

**DIVERSE ACADEMIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

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

# DIVERSE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

JR Rolph  
M Blore  
IC Wiggins

### Trustees

JR Rolph (Chair)  
M Tivey (Staff Trustee) (Resigned 31 August 2016)  
A Knight (Resigned 31 August 2016)  
CB Pickering (Chief Executive Officer & Accounting Officer)  
CM Turner (Resigned 31 August 2016)  
M Blore  
J Dickens (Resigned 31 August 2016)  
W Spooner (Staff Trustee) (Resigned 31 August 2016)  
IC Wiggins (Resigned 31 August 2016)  
R Turner (Resigned 31 August 2016)  
M Quigley (Resigned 31 August 2016 and re-appointed 17 October 2016)  
C Burn (Appointed 1 September 2015 and resigned 31 August 2016)  
  
S Hall (Appointed 1 September 2016)

### Senior management team

- Chief Executive Officer	CB Pickering
- Deputy CEO	D Clinton
- Executive Principal	D Cotton
- Executive Principal	L Davidson
- Executive Principal	N Holmes
- Academy Principal	K Hardy
- Academy Principal	C Saxelby
- Chief Operating Officer	G Corban
- Director of Finance and Corporate Services	J Fearon (Chief Financial Officer) (resigned on 22 September 2016)
- Chief Financial Officer	L Mosley (appointed on 31 October 2016)

### Company secretary

A Elway

### Company registration number

7664012 (England and Wales)

### Registered office

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

# DIVERSE ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Academies operated</b>	<b>Location</b>	<b>Principal</b>
Tuxford Academy	Tuxford	D Cotton
Retford Oaks Academy	Retford	D Cotton
East Leake Academy	East Leake	K Hardy
Holgate Academy	Hucknall	N Holmes
Tuxford Primary Academy	Tuxford	L Davidson
Walton Girls High School	Grantham	C Saxelby
Diverse Academies Trust (Central)	Kelham	
<b>Independent auditor</b>	RSM UK Audit LLP 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS	
<b>Bankers</b>	Lloyds Bank 37 Castlegate Newark NG24 1BD	
<b>Solicitors</b>	Flint Bishops St Michaels Court St Michaels Lane Derby DE1 3HQ	

# DIVERSE ACADEMIES TRUST

## CHAIRMAN'S STATEMENT

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The Diverse Academies Trust ('DAT') is the legal vehicle which owns the Academies within the DALP Partnership, apart from The National Church of England Academy in Hucknall which is owned by The National Church of England Trust ('NCEAT') at the insistence of The Diocese of Nottingham & Southwell. The Partnership Board is made up of Trustees from both Trusts.

2015/16 saw progress in all the DALP academies together with significant investment for the future. Overall reserves fell as a result, and will continue to decline in 2016/17.

During 2015/16 Walton Girls High School and Sixth Form in Grantham joined DALP and Queen Elizabeth Academy and Wainwright Primary Academy, both based in Mansfield, joined with effect from 1 September 2016. As a result DALP now comprises 7 secondary and 2 primary academies all of which benefit, or will benefit, from the delivery of high quality teaching & learning to every child. It is highly likely that further academies will join the DALP partnership during the next academic year. The DALP senior leadership team work closely with the Regional Schools Commissioner in identifying schools, both primary and secondary, that would benefit by joining the partnership.

DALP is benefitting from the dissemination of best practice across its academies and this is made possible by the support of a first class Corporate Services structure. This structure has been designed specifically to cater for the likely expansion of DALP in the next few years.

Whilst economies of scale have resulted in cost savings across the academies, the ability to become even more efficient becomes more and more of a challenge. Without adequate funding it is increasingly difficult to meet the challenges of providing high quality education for all pupils especially in view of increased employment costs. DALP has a number of academies built under the Private Finance Initiative ('PFI') which results in increasing costs of occupation with no ability for savings.

The much talked about 'National Funding Formula' may offer some help and, hopefully, the Government will look at increases in funding to at least cover the effects of inflation on academies. The likelihood of deficit budgets, with the consequent reduction in staffing costs, is in no-one's interest; especially the pupils.

Finally, much of the success of DALP is down to the quality and dedication of the teaching staff and the support staff, who go out of their way to ensure the best education for every pupil. This is borne out by the excellent results achieved across the academies and the improvements made by the schools that have recently joined the group. I would like to thank each and every one of them for their efforts.



John Rolph  
Chair of DAT & DALP  
17 February 2017

# DIVERSE ACADEMIES TRUST

## CHIEF EXECUTIVE STATEMENT

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2015/2016 has been a challenging year. Key challenges have included:

1. Financial pressures resulting from additional costs which have had to be absorbed by academy budgets without increases in overall funding e.g. national insurance and pension payments, cost of living pay increases
2. Improving student outcomes in academies
3. Recruitment of high quality teachers
4. Balancing growth of the Trust with creating capacity within the Education and Business Directorates to meet the demands of additional academies
5. Responding to the rapidly evolving education system and managing the impacts of political changes
6. Recruitment of quality governors and governance restructuring
7. Managing the changes in the measures used to judge schools' outcomes in terms of exam performance e.g. Progress 8 and MAT accountability
8. Building the Multi Academy Trust infrastructure
9. Planning for future growth
10. Establishing a group headquarters which is value for money

The trust has embraced all these challenges and is in a very strong position to move forward towards its ambition of 30 academies across a number of regional hubs within its agreed geographical parameters.

The trust is financially secure and is fully aware of savings that will need to be made over the next 18 months to prevent in year deficits and to enable reserves to be built to an appropriate level.

The new governance structure at corporate and academy level is in place and embedding rapidly

The trust has a clear growth plan for 2016/2017 and a framework for medium and longer term growth.

The backroom services of the Trust are lean and cost effective. This has resulted in the trust being able to passport 96.1% of budget share to academies. Much of this cost is offset by resultant savings being made by academies.

Outcomes for students across the group have improved significantly with success stories in all academies, none more so than the academies that have improved from particularly low points on joining the trust.

Plans for growth have been agreed with the Regional Schools' Commissioner and the Board and the trust has built sufficient capacity to successfully manage this growth

The new HQ has been established at a very low cost without long term commitment

The academies are well placed to respond to changes in performance measures and performance measurement in terms of student progress

All academies are fully staffed and the trust has a robust succession planning and recruitment strategy in place.

The trust is well placed to respond to the changing political climate

Only a few governor vacancies now remain at local academy and trust board level.

