | (677) | (507) | (1,207) | 3,910 |
| <i>Reconciliation of funds:</i> | | | | | | | |
| Total funds brought forward as previously stated | | 867 | 1,426 | (6,076) | 53,474 | 49,691 | 41,479 |
| Prior year adjustment | | - | - | - | (8,617) | (8,617) | (4,315) |
| Total funds brought forward as restated | | 867 | 1,426 | (6,076) | 44,857 | 41,074 | 37,164 |
| Total funds carried forward | 17 | <u>900</u> | <u>1,370</u> | <u>(6,753)</u> | <u>44,350</u> | <u>39,867</u> | <u>41,074</u> |

All of the Trust's activities derive from continuing operations in the above two financial periods.

DIVERSE ACADEMIES TRUST
BALANCE SHEET AS AT 31 AUGUST 2015
COMPANY NUMBER: 7664012

| | Notes | 2015 £'000 | 2015 £'000 | 2014 Restated £'000 | 2014 Restated £'000 |
|---|-------|----------------|----------------|---------------------------|---------------------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 44,296 | | 44,422 |
| Current assets | | | | | |
| Debtors | 14 | 413 | | 614 | |
| Cash at bank and in hand | | <u>3,972</u> | | <u>3,931</u> | |
| | | 4,385 | | 4,545 | |
| Creditors: amounts falling due within one year | 15 | <u>(1,973)</u> | | <u>(1,571)</u> | |
| Net current assets | | | <u>2,412</u> | | <u>2,974</u> |
| Total assets less current liabilities | | | 46,708 | | 47,396 |
| Creditors: amounts falling due after more than one year | 16 | | <u>(88)</u> | | <u>(246)</u> |
| Net assets excluding pension liability | | | 46,620 | | 47,150 |
| Pension scheme liability | 26 | | <u>(6,753)</u> | | <u>(6,076)</u> |
| Net assets including pension liability | | | <u>39,867</u> | | <u>41,074</u> |
| Funds of the Academy Trust: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 17 | 44,350 | | 44,857 | |
| General fund | 17 | <u>1,370</u> | | <u>1,426</u> | |
| Restricted funds excluding pension reserve | | 45,720 | | 46,283 | |
| Pension reserve | 17,26 | <u>(6,753)</u> | | <u>(6,076)</u> | |
| Total restricted funds | | | 38,967 | | 40,207 |
| Total unrestricted funds | 17 | | 900 | | 867 |
| Total funds | 17 | | <u>39,867</u> | | <u>41,074</u> |

The financial statements on pages 19 to 41 were approved by the Trustees and authorised for issue on 16th December 2015 and are signed on their behalf by:


JR Rolph
Chair

The notes on pages 22 to 41 form part of these financial statements.

DIVERSE ACADEMIES TRUST
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2015

| | Notes | 2015 £000 | 2014 £000 |
|---|-------|--------------|--------------|
| Net (outflow)/inflow from operating activities | 21 | (136) | 91 |
| Returns on investment and servicing of finance | 23 | 6 | 5 |
| Capital expenditure | 22 | 171 | 435 |
| Cash transferred on conversion to an Academy Trust | | - | 353 |
| Increase in cash in the year | | <u>41</u> | <u>884</u> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at 1 September | | 3,931 | 3,047 |
| Increase in cash in the year | 24 | 41 | 884 |
| Net funds at 31 August | | <u>3,972</u> | <u>3,931</u> |

The notes on pages 22 to 41 form part of these financial statements.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2015

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 'Statement of Recommended Practice ('SORP 2005') Accounting and Reporting by Charities', the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. The Statement of Financial Activities as set out on page 17 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.

Going concern

The Trustees assess whether the use of going concern basis 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 Trustees make this assessment each year in respect of a period of one year from the date of approval of the financial statements by reviewing detailed forecasts. The Trust has substantial reserves and cash at balance sheet date and for the forecast period.

Incoming resources

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

Grants receivable

Grant income is included in the Statement of Financial Activities on a recurrent basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds in the balance sheet.

The General Annual Grant ("the GAG") from the DfE, which is intended to meet requirement costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities under incoming resources from charitable activities, to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

Sponsorship income

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.

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.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

1. Statement of Accounting Policies (*continued*)

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis and is stated inclusive of related tax credits.

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.

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.

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

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 AUGUST 2015

1. Statement of accounting policies *(continued)*

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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

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 | between 20 and 50 years |
| Furniture and equipment | between 3 and 15 years |
| Vehicles | between 7 and 10 years |
| Computer equipment | between 3 and 5 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.

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 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.

Leased assets

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

PFI arrangements

The Trust has Public Finance Initiative (PFI) arrangements in place at 3 schools. These arrangements cover maintenance and facility management/caretaking arrangements. The academies make a contribution which was determined at the start of the contract and is increased by RPI annually. Payments are accounted for in the period to which they relate.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

1. Statement of accounting policies (*continued*)

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). The defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS") (until April 2016), and the assets are held separately from those of the Academy 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 quadrennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 service 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.

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

2. Voluntary income

| | Unrestricted | Restricted fixed asset funds £'000 | Total 2015 £'000 | Total 2014 £'000 |
|------------------------|--------------|---|------------------------|------------------------|
| DfE/EFA capital grants | - | 1,297 | 1,297 | 641 |
| Other donations | 543 | - | 543 | 721 |
| | <u>543</u> | <u>1,297</u> | <u>1,840</u> | <u>1,362</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

3. Activities for generating funds

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 | Total 2014 £'000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 12 | - | 12 | 10 |
| Management charges | 194 | - | 194 | 74 |
| Other income | 310 | 175 | 485 | 506 |
| | <u>516</u> | <u>175</u> | <u>691</u> | <u>590</u> |

4. Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2015 £'000 | Total 2014 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | <u>6</u> | <u>-</u> | <u>6</u> | <u>5</u> |

5. Funding for Academy Trust's educational operations

| | Unrestricted Funds £'000 | Restricted funds £'000 | Total 2015 £'000 | Total 2014 £'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DfE/EFA revenue grants | | | | |
| General Annual Grant (GAG) | | 23,004 | 23,004 | 22,512 |
| Other DfE/EFA Grants | | 436 | 436 | 1,093 |
| Start up grant | | 201 | 201 | 232 |
| | | <u>23,641</u> | <u>23,641</u> | <u>23,837</u> |
| Other government grants | | | | |
| Local authorities grants | | 839 | 839 | 565 |
| Special educational projects | | 14 | 14 | - |
| | | <u>853</u> | <u>853</u> | <u>565</u> |
| Total | | <u>24,494</u> | <u>24,494</u> | <u>24,402</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

6. Resources expended

| | Staff costs £000 | Non pay expenditure Premises costs £000 | Other costs £000 | Total 2015 £000 | Total 2014 Restated £000 |
|---|------------------------|--|------------------------|-----------------------|-----------------------------------|
| Cost of generating voluntary income | - | - | 531 | 531 | 615 |
| Fundraising trading Academy's education operations: | 480 | - | 196 | 676 | 466 |
| • Direct costs | 16,711 | - | 1,610 | 18,321 | 17,982 |
| • Allocated support costs | 2,658 | 3,964 | 1,866 | 8,488 | 7,817 |
| | <u>19,369</u> | <u>3,964</u> | <u>3,476</u> | <u>26,809</u> | <u>25,799</u> |
| Governance costs | | | 76 | 76 | 146 |
| | <u>19,849</u> | <u>3,964</u> | <u>4,279</u> | <u>28,092</u> | <u>27,026</u> |

Net incoming/(outgoing) resources for the year include:

| | 2015 £000 | 2014 £000 |
|---|--------------|--------------|
| Operating leases | | |
| • other | 76 | 57 |
| Fees payable to RSM UK Audit LLP and its associates | | |
| • audit | 38 | 32 |
| • other services | <u>6</u> | <u>6</u> |

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

| | Total £ | Individual items above £5000 Amount £ | Reason |
|-----------------------|------------|--|------------|
| Compensation payments | £77,000 | £15,000 | Settlement |
| | | £6,000 | Settlement |
| | | £30,000 | Settlement |
| | | £26,000 | Settlement |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