2015/2016 was an exceptional year for the trust which is well placed to meet the new challenges it will face in 2016/2017



C B Pickering  
Chief Executive Officer  
17 February 2017

# **DIVERSE ACADEMIES TRUST**

## **TRUSTEES' REPORT**

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates five secondary academies and one primary academy in Nottinghamshire and Lincolnshire for the age range of 2 to 19. The academies have a combined pupil capacity of 6,500 and had a roll of 5,300 in the school census at October 2016. Post the year end the trust took over the operations of 2 further academies in Nottinghamshire. Tuxford Academy leads the Trent Valley Teaching School which provides continuing professional development to teachers and support staff in approximately 30 schools. Tuxford and Holgate academies also provide delivery of alternative provision as part of trust's charitable objectives. There is also a wider provision of early years' education, before and after school activity and community use of facilities.

### **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 year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Trustees' indemnities**

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**

New Articles of Association were adopted with effect from 1st May 2016. The previous arrangement was to have the chair of every Local Academy Board (LAB) as a Director. The Trust recognised that as it grew this would be unwieldy. The adopted changes were to move to the DfE model Articles of Association, which eliminates the need for all chairs of LABs to be Directors. The Trust must have two elected Parent trustees which was agreed to be done at a local level. Directors are appointed by nomination and approved by the members. This change facilitated segregation of duties between LABs and the main Board.

The Trust can appoint an additional 3 co-optees if they feel this is appropriate. Current trustees are shown on page 1. The trust seeks to recruit additional trustees with a broad spectrum of experience so it is better able to understand and challenge senior management decision making. External advice is sought as and when necessary.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **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 Academy Board training through an annual Training Programme 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 Executive Group consisting of CEO, COO, CFO, Deputy CEO, Executive Principals and Principals named the senior strategy team (SST) are responsible for creating the vision, mission and key strategies. This is done and refined annually and presented to the DALP Board for approval. Monitoring the execution of the key strategies is then prepared through a series of Board meetings and audit committee meetings. The Educational monitoring is achieved through a series of meetings called Challenge Support Intervene (CSI) meetings (6 times per annum) and Full Academy Reviews (FAR) which are completed once a year. Both processes monitor progress. This has included financial monitoring which will be done separately in 16/17.

The Diverse Academies Trust is the main decision making body but has delegated authority as below:-

The trust has pooled a number of key education and business support functions with National Church of England Academy Trust (NCEAT), through the Diverse Academies Learning Partnership (DALP). This has a joint board of DAT and NCEAT trustees. This manages shared staffing and services which is part of the 3.9% management charge. Additionally, it manages a number of shared support services in Marketing, Property, IT, MIS, Finance and HR. These costs are around a further 5% of spend and are recharged directly to academies.

Each local academy board is free to spend their budget and recruit in the framework of the annual budget, which is expected to at least break even. All budgets are approved by the main board. Any Academy in deficit must have its budget approved by the Board.

Each local academy board operates a pay committee to review annual incremental increases and other additional awards for staff including the academy principal. The DALP Board operate a senior staff pay committee to review executive principles and corporate staff salaries.

The trust also has a chairs of governors group, and a representative which will be a non voting trustee. This group is consulted upon for major strategic decisions and acts as a means of feeding local academy board views into the main board.

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

The DALP and Academy Boards operate pay and staffing committees which review the senior staff, executive principals and corporate staff salaries. Salaries are reviewed and aligned with nationally agreed terms and conditions as well as comparing to norms within the sector. Support staff salaries are reviewed in the context of national job evaluation framework.

### **Related parties and co-operation with other organisations**

Whilst the Trust is a multi-academy trust responsible for its own affairs, it has entered into a partnership arrangement with The National Church of England Academy Trust Limited (NCEAT) with whom it has had a long standing collaboration agreement 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, 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 26.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### 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
- Walton Girls High School and Sixth Form

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 in delivering alternative education.

#### 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 trust seeks to collaborate with others where this improves the provision and resources available to our pupils.

#### 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.



# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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Some of the key strategies and outcomes from the Trust were as follows:

### **To grow the Trust and Impact The Lives of more children**

Walton Girls High joined DALP in the year and Wainwright Primary Academy with Queen Elizabeth Academy transferred from Delta Academy Trust on the 1st September. DALP has development plans to grow to 30 schools in the next 18 months.

### **Ensure All Academies have academic progress tracking processes that are fit for purpose**

Secure systems are in place for all Academies.

### **To Raise the Profile Of DALP locally, regionally and nationally**

All staff, governors, pupil and parents understand the DALP model, The CEO continues to work closely with the Regional Schools Commissioner and the Executive work closely with the DfE on a national stage.

### **To Ensure all Corporate Leadership and Management Structures were fit for purpose**

This has been successful in year as the Trust has managed to incorporate 3 new schools but is still being developed for its next phase of growth.

### **Raise Standards in Maths Across The Trust**

Successful outcomes in 2016, see KPIs, this is achieved through an effective challenge, support intervene methodology and Full Academy Reviews. This focuses on key data which is outcome based and completion of the strategic actions.

### **Ensure all academies provision for disadvantaged pupils is of high quality and effective**

The improvement gap closure has improved in all academies.

### **Public benefit**

The Trustees have complied with the duty in Part 3 of the Charities Act 2011, 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, where the trust has full control of its facilities it seeks to ensure a broad community use is made of the school facilities outside of the school day and within the school day where this is practical.

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 2015/2016 financial year DAT academies performed very well overall. On current DfE 2016 MAT performance data (unvalidated), we rank as significantly above the national average with regard to our secondary and primary performance. As ever, overall general improvements mask some disappointments and some spectacular successes.

The detailed performance is contained within the KPI section.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Financial review

This set of accounts shows the financial performance of the academy trust for the year ended 31 August 2016. The statement of financial activities shows the Academy Trust made a surplus before other recognised gains and losses of £2,738k in the year ended 31 August 2016 (2015: deficit of £1,195k).

The Academy Trust held fund balances at 31 August 2016 of £36,856k (2015: £39,867k) comprising £597k (2015: £1,370k) of restricted general funds (excluding pension reserve) and £845k (2015: £900k) of unrestricted general funds and a pension reserve deficit of £14,071k (2015: £6,753k). The majority of the net assets relate to fixed assets (land and buildings) being £49,555k (2015: £43,651k).

The Trust has cash of £1.8m at the end of 2016. There was significant dilution of cash in the year, with an opening balance of £4.0m, partly due to the investment in the Hucknall 6th form centre of £1.7m. The Hucknall 6th form centre will allow expansion of Holgate and NCEAT pupil numbers and therefore financial performance. The balance funded the in year cash flow deficit. Clearly this level of deficit is not sustainable on an ongoing basis.

The plan during 2016/17 is to structure the organisation in a way to breakeven in 17/18. In September 2016 the transfer of Wainwright Primary Academy and Queen Elizabeth Academy occurred with anticipated transferred cash of £1.2m which will further boost cash balances. Work is already underway to underpin the necessary cost savings in 2016/17.

### Main sources of funding

Donations and capital grants – see note 4.

The note includes capital grants from the EFA. The trust received a School Condition Fund (SCF) grant of £85k. This was for the 5 schools who were part of the trust in November 2015 and for National Church of England Trust, as DAT is the academy sponsor. Walton Girls High School and Sixth Form Academy received a grant of £203k to fund a new boiler under a bid Condition Improvement Fund (CIF) grant from the EFA. From April 2017 the trust anticipates that Walton Girls School and Sixth Form, Wainwright primary and Queen Elizabeth Academies will qualify for this grant and that the annual grant will rise to approximately £850k.

Funding for the Academy Trust educational operations - see note 5.

The main funding the Trust receives is the General Annual Grant of £22,408k (2015: £22,081k) for provision of education within its academies. This is funded by a formula based on pupil numbers, an element of small fixed payment per school and also recognises the level of deprivation. The EFA pays this funding.

Other trading activities - see note 6

This income includes voluntary contributions for school trips and school fundraising activity.

Transfers in of Academy Trust - see note 29

On the 1 June 2016 the Trust took over the operations of the Walton Girls High School and Sixth Form Academy. The Trust transferred all its assets and liabilities to the DAT. This included the school buildings, fixtures and fittings and equipment. This is shown as £5,589k of donated income. It also transferred its liabilities for pensions.

The Trust makes additional charges on a no profit basis for the provision of other education provision, this includes providing early years' places, before and after school clubs, places within alternative provision.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Financial policies

The Trust has revised its policy on the funds that are retained from EFA income to meet the Trusts' core running cost. In 2016/17 this will be a flat 3.9% (excluding pupil premium and bursary funding). This still leaves 96.1% of funding delegated to academies.

### Purchase of assets

During the year the Trust purchased a major additional asset, the former Hucknall College site for £1,161k, previously owned by New College Nottingham. The site will be used as a Sixth Form for The Holgate Academy and National Church of England Academy. The purchase costs will be recovered by section 106 funding which is expected to be received over the period 2016 to 2020.

### Financial and risk management objectives and policies

The Trust considers any risk as an intrinsic part of any decisions it makes. The Trust operates a risk register that reviews both strategic, financial and operational risks, including the key ways of mitigating these risks. This register is presented to the Audit Committee to scrutinise. This process will be refined in 2016/17 using appropriate software to ensure all key risks are both identified and managed.

### Reserves policy

Total usable reserves, defined as Restricted general reserves (excluding the pension reserves) and unrestricted reserves were £1,442k (2015: £2,270k).

The Trust seeks to maintain approximately a minimum of the equivalent of 30 days' turnover in usable reserves. The current balance is lower than this as reserves have funded the development of the Hucknall 6th form centre which will be repaid over the next 5 years from S106 monies.

The Trust holds reserves for the following reasons;

As a buffer to allow the Trust to meet year to year changes in pupil numbers without the need to make short term adjustments to staffing and also to meet the potential for on-going restructuring if reduced funding or student numbers dictate. It also holds cash for unforeseen circumstances.

To support the need to constantly invest in the infrastructure of the Trust to ensure that the quality of the environment is continually enhanced.

### Pension deficit

The Trustees recognise that there is a significant pension deficit of £14,071k (2015: £6,753k) which can vary from time to time depending on economic circumstance. The Trustees concern themselves with the overall level of contribution necessary to meet its cash payments to the schemes.

### 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.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### 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, all the academies met their targets, some reserves have been used in Retford Oaks to support improvement activity within the school.

**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 79% against a target of 78%. (this is before targeted intervention activity)

**Recruitment** – Total roll at 1 October 2015 was 4,363 compared to a target of 4,300. Recruitment at Tuxford Primary Academy has been well ahead of expectation with numbers growing in the year by over 25%.

**Financial Health** – Each Academy set 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.

East Leake Academy joined the Trust with a deficit of £477K, which was supported by a loan from the EFA. East Leake Academy has reduced this deficit to £441K and at the 31 August 2016 had reduced the loan from the EFA to £27K.

**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').

KS4 results were in line with predictions as in previous years. English again performed relatively less well than Mathematics and thus is a focus for increased DALP CSI in 2016-2017.

Progress 8 performance is above prediction and is strong.

KS5 results improved again on 2015 in AS and A2 measures.

**East Leake Academy** retained its good status following a successful Section 8 inspection by Ofsted this year.

KS4 GCSE overall 5xA\*CEM results improved by 7% on 2015. English 4LP increased markedly as did 3LP in Maths. The significant staffing changes to the Maths team are now reaping benefits.

Progress 8 predictions were accurate. The negative residual was caused exclusively by historically poor curriculum and qualifications planning (before the arrival of the current Principal). Such errors have been rectified for Year 11 in 2017. They could not be for 2016. KS5 results are significantly improved on 2015 outcomes.

**Retford Oaks Academy** was inspected by Ofsted in December 2015. This was a Section 8 monitoring inspection following the Section 5 inspection of May 2015. As we forecast, the academy was judged to be taking effective action. The far-reaching programme of DALP challenge, support and intervention has continued. This response has already resulted in significant improvements.

We believe that the academy will be amongst the most improved schools in England once national, validated data is published in December 2016/January 2017.

Its KS2 to KS4 VA performance has played a significant part in DALP's overall positive KS4 VA performance.

KS5 results are also strong. Many academic subjects are now performing significantly above the national average. Less so in vocational subjects. The sixth form remains subject to increased CSI from DALP for 2016-2017.

**Holgate Academy** retained its good status following its annual risk assessment by Ofsted.

KS4 results strength: significant increase in 4LoP English; exceeded FFTD in Maths.

Progress 8 prediction was accurate and in line with expected outcomes for this year group.

KS5 results improved on 2015 in AS and A2 measures. All targets, bar those for pass rates, exceeded.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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**Walton Girls High School** joined the trust on 1 June 2016. The academy retained its good status following a successful Section 8 inspection by Ofsted this year.

KS4 results are a source of great celebration overall.