7. Charitable activities – Academy Trust's educational operations

| | 2015 | 2014 |
|--|---------------|---------------------------|
| | £'000 | Restated £'000 |
| Direct costs: | | |
| Teaching and educational support staff costs | 16,711 | 16,072 |
| Educational supplies | 901 | 1,084 |
| Examination fees | 416 | 405 |
| Educational consultancy | 151 | 209 |
| Other direct costs | 142 | 212 |
| | <u>18,321</u> | <u>17,982</u> |
| Allocated support costs: | | |
| Support staff costs | 2,658 | 2,811 |
| Depreciation from Fixed Asset fund | 1,252 | 1,099 |
| Depreciation | 5 | - |
| Recruitment and support | 83 | 43 |
| Maintenance of premises and equipment | 2,909 | 2,069 |
| Rent and rates | 190 | 152 |
| Insurance | 135 | 147 |
| Security and transport | 102 | 99 |
| Catering | 255 | 237 |
| Interest and bank charges | - | - |
| Advertising | 17 | 44 |
| IT related costs | 488 | 328 |
| Other professional fees | 122 | - |
| Other support costs | 154 | 602 |
| Pension scheme interest charge | 118 | 186 |
| | <u>8,488</u> | <u>7,817</u> |
| Total | <u>26,809</u> | <u>25,799</u> |

Maintenance of premises includes the following PFI charges:

| | |
|----------------------|---------------------------|
| Tuxford Academy | £563,619 (2014: £493,000) |
| Retford Oaks Academy | £495,982 (2014: £496,000) |
| East Leake Academy | £294,220 (2014: £336,000) |

These amounts are paid to the local authority, are index linked and the Academy Trust is committed to these payments until 2033.

8. Governance costs

| | 2015 | 2014 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Legal & professional fees | 30 | 106 |
| Auditor's remuneration: | | |
| • Audit of financial statements | 38 | 32 |
| • Other services | 6 | 6 |
| Governor expenses | 2 | 2 |
| | <u>76</u> | <u>146</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

9. Staff numbers and costs

Staff costs

Staff costs during the period were:

| | 2015 £'000 | 2014 £'000 |
|-----------------------|-----------------------|-----------------------|
| Wages and salaries | 15,785 | 15,292 |
| Social security costs | 1,048 | 1,098 |
| Pension costs | 2,616 | 2,398 |
| | <u>19,449</u> | <u>18,788</u> |
| Supply teacher costs | 400 | 560 |
| | <u>19,849</u> | <u>19,348</u> |

Staff numbers

The average number of persons (including Senior Management Team) employed by the Academy Trust during the year was as follows:

| | 2015 No. | 2014 No. |
|----------------------------|---------------------|---------------------|
| Teachers | 257 | 273 |
| Administration and support | 205 | 211 |
| Management | 36 | 34 |
| | <u>498</u> | <u>518</u> |

Higher paid staff

The number of employees whose emoluments fell within the following band was:

| | 2015 No. | 2014 No. |
|---------------------|---------------------|---------------------|
| £60,001 - £70,000 | 22 | 19 |
| £70,001 - £80,000 | 1 | 2 |
| £80,001 - £90,000 | 3 | 2 |
| £90,001 - £100,000 | - | 3 |
| £110,001 - £120,000 | 1 | 1 |
| £120,001 - £130,000 | 1 | - |
| £150,001 - £160,000 | - | 1 |

Twenty-six of the above employees participated in the Teachers' Pension Scheme. The remaining employees participated in the Local Government Pension Scheme. Both schemes are defined benefit schemes.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

10. Central services

The Academy Trust has provided central services to its Academies during the year. The shared support consists of a central team including Chief Executive, School Improvement Support, Marketing, HR, IT, and Finance. The Trust has provided a number of shared systems such as curriculum planning and financial systems, which has included bought in services to support IT systems and internal control work. Additionally the Trust has funded collaborative work in 12 teaching network groups and student engagement across the Trust including a Creative Arts event and annual Sports Day.

The Trust estimates the cost of services for the year and recharges these on a part lump sum and then a per pupil allocation.

The actual amounts charged during the year were as follows:

| | 2015 £000 | 2014 £000 |
|-------------------------|----------------------------|----------------------------|
| Tuxford Academy | 227 | 206 |
| Retford Oaks Academy | 152 | 138 |
| East Leake Academy | 167 | 167 |
| Tuxford Primary Academy | 11 | 16 |
| Holgate Academy | <u>176</u> | <u>169</u> |

11. Trustees' remuneration and expenses

The Accounting Officer (AO) and staff trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and staff members under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their roles as trustees.

CB Pickering (AO) received remuneration of £126,312 during the year (2014: £143,038) and historically accrued retirement benefits under the Teachers' Pension Scheme. The contributions paid in the period amounted to nil. (2014: £11,765). CB Pickering left the Teachers' Pension Scheme on the 1 April 2014.

W Spooner (Staff Trustee) received remuneration of £24,507 (2014: £22,974) during the year and is accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in the year amounted to £4,484 (2014: £3,844).

M Tivey (Staff Trustee) received remuneration of £44,966 during the year (2014: £44,398) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £6,322 (2014: £6,260).

During the year ended 31 August 2015, travel and subsistence expenses totalling £2,100 (2014: £2,316) were reimbursed to 9 trustees (2014: 9 trustees).

Other related party transactions involving the Trustees are set out in note 27.

12. Trustees' and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £5,500 (2014: £7,000). The cost of this insurance is included in the total insurance cost.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

13. Tangible fixed assets

| | Long leasehold buildings £'000 | Furniture and equipment £'000 | Vehicles £'000 | Computer equipment £'000 | Total £'000 |
|----------------------------|---|--|-------------------|--------------------------------|----------------|
| Cost | | | | | |
| 1 September 2014 | 55,282 | 20 | - | 299 | 55,601 |
| Prior period adjustment | (8,697) | - | - | - | (8,697) |
| As restated | 46,585 | 20 | - | 299 | 46,904 |
| Additions | 555 | 228 | 147 | 196 | 1,126 |
| 31 August 2015 | 47,140 | 248 | 147 | 495 | 48,030 |
| Depreciation | | | | | |
| 1 September 2014 | 2,462 | 7 | - | 93 | 2,562 |
| Prior period adjustment | (80) | - | - | - | (80) |
| As restated | 2,382 | 7 | - | 93 | 2,482 |
| Charged in year | 1,107 | 20 | 1 | 124 | 1,252 |
| 31 August 2015 | 3,489 | 27 | 1 | 217 | 3,734 |
| Net book value | | | | | |
| 31 August 2015 | 43,651 | 221 | 146 | 278 | 44,296 |
| 31 August 2014 | 44,203 | 13 | 0 | 206 | 44,422 |

At the conversion of each Academy within Diverse Academies Trust the building value provided (by email) by Nottinghamshire County Council was used as to record the value of the inherited asset. The Trust has sought confirmation of the basis of these valuations from Nottinghamshire County Council but they have been unable to provide this information. The Trust has now obtained valuations undertaken on behalf of the EFA by professional advisors at the time of conversion which the Trustees believe are a more accurate reflection of the value of these buildings. The Trust has restated the carrying value of the buildings as at conversion of the relevant school to reflect these valuations, (see note 17).

14. Debtors

| | 2015 £'000 | 2014 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 26 | 167 |
| VAT recoverable | 73 | 135 |
| Other debtors | 7 | 54 |
| Prepayments and accrued income | 307 | 258 |
| | <u>413</u> | <u>614</u> |

All amounts shown within debtors fall due for repayment within one year.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

15.Creditors: amounts falling due within one year

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade creditors | 565 | 348 |
| Other taxation and social security | 338 | 343 |
| Other creditors | 1 | 174 |
| Accruals and deferred income | 901 | 521 |
| Amounts due to Local Authority | 158 | 159 |
| Other loan | 10 | 26 |
| | <u>1,973</u> | <u>1,571</u> |

Deferred income

£'000

| | |
|--------------------------------------|------------|
| Deferred income at 1 September 2014 | 400 |
| Resources deferred in the year | 692 |
| Amounts released from previous years | (400) |
| Deferred income at 31 August 2015 | <u>692</u> |

At 31 August 2015 the Academy Trust was holding funds received in advance relating to various specific grants in respect of the next Academic year and trips taking place after the year end.

16.Creditors: amounts falling due after more than one year

| | 2015 | 2014 |
|--------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Amounts due to Local Authority | 26 | 186 |
| Other loan | 62 | 60 |
| | <u>88</u> | <u>246</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