Progress in English (3LP and 4 LP) is outstanding.

Progress 8 performance is very strong (despite the failure to prepare for the P8 measure by previous academy leaders) – the result of the impact of a new Principal and strong senior leaders.

KS5 performance has increased on 2015 in a large number of measures.

**Tuxford Primary Academy** retained its good status following its annual risk assessment by Ofsted.

The VERY low starting point as a local authority primary school will remain a frustrating legacy up to 2017. The 2016 RAISE will indicate just how much. However, powerful improvement in Early Years and Phonics and strong KS1 performance is to be celebrated.

KS2 presents a very favourable picture – and the national debacle with regard to some KS2 assessment has actually worked in our favour. The nationwide steep decline in KS2 attainment and progress (largely the result of the assessment debacle) has NOT happened at TPA; in fact, our improvement has accelerated hugely in testing circumstances.

**\*All external examination performance data relates to Summer 2016 results.**

### Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. At the date of this report, the ability of the company to continue as a going concern is dependent on the timing of receipts due under S106 planning arrangements in respect of Hucknall Sixth Form centre, the receipt of loan funding from an associated trust for which EFA permission has not yet been granted and the significant reduction of the cost base, not all of which have yet been secured. These matters constitute material uncertainties. The trustees have concluded that these outcomes are sufficiently likely to be able to conclude that the academy trust will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Plans for future periods**

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

#### Partnership

The Trust is seeking to further develop shared services across DALP in IT, MIS, Marketing, Finance and Facilities.

#### 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. The Trust has strengthened its Education Support Team by creating 4 more Executive Assistant roles to support school improvement and seconding school based staff into key roles in Maths, English, Science and PDBW.

#### 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.
- Working with the Regional School Commissioner (RSC) to support the sponsored conversion of schools or transfer of existing academies.

Wainwright Primary Academy and Queen Elizabeth's Academy transferred to the Trust on 1 September 2016. The Trust remains in discussion with the RSC regarding other schools. The Trust carries out a due diligence process prior to Trustees agreeing to add an academy.

# **DIVERSE ACADEMIES TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

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### **Principal risks and uncertainties**

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 of each academy and at the DALP Audit Committee, and mitigating actions agreed as required. The full Trustee group will review the risk register on an annual basis.

The financial risks facing the Trust over the next 12-24 months are:

### **Real terms reduction in Educational Funding**

Increases in National Insurance and Teacher Pension Scheme contributions have contributed to the in-year deficit. Further cost pressures will come from reductions in the Education Service Grant and lack of inflationary increases in pupil funding.

The Trust needs to save a further 5% on current costs to ensure future balanced budgets. All academies are using reserves to phase in cost reductions to utilise natural wastage where possible. All Academies are anticipated making further savings in 2016/17 and plan to make additional savings in 2017/18 and 2018/19.

### **Changes to Education Funding**

The Education Funding Agency is proposing to introduce a national funding formula to replace local models of funding.

### **Improving / maintaining inspection grades and academic results**

Inspection grades and results have a significant impact on the ability of the Trust to continue to manage an Academy and on recruitment to an Academy.

The Trust has increased spend on its education improvement team to support academies to make continued improvements in their Education provision.

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

The Academy Trust holds funds as custodian on behalf of those post-16 students who are entitled to and in receipt of the Post-16 Bursary. For further details see note 28.

### **EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES**

The trust has a number of formal and informal structures which supports employee engagement and involvement. Employee engagement/involvement is explicit in the vision and strategy of the trust and its academies. In addition to this there is a formal collective bargaining arrangement with recognised trade unions which provides a vehicles to formally consult and engage with employees trade unions in respect of all people management practices.

The trust ensures through its recruitment, development and through the course of employment that all people management practices support disabled persons, in addition all reasonable adjustments are considered and reviewed to ensure the recruitment and retention of disabled persons.

# DIVERSE ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

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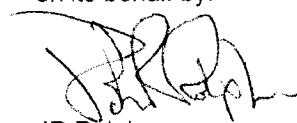
### AUDITOR

In accordance with best practice and in order to ensure value for money the Trust is carrying out a tender process for external audit. The successful candidate will be appointed by the Board for the year 2016/17.

### Statement as to disclosure of information to auditor

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 17 February 2017 and signed on its behalf by:



JR Rolph  
Chair

# DIVERSE ACADEMIES TRUST

## GOVERNANCE STATEMENT

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### 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 to the requirements of both propriety and good financial management and are 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 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
JR Rolph (Chair)	3	3
M Tivey (Staff Trustee) (Resigned 31 August 2016)	3	3
A Knight (Resigned 31 August 2016)	2	3
CB Pickering (Chief Executive Officer & Accounting Officer)	3	3
CM Turner (Resigned 31 August 2016)	1	3
M Blore	2	3
J Dickens (Resigned 31 August 2016)	3	3
W Spooner (Staff Trustee) (Resigned 31 August 2016)	1	3
IC Wiggins (Resigned 31 August 2016)	3	3
R Turner (Resigned 31 August 2016)	0	3
M Quigley (Resigned 31 August 2016 and re-appointed 17 October 2016)	3	3
C Burn (Appointed 1 September 2015 and resigned 31 August 2016)	3	3
S Hall (Appointed 1 September 2016)	0	0

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, although it remains our objective to recruit additional suitably qualified candidates. The Trust Board takes overall responsibility for the Trust's finances but it has delegated key decision making to the academy board of each individual academy. These academy boards set the academy's educational targets and budgets which are then approved by the Trust Board.

A full review of governance has taken place throughout the year and as a result local academy board governors have been reduced in number to enable them to focus on key strategic activities. All governors completed a skills audit and self-evaluation. The results of this were discussed and evaluated at the Chair of Local Academy Board meeting. Following this, training sessions are held to address any gaps identified. These included safeguarding and RAISE online training. This is completed annually. The Chairs of LABs meet with the Executive on a termly basis.

The Holgate Academy was awarded Governor Mark in February and other academies that haven't been assessed are progressing the award this year.

The new Trust Board is undertaking training in January 2017 with an external assessor.

A Governors' Conference for governors in all academies is being held in February 2017.