17. Funds

| | At 1 September 2014 restated £'000 | Incoming resources £'000 | Resources expended £'000 | Gains, losses and transfers £'000 | At 31 August 2015 £'000 |
|--------------------------------------|--|--------------------------------|--------------------------------|--|----------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 1,426 | 22,081 | (21,733) | (404) | 1,370 |
| Start Up Grant | - | 201 | (201) | - | - |
| Other DfE/EFA grants | - | 1,358 | (1,358) | - | - |
| Other gov't grants | - | 854 | (854) | - | - |
| Other restricted reserves | - | 175 | (175) | - | - |
| Pension reserve | (6,076) | | (531) | (146) | (6,753) |
| | <u>(4,650)</u> | <u>24,669</u> | <u>(24,852)</u> | <u>(550)</u> | <u>(5,383)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/EFA capital grants | 649 | 1,297 | (989) | - | 957 |
| Capital expenditure from other funds | 68 | - | (107) | 404 | 365 |
| Inherited assets | 44,140 | - | (1,112) | - | 43,028 |
| | <u>44,857</u> | <u>1,297</u> | <u>(2,208)</u> | <u>404</u> | <u>44,350</u> |
| Total restricted funds | <u>40,207</u> | <u>25,966</u> | <u>(27,060)</u> | <u>(146)</u> | <u>38,967</u> |
| Unrestricted funds | <u>867</u> | <u>1,065</u> | <u>(1,032)</u> | <u>-</u> | <u>900</u> |
| Total funds | <u>41,074</u> | <u>27,031</u> | <u>(28,092)</u> | <u>(146)</u> | <u>39,867</u> |

A prior period adjustment has been processed to re-state the carrying value of the long leasehold buildings inherited on conversion, as explained in note 13. The effect of this adjustment was to reduce the opening net book value of tangible fixed assets at 1 September 2013 from £43,787,000 to £39,472,000, a reduction of £4,315,000. It also resulted in a reduced depreciation charge in the prior year from £1,179 to £1,099 (a reduction of £80,000) and a change in the amounts inherited on conversion of Holgate Academy (which converted during the prior year) from £9,508,000 to £5,126,000. The overall effect on the surplus in the prior year is a reduction of £4,302,000 with an overall reduction in the closing net assets position of the Academy Trust of £8,617,000

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 2015. The specific purposes for which the funds are to be applied are as follows:

Restricted general funds

General Annual Grant (GAG), other DfE/EFA grants and local authority grants are to be applied for the primary purpose of the Academy Trust in line with the master funding agreement and other specific funding letters.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

17. Funds (*continued*)

Restricted fixed asset funds

The restricted fixed asset funds relate predominantly to the assets acquired on conversion to an Academy Trust, being the property at each Academy Trust, plus any fixed asset additions made since conversion.

Unrestricted funds

Unrestricted funds represent other incoming resources to the Trust applied for the general purposes of the Trust at the discretion of the Trustees.

Gross transfer between funds

During the year the trust transferred £404,000 from restricted general funds to restricted fixed assets funds. This was due to the Trust capitalising assets purchased from restricted general funds and making contributions towards major refurbishment projects.

Analysis of Academies by fund balance

Funds balances at 31 August 2015 were allocated as follows:

| | Total £'000 |
|--|------------------------|
| Diverse Academies Trust (Central) | 329 |
| Tuxford Academy | 1,077 |
| Retford Oaks Academy | 738 |
| East Leake Academy | (174) |
| Tuxford Primary Academy | 40 |
| The Holgate Academy | 260 |
| Total before fixed assets and pension reserve | 2,270 |
| Restricted fixed asset fund | 44,350 |
| Pension reserve | (6,753) |
| Total | 39,867 |

East Leake Academy is carrying a deficit of £174,000 (2014: £268,000) due to a £477,000 deficit transferred at conversion. The deficit is supported by an advance from the Education Funding Agency, a repayment plan is in place to repay the funds in instalments by October 2016. £290,000 has been repaid in line with this repayment plan, leaving a balance of £187,000 at 31 August 2015.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

17. Funds (continued)

Analysis of Academies by cost

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

| | Teaching and educational support staff costs £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs (excl deprn) £'000 | Total £'000 |
|--------------------------------------|---|---|----------------------------------|--|----------------|
| Diverse Academies Trust (Central) | 190 | 669 | 35 | 846 | 1,740 |
| Tuxford Academy | 5,579 | 606 | 574 | 1,194 | 7,953 |
| Retford Oaks Academy | 3,183 | 440 | 327 | 899 | 4,849 |
| East Leake Academy | 3,513 | 316 | 193 | 786 | 4,808 |
| Tuxford Primary Academy | 434 | 102 | 44 | 168 | 748 |
| The Holgate Academy | 3,812 | 525 | 437 | 680 | 5,454 |
| | <u>16,711</u> | <u>2,658</u> | <u>1,610</u> | <u>4,573</u> | <u>25,552</u> |