# DIVERSE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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 meetings in the year was as follows:

	Meetings attended	Out of possible
M Mays	2	4
S Tongue	1	4
J Eastwood	3	4
M Quigley	4	4
S Odabashy	3	4
T Hill	4	4

### 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 further 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. As a result of this all academies have made savings in 2015/16 and plan further saving over the next 3 years.
- Through these savings academies have been able to prioritise resources and have 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 put in place.
- Improvement Plans have identified key areas for development and budgetary provision has been made to enable the Senior Leadership Team to carry out the necessary 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 provided specialist input in Maths and English and it has also undertaken reviews of the effectiveness of school leadership and of SEN arrangements.
- Sharing the Chief Executive / Accounting Officer and Chief Financial Officer roles across the DALP partnership which lowers the cost for the Trust.
- The Trust has introduced a new payroll service at a lower cost per employee.
- During the year the Trust has further developed its shared services in IT, Finance and HR to lower the cost of providing this support across our academies.

# DIVERSE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### **The purpose of the system of internal control**

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

### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### **The risk and control framework**

The 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 Portfolio Committees 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 Trustees have appointed a Responsible Officer ('RO') for each academy to carry out detailed RO reviews within the Trust. The ROs role includes performing a range of checks on each academy's financial systems. The ROs reports are received at the Audit Committee meeting on the operation of the systems of control and on the discharge of the Academy Board's financial responsibilities. The Trustees have also considered the need for a specific internal audit function and have appointed internal auditors from September 2016.

Part of the Academy Development Plan is designed to enable the Trust to 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.

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

# DIVERSE ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

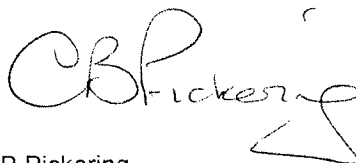
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The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17 February 2017 and signed on its behalf by:



JR Rolph  
Chair



CB Pickering  
Chief Executive Officer & Accounting Officer

# DIVERSE ACADEMIES TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

A handwritten signature in black ink, appearing to read 'CB Pickering', with a large, stylized flourish extending from the bottom right.

CB Pickering  
**Accounting Officer**

17 February 2017

# DIVERSE ACADEMIES TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who are also the directors of Diverse Academies Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction 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 state of affairs of Diverse Academies Trust 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:

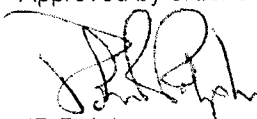
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the DfE/EFA 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 17 February 2017 and signed on its behalf by:



JR Rolph  
**Chair**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIVERSE ACADEMIES TRUST**

**YEAR ENDED 31 AUGUST 2016**

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## **Opinion on financial statements**

We have audited the financial statements on pages 23 to 51. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies to the financial statements concerning the company's ability to continue as a going concern and the preparation basis of the financial statements. As disclosed in note 1 to the financial statements on page 26, the ability of the company to continue as a going concern is dependent on the timing of receipts due under S106 planning arrangements, the receipt of loan funding from an associated trust for which EFA permission has not yet been granted and the achievement of significant operational cost savings, not all of which have yet been secured. These matters constitute material uncertainties. The financial statements have been prepared on a going concern basis and do not include any adjustments that may be required to restate assets and liabilities were the company unable to secure the funding and cost savings required.

## **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 other matter prescribed by the Companies Act 2006**

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIVERSE ACADEMIES TRUST (CONTINUED)

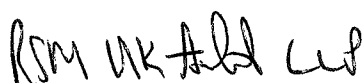
YEAR ENDED 31 AUGUST 2016

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## Respective responsibilities of directors and auditor

As more fully explained in the Director's Responsibilities Statement set out on page 20, the directors 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.

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



Philip Coleman FCA (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
7th Floor  
City Gate East  
Tollhouse Hill  
Nottingham  
NG1 5FS

Dated: 17 February 2017

# DIVERSE ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2016	Total 2015
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	4	68	-	843	911	1,840
Donations - transfer from Academy trust	29	79	(162)	5,672	5,589	-
Charitable activities:						
- Funding for educational operations	5	-	24,749	-	24,749	24,494
Other trading activities	6	887	434	-	1,321	691
Investments	7	4	-	-	4	6
<b>Total income and endowments</b>		<u>1,038</u>	<u>25,021</u>	<u>6,515</u>	<u>32,574</u>	<u>27,031</u>
<b>Expenditure on:</b>						
Raising funds	8	638	434	-	1,072	1,207
Charitable activities:						
- Educational operations	9	15	27,368	1,380	28,763	27,019
<b>Total expenditure</b>	<b>8</b>	<u>653</u>	<u>27,802</u>	<u>1,380</u>	<u>29,835</u>	<u>28,226</u>
<b>Net income/(expenditure)</b>		385	(2,781)	5,135	2,739	(1,195)
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	(5,750)	-	(5,750)	(12)
<b>Net movement in funds</b>		385	(8,531)	5,135	(3,011)	(1,207)
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>900</u>	<u>(5,383)</u>	<u>44,350</u>	<u>39,867</u>	<u>41,074</u>
Total funds carried forward		<u>1,285</u>	<u>(13,914)</u>	<u>49,485</u>	<u>36,856</u>	<u>39,867</u>



**DIVERSE ACADEMIES TRUST****BALANCE SHEET****AS AT 31 AUGUST 2016**

		<b>2016</b>		<b>2015</b>	
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>					
Tangible assets	<b>14</b>		50,678		44,296
<b>Current assets</b>					
Debtors	<b>15</b>	734		413	
Cash at bank and in hand		1,842		3,972	
		<u>2,576</u>		<u>4,385</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	<b>16</b>	(2,256)		(1,973)	
<b>Net current assets</b>			320		2,412
<b>Total assets less current liabilities</b>			50,998		46,708
Creditors: amounts falling due after more than one year	<b>17</b>		(71)		(88)
<b>Net assets excluding pension liability</b>			50,927		46,620
Defined benefit pension liability	<b>25</b>		(14,071)		(6,753)
<b>Net assets</b>			<u>36,856</u>		<u>39,867</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	<b>20</b>				
- Restricted fixed asset funds			49,485		44,350
- Restricted general funds			597		1,370
- Pension reserve			(14,071)		(6,753)
<b>Total restricted funds</b>			36,011		38,967
<b>Unrestricted income funds</b>	<b>20</b>		845		900
<b>Total funds</b>			<u>36,856</u>		<u>39,867</u>

The financial statements set out on pages 23 to 51 were approved by the board of trustees and authorised for issue on 17 February 2017 and are signed on its behalf by:



JR Rolph  
Chair

**DIVERSE ACADEMIES TRUST**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

		2016	2015
	Notes	£'000	£'000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	23	(1,563)	(122)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		4	6
Capital grants from DfE and EFA		843	1,297
Payments to acquire tangible fixed assets		(2,090)	(1,126)
Cash funds acquired on transfer in of academy		656	-
		(587)	177
<b>Cash flows from financing activities</b>			
Net receipt/(payment) of other loans		20	(14)
		20	(14)
<b>Change in cash and cash equivalents in the reporting period</b>		(2,130)	41
Cash and cash equivalents at beginning of the year		3,972	3,931
<b>Cash and cash equivalents at end of the year</b>		1,842	3,972

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

Diverse Academies Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### Basis of preparation

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

Diverse Academies Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements are the first financial statements of Diverse Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Diverse Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 30.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. At the date of this report, the ability of the company to continue as a going concern is dependent on the timing of receipts due under S106 planning arrangements in respect of Hucknall Sixth Form centre, the receipt of loan funding from an associated trust for which EFA permission has not yet been granted and the significant reduction of the cost base, not all of which have yet been secured. These matters constitute material uncertainties. The trustees have concluded that these outcomes are sufficiently likely to be able to conclude that the academy trust will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Transfer in of an academy trust

The transfer in of the academy trust into the MAT involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities acquired on the transfer in of Walton Girls High School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from Academy Trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 29.

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **Income**

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

##### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement, when performance-related conditions have been met, and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### Donations

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

##### Other income

Other income, including the hire of facilities and management charges, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

##### Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### Charitable activities

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

##### **Tangible fixed assets and depreciation**

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. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset to its estimated residual value on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Long leasehold buildings	between 20 and 50 years
Freehold buildings	between 20 and 50 years
Computer equipment	between 3 and 5 years
Furniture and equipment	between 3 and 15 years
Motor vehicles	between 7 and 10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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.

##### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

##### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **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.

##### **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'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

##### **Fund accounting**

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

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

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

##### **PFI arrangements**

The Trust has Private 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)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **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. The funds received and paid, and any balances held are disclosed in note 28.

##### **Financial instruments**

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

##### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render services to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment or to provide termination benefits.

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 2 Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

##### *Pension scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### *Depreciation*

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the Academy Trust expects to consume the future economic benefits embodied in the assets.

##### Critical areas of judgement

The judgments (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements are disclosed below:

##### *Leasing*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Academy Trust as lessee.

##### *Transfer in of Walton Girls High School and Sixth Form*

On 1 June 2016 the assets and liabilities of Walton Girls High School were transferred in to the academy trust. Significant balances transferred included the LGPS pension scheme deficit and the School's Freehold Land and buildings. Whilst valuations have been received in respect of these assets and liabilities, there is an inherent level of judgement and estimation involved in their recognition as alluded to above.



# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 3 Comparative year information

Year ended 31 August 2015	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2015 £'000
<b>Income and endowments from:</b>				
Donations and capital grants	543	-	1,297	1,840
Charitable activities:				
- Funding for educational operations	-	24,494	-	24,494
Other trading activities	516	175	-	691
Investments	6	-	-	6
<b>Total income and endowments</b>	<b>1,065</b>	<b>24,669</b>	<b>1,297</b>	<b>27,031</b>
<b>Expenditure on:</b>				
Raising funds	1,032	175	-	1,207
Charitable activities:				
- Educational operations	-	24,811	2,208	27,019
<b>Total expenditure</b>	<b>1,032</b>	<b>24,986</b>	<b>2,208</b>	<b>28,226</b>
<b>Net income/(expenditure)</b>	<b>33</b>	<b>(317)</b>	<b>(911)</b>	<b>(1,195)</b>
Transfers between funds	-	(404)	404	-
<b>Other recognised gains and losses</b>				
Actuarial gains/(losses) on defined benefit pension schemes	-	(12)	-	(12)
<b>Net movement in funds</b>	<b>33</b>	<b>(733)</b>	<b>(507)</b>	<b>(1,207)</b>

#### 4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	843	843	1,297
Other donations	68	-	68	543
	<b>68</b>	<b>843</b>	<b>911</b>	<b>1,840</b>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	22,408	22,408	22,081
Start up grants	-	4	4	201
Other DfE / EFA grants	-	1,604	1,604	1,358
	-	24,016	24,016	23,640
<b>Other government grants</b>				
Local authority grants	-	733	733	854
<b>Total funding</b>	-	24,749	24,749	24,494

#### 6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	19	-	19	12
Management charges	226	-	226	194
Other income	642	434	1,076	485
	887	434	1,321	691

#### 7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	4	-	4	6

#### 8 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Expenditure on raising funds	499	-	573	1,072	1,207
Academy's educational operations					
- Direct costs	17,533	-	1,764	19,297	18,244
- Allocated support costs	3,457	4,090	1,919	9,466	8,775
<b>Total expenditure</b>	21,489	4,090	4,256	29,835	28,226

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 8 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2016 £'000	2015 £'000
Fees payable to auditor		
- Audit	36	38
- Other services	19	6
Operating lease rentals	70	76
Net interest on defined benefit pension liability	262	252
Depreciation of tangible fixed assets	1,380	1,252

Included within expenditure are the following transactions:

	2016 £'000
Compensation payments - total	83,892
- Items over £5,000:	
Settlement	22,000
Settlement	6,312
Settlement	17,730

#### Central services

The academy trust has provided the following 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 amounts charged during the year were as follows:	Total £'000
Tuxford Academy	236
Retford Oaks Academy	156
East Leake Academy	172
Holgate Academy	226
Tuxford Primary Academy	23
Walton Girls High School	18
Diverse Academies Trust (Central)	-
	<u>831</u>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	-	19,297	19,297	18,244
Support costs - educational operations	15	9,451	9,466	8,775
	<u>15</u>	<u>28,748</u>	<u>28,763</u>	<u>27,019</u>
			<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Analysis of support costs</b>				
Support staff costs			3,457	2,735
Depreciation and amortisation			1,380	1,252
Technology costs			424	488
Premises costs			2,710	3,099
Other support costs			1,439	1,125
Governance costs			56	76
			<u>9,466</u>	<u>8,775</u>

#### 10 PFI Charges

Maintenance of premises costs includes the following PFI charges:

Tuxford Academy	£527,690	(2015: £563,619)
Retford Oak Academy	£455,693	(2015: £495,982)
East Leake Academy	£305,720	(2015: £294,220)

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

#### 11 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	16,328	15,708
Social security costs	1,289	1,048
Other pension costs	3,093	2,616
	<u>20,710</u>	<u>19,372</u>
Total staff costs	20,710	19,372
Supply staff costs	695	400
Staff restructuring costs	84	77
	<u>21,489</u>	<u>19,849</u>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 11 Staff costs (Continued)

##### Staff numbers

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

	2016 Number	2015 Number
Teachers	279	287
Administration and support	492	469
Management	47	35
	<u>818</u>	<u>791</u>

##### Higher paid staff

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

	2016 Number	2015 Number
£60,001 - £70,000	13	7
£70,001 - £80,000	3	4
£80,001 - £90,000	1	2
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	-
	<u>1</u>	<u>-</u>

Included in staff restructuring costs are non-statutory payments totalling £83,892 (2015: £77,000).

##### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's NIC) received by key management personnel for their services to the academy trust was £937,855 (2015: £763,030).

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 12 Trustees' remuneration and expenses

The Accounting Officer (AO) and one or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

CB Pickering (AO) received remuneration of £99,000 during the year (2015: £126,312) and historically accrued retirement benefits under the Teachers' Pension Scheme. CB Pickering left the Teachers' Pension Scheme on the 1 April 2014.

W Spooner (Staff Trustee) received remuneration of £20,380 (2015: £24,507) during the year and is accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in the year amounted to £1,479 (2015: £4,484).

M Tivey (Staff Trustee) received remuneration of £37,871 during the year (2015: £44,996) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £4,633 (2015: £6,322).

During the year ended 31 August 2016, travel and subsistence expenses totalling £283 (2015: £2,100) were reimbursed to 6 trustees (2015: 9 trustees).

Other related party transactions involving the Trustees are set out in note 26.

#### 13 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees 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 2016 was £6,951 (2015: £5,500). The cost of this insurance is included in the total insurance cost.

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 14 Tangible fixed assets

	Long leasehold buildings £'000	Freehold land and buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2015	47,140	-	495	248	147	48,030
Transfer in	-	5,436	14	222	-	5,672
Additions	46	1,588	112	330	14	2,090
	<u>47,186</u>	<u>7,024</u>	<u>621</u>	<u>800</u>	<u>161</u>	<u>55,792</u>
<b>Depreciation</b>						
At 1 September 2015	3,489	-	217	27	1	3,734
Charge for the year	1,137	29	145	53	16	1,380
	<u>4,626</u>	<u>29</u>	<u>362</u>	<u>80</u>	<u>17</u>	<u>5,114</u>
<b>Net book value</b>						
At 31 August 2016	<u>42,560</u>	<u>6,995</u>	<u>259</u>	<u>720</u>	<u>144</u>	<u>50,678</u>
At 31 August 2015	<u>43,651</u>	<u>-</u>	<u>278</u>	<u>221</u>	<u>146</u>	<u>44,296</u>

Included within assets transferred in is £3,500,000 relating to land and £1,936,000 relating to buildings at Walton.

Freehold land and buildings additions over £5,000 include:

- £1,160,858 for the building of a new Post 16 centre at Holgate which includes land of £480,000.

15 Debtors	2016 £'000	2015 £'000
Trade debtors	50	26
VAT recoverable	215	73
Other debtors	65	7
Prepayments and accrued income	404	307
	<u>734</u>	<u>413</u>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

16	Creditors: amounts falling due within one year	2016 £'000	2015 £'000
	Other loans	21	10
	Trade creditors	735	565
	Other taxation and social security	462	338
	Other creditors	58	159
	Accruals and deferred income	980	901
		<u>2,256</u>	<u>1,973</u>

Included in other loans is an amount due within one year of £19,270 relating to the Salix loan 1 and £1,500 relating to Salix loan 2. These loans do not bear any interest and are not secured against any asset. £19,270 and £1,500 a year is repayable. The age analysis for the loans can be seen in note 17.

Included in other creditors is an amount of £26,000 (2015: £158,000) payable to the EFA, this is due within one year.

17	Creditors: amounts falling due after more than one year	2016 £'000	2015 £'000
	Other loans	71	62
	Other creditors	-	26
		<u>71</u>	<u>88</u>
	<b>Analysis of loans</b>		
	Not wholly repayable within five years by instalments	8	-
	Wholly repayable within five years	84	72
		<u>92</u>	<u>72</u>
	Less: included in current liabilities	(21)	(10)
		<u>71</u>	<u>62</u>
	Amounts included above	<u>71</u>	<u>62</u>
	Instalments not due within five years	<u>8</u>	<u>-</u>
	<b>Loan maturity</b>		
	Debt due in one year or less	21	10
	Due in more than one year but not more than two years	21	10
	Due in more than two years but not more than five years	42	40
	Due in more than five years	8	12
		<u>92</u>	<u>72</u>

Included in other creditors is an amounts of £nil (2015: £26,000) payable to the EFA.



# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

<b>18</b>	<b>Deferred income</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	Deferred income is included within:		
	Creditors due within one year	385	692
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2015	692	400
	Released from previous years	(692)	(400)
	Amounts deferred in the year	385	692
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2016</b>	<b>385</b>	<b>692</b>
		<u>          </u>	<u>          </u>

At 31 August 2016 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.

<b>19</b>	<b>Financial instruments</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	282	175
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Financial liabilities measured at amortised cost	(1,480)	(1,031)
		<u>          </u>	<u>          </u>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 20 Funds

	Balance at 1 September 2015	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£'000	£'000	£'000	£'000	£'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,370	22,408	(24,218)	1,037	597
Start up grants	-	4	(4)	-	-
Other DfE / EFA grants	-	1,604	(1,604)	-	-
Other government grants	-	733	(733)	-	-
Other restricted funds	-	1,107	(510)	(597)	-
	<u>1,370</u>	<u>25,856</u>	<u>(27,069)</u>	<u>440</u>	<u>597</u>
Funds excluding pensions	1,370	25,856	(27,069)	440	597
Pension reserve	(6,753)	(835)	(733)	(5,750)	(14,071)
	<u>(5,383)</u>	<u>25,021</u>	<u>(27,802)</u>	<u>(5,310)</u>	<u>(13,474)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	957	843	(55)	-	1,745
Inherited funds	43,028	5,672	(1,162)	-	47,538
Capital expenditure from GAG	365	-	(163)	-	202
	<u>44,350</u>	<u>6,515</u>	<u>(1,380)</u>	<u>-</u>	<u>49,485</u>
<b>Total restricted funds</b>	<u>38,967</u>	<u>31,536</u>	<u>(29,182)</u>	<u>(5,310)</u>	<u>36,011</u>
<b>Unrestricted funds</b>					
General funds	<u>900</u>	<u>1,038</u>	<u>(653)</u>	<u>(440)</u>	<u>845</u>
<b>Total funds</b>	<u>39,867</u>	<u>32,574</u>	<u>(29,835)</u>	<u>(5,750)</u>	<u>36,856</u>

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 2016. The specific purposes for which the funds are to be applied are as follows:

#### Restricted general funds

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. Other restricted funds represent amounts transferred in from Walton Girls High School and Sixth Form (see note 29), together with income derived from educational and Nursery provision. These funds are applied for the primary purpose of the Academy and for the provision of these services, and to the extent they relate to carried forward GAG funding, this has been transferred to the GAG reserve.