18. Analysis of net assets between funds

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total funds £'000 |
|--------------------------------------|--------------------------------|---|---|-------------------------|
| Tangible fixed assets | - | 266 | 44,030 | 44,296 |
| Current assets | 1,327 | 2,738 | 320 | 4,385 |
| Current liabilities | - | (1,973) | - | (1,973) |
| Long term liabilities | - | (88) | - | (88) |
| Pension scheme liability | - | (6,753) | - | (6,753) |
| Total net assets at 31 August | <u>1,327</u> | <u>(5,810)</u> | <u>44,350</u> | <u>39,867</u> |

19. Capital commitments

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Contracted for, but not provided in the financial statements | <u>-</u> | <u>96</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

20. Financial commitments

Operating leases:

At 31 August the Academy Trust had annual commitments under non-cancellable operating leases as follows:

| | 2015 £'000 | 2014 £'000 |
|--|-----------------------------|-----------------------------|
| Other | | |
| Expiring within one year | 27 | 27 |
| Expiring within two and five years inclusive | - | 27 |
| | <u>27</u> | <u>54</u> |

21. Reconciliation of net (expenditure) / income to net cash inflow from operating activities

| | 2015 £'000 | 2014 £'000 |
|---|-----------------------------|-----------------------------|
| Net (expenditure)/income | (1,061) | 4,459 |
| Depreciation (note 13) | 1,252 | 1,099 |
| Capital grants from DfE and other capital income | (1,297) | (641) |
| FRS 17 pension cost less contributions payable (note 26) | 413 | 291 |
| FRS 17 pension finance costs (note 26) | 118 | 186 |
| Interest receivable | (6) | (5) |
| (Increase)/decrease in debtors | 201 | (220) |
| (Decrease)/increase in creditors | 244 | 48 |
| Transfer from local authority | - | (5,126) |
| Net cash (outflow)/ inflow from operating activities | <u>(136)</u> | <u>91</u> |

22. Capital expenditure and financial investment

| | 2015 £'000 | 2014 £'000 |
|--|-----------------------------|-----------------------------|
| Purchase of tangible fixed assets | (1,126) | (206) |
| Capital grants from DfE/EFA | 1,297 | 641 |
| Net cash inflow/(outflow) from capital expenditure and financial investment | <u>171</u> | <u>435</u> |

23. Returns of investments and servicing finance

| | 2015 £'000 | 2014 £'000 |
|--|-----------------------------|-----------------------------|
| Interest received | 6 | 5 |
| Net cash inflow from returns on investment and servicing of finance | <u>6</u> | <u>5</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

24. Analysis of changes in net funds

| | At 1 September 2014 £'000 | Transfer on Conversion £'000 | Cash flows £'000 | At 31 August 2015 £'000 |
|--------------------------|------------------------------------|------------------------------------|------------------------|----------------------------------|
| Cash in hand and at bank | 3,931 | - | 41 | 3,972 |

25. 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.

26. Pension and similar obligations

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 Nottinghamshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 by the Teachers' Pensions Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as-you-go' basis, and along with employers' contributions, are credited to the Exchequer.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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 was carried out as at 31 March 2012 in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation being published in June 2014. The key elements of the valuation and subsequent consultation are:

- Total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million
- Value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- Assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%.

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

26. Pension and similar obligations (*continued*)

The TPS valuation for 2012 determined an employer rate of 16.4% from 1 September 2015 and an employer cost cap of 10.9%. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £1,462,000 (2014: £1,437,000).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and 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 and the implications for the Academy Trust in terms of the anticipated 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 2015 was £989,000 (2014: £899,000) of which employer's contributions totalled £741,000 (2014: £671,000) and employees' contributions totalled £248,000 (2014: £228,000). The agreed contribution rates for future years are 18.3% for employers and up to 9.9% for employees.

| Principal actuarial assumptions | 2015 | 2014 |
|--|-------------|-------------|
| Rate of increase in salaries | 4.4% | 4.4% |
| Rate of increase for pensions in payment / inflation | 2.6% | 2.6% |
| Discount rate for scheme liabilities | 3.9% | 3.9% |

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

| | 2015 | 2014 |
|-----------------------------|-------------|-------------|
| <i>Retiring today</i> | | |
| Males | 22.1 | 22.0 |
| Females | 25.2 | 25.1 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.2 | 24.1 |
| Females | 27.6 | 27.4 |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

26. Pension and similar obligations (continued)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

| | Expected return at 31 August 2015 | Fair value at 31 August 2015 £,000 | Expected return at 31 August 2014 | Fair value at 31 August 2014 £,000 |
|--|--|--|---|--|
| Equities | 5.8% | 5,245 | 6.5% | 4,610 |
| Gilts | 5.8% | 198 | 3.0% | 367 |
| Bonds | 5.8% | 512 | 3.6% | 439 |
| Property | 5.8% | 926 | 5.5% | 719 |
| Cash | 5.8% | 256 | 2.9% | 268 |
| Other | 5.8% | 238 | - | - |
| Total market value of assets | | <u>7,375</u> | | <u>6,403</u> |
| Present value of scheme liabilities funded | | <u>(14,128)</u> | | <u>(12,479)</u> |
| Deficit in the scheme | | <u>(6,753)</u> | | <u>(6,076)</u> |

The actual return on scheme assets was £120,000 (2014: £577,000).

Amounts recognised in the statement of financial activities

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Current service cost (net of employee contributions) | 1,154 | 961 |
| Past service cost | - | - |
| Total operating charge | <u>1,154</u> | <u>961</u> |

Analysis of pension finance income/ (costs)

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Expected return on pension scheme assets | 397 | 320 |
| Interest on pension liabilities | (515) | (506) |
| Pension finance costs | <u>(118)</u> | <u>(186)</u> |

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,394,000 loss (2014: £1,248,000 loss).

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 AUGUST 2015

26. Pension and similar obligations (continued)

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

| | 2015 £'000 | 2014 £'000 |
|-------------------------|-----------------------------|-----------------------------|
| At 1 September | 12,479 | 8,349 |
| Transfer on conversion | - | 1,895 |
| Current service cost | 1,154 | 961 |
| Employee contributions | 248 | 228 |
| Benefits paid | (137) | (159) |
| Actuarial loss / (gain) | (131) | 699 |
| Interest cost | 515 | 506 |
| At 31 August | <u>14,128</u> | <u>12,479</u> |

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

| | 2015 £'000 | 2014 £'000 |
|---------------------------|-----------------------------|-----------------------------|
| At 1 September | 6,403 | 4,368 |
| Transfer on conversion | - | 825 |
| Expected return on assets | 397 | 320 |
| Actuarial gain / (loss) | (277) | 150 |
| Benefits paid | (137) | (159) |
| Employer contributions | 741 | 671 |
| Employee contributions | 248 | 228 |
| At 31 August | <u>7,375</u> | <u>6,403</u> |

The estimated value of employer contributions for the year ended 31 August 2016 is £780,000.

The four year history of experience adjustments is as follows:

| | 2015 £'000 | 2014 £'000 | 2013 £'000 | 2012 £'000 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Present value of defined benefit obligations | (14,128) | (12,479) | (8,349) | (5,003) |
| Fair value of share of scheme assets | 7,375 | 6,403 | 4,369 | 2,480 |
| Deficit in the scheme | <u>(6,753)</u> | <u>(6,076)</u> | <u>(3,980)</u> | <u>(2,523)</u> |
| Experience adjustments on share of scheme assets, gain/(loss) £'000 | (277) | 150 | 300 | 25 |
| Experience adjustments on scheme liabilities £'000 | <u>-</u> | <u>95</u> | <u>-</u> | <u>-</u> |

DIVERSE ACADEMIES TRUST
NOTES TO THE FINANCIAL STATEMENTS (*continued*)
YEAR ENDED 31 AUGUST 2015

27. Related party transactions

The Academy Trust is related to The National Church of England Academy Trust by virtue of common executive directorship.

During the year the Trust received services from The National Church of England Academy Trust totalling £12,000 (2014: £nil) and in return provided services of £193,529 (2014: £142,205). At 31 August 2015 a balance of £2,378 (2014: £78,462) was due to Diverse Academies Trust and £2,400 (2014: £1,391) was owed to The National Church of England Academy Trust. There is now a sharing agreement between The National Church of England Academy Trust whereby staff are shared at a £nil cost.

Owing to the nature of the Trust'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 Trust's financial regulations and normal procurement procedures.

No such related party transactions took place in the year.

28. Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £60,967 (2014: £54,256) and disbursed £42,607 (2014: £42,590). There is therefore an amount of £18,360 repayable to the EFA at 31 August 2015 included in other creditors. The Academy Trust retained a beneficial interest in individual transactions such that £3,048 (2014: £2,700) has been recognised in income and expenditure in the statement of financial activities.