#### 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.

**DIVERSE ACADEMIES TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**20 Funds (Continued)**

**Total funds analysis by academy**

	<b>Total £'000</b>
Fund balances at 31 August 2016 were allocated as follows:	
Tuxford Academy	229
Retford Oaks Academy	244
East Leake Academy	(441)
Holgate Academy	20
Tuxford Primary Academy	(22)
Walton Girls High School	676
Diverse Academies Trust (Central)	736
	<hr/>
Total before fixed assets fund and pension reserve	1,442
Restricted fixed asset fund	49,485
Pension reserve	(14,071)
	<hr/>
Total funds	36,856
	<hr/>

East Leake Academy is carrying a deficit of £441,000 (2014: £268,000) due to inheriting a deficit balance on conversion along with a high cost base and pressure on student numbers. The Trust is seeking to address this deficit through a programme of staff cost restructuring and a focus on increasing pupil numbers.

Tuxford Primary Academy is carrying a deficit of £22,000 as a result of a previous incapacity to grow student numbers to a sustainable level. The Trust has since increased class sizes in order to address this issue.

**Total cost analysis by academy**

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

	<b>Teaching and educational support staff costs £'000</b>	<b>Other support staff costs £'000</b>	<b>Educational supplies £'000</b>	<b>Other costs excluding depreciation £'000</b>	<b>Total £'000</b>
Tuxford Academy	5,974	610	509	1,487	8,580
Retford Oaks Academy	3,298	404	346	1,012	5,060
East Leake Academy	3,561	366	225	759	4,911
Holgate Academy	3,642	522	344	794	5,302
Tuxford Primary Academy	691	102	59	253	1,105
Walton Girls High School	695	137	123	134	1,089
Diverse Academies Trust (Central)	815	672	162	759	2,408
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	18,676	2,813	1,768	5,198	28,455
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 21 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	1,430	-	49,248	50,678
Current assets	-	2,339	237	2,576
Creditors falling due within one year	(514)	(1,742)	-	(2,256)
Creditors falling due after one year	(71)	-	-	(71)
Defined benefit pension liability	-	(14,071)	-	(14,071)
	<u>845</u>	<u>(13,474)</u>	<u>49,485</u>	<u>36,856</u>

#### 22 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	40	11
Amounts due between one and five years	45	9
Amounts due after five years	142	11
	<u>227</u>	<u>31</u>

#### 23 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period	2,739	(1,195)
Adjusted for:		
Net deficit/(surplus) transferred in	(5,589)	-
Capital grants from DfE/EFA and other capital income	(843)	(1,297)
Interest receivable	(4)	(6)
Defined benefit pension scheme cost less contributions payable	471	413
Defined benefit pension scheme finance cost/(income)	262	252
Depreciation of tangible fixed assets	1,380	1,252
(Increase)/decrease in debtors	(321)	201
Increase/(decrease) in creditors	246	258
Stocks, debtors and creditors transferred in	96	-
<b>Net cash used in operating activities</b>	<u>(1,563)</u>	<u>(122)</u>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 24 Members' liability

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

#### 25 Pensions 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 and Lincolnshire County Council. All are multi-employer defined benefit schemes.

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

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

##### Teachers' Pension Scheme

###### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

###### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £1,787,000 (2015: £1,462,000).

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Pensions and similar obligations (Continued)

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The academy trust has schemes in two different county councils being five schools which are managed by Nottinghamshire County Council and one school managed by Lincolnshire County Council.

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

##### Nottinghamshire County Council

The total contributions are as noted below. The agreed contribution rates for future years are 18% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £800,000.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	808	741
Employees' contributions	271	248
Total contributions	1,079	989

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	4.1	4.4
Rate of increase for pensions in payment	2.3	2.6
Discount rate	2.2	3.9

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

	2016 Years	2015 Years
Retiring today		
- Males	22.1	22.1
- Females	25.3	25.2
Retiring in 20 years		
- Males	24.4	24.2
- Females	27.7	27.6

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Pensions and similar obligations (Continued)

The academy trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	6,450	5,245
Bonds	637	512
Gilts	350	198
Cash	399	256
Property	1,132	926
Other assets	402	238
Total fair value of assets	9,370	7,375
Actual return on scheme assets - gain/(loss)	1,133	(120)
<b>Amounts recognised in the statement of financial activities</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Current service cost	1,267	1,154
Net interest cost	251	252
<b>Changes in the present value of defined benefit obligations</b>		<b>2016 £'000</b>
Obligations at 1 September 2015		14,128
Current service cost		1,267
Interest cost		561
Employee contributions		271
Actuarial loss		5,802
Benefits paid		(215)
At 31 August 2016		21,814

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Pensions and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets	2016 £'000
Assets at 1 September 2015	7,375
Interest income	310
Return on plan assets (excluding net interest on the net defined pension liability)	823
Employer contributions	808
Employee contributions	271
Benefits paid	(215)
Administration expenses	(2)
At 31 August 2016	<u>9,370</u>

#### Lincolnshire County Council - WGH Pension

The total contributions are as noted below. The agreed contribution rates for future years are 19% for employers and 5.5 to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £132,000.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the transfer in (as described in note 29) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on transfer represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	34	-
Employees' contributions	10	-
Total contributions	<u>44</u>	<u>-</u>

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.60	4.40
Rate of increase for pensions in payment	2.10	2.60
Discount rate	<u>2.10</u>	<u>3.90</u>



# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Pensions and similar obligations (Continued)

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

	2016 Years	2015 Years
Retiring today		
- Males	22.20	22.10
- Females	24.40	25.20
Retiring in 20 years		
- Males	24.50	24.20
- Females	26.80	27.60

The academy trust's share of the assets in the scheme	2016 Fair value £'000	2015 Fair value £'000
Equities	1,197	-
Bonds	202	-
Property	156	-
Total fair value of assets	1,555	-
Actual return on scheme assets - gain/(loss)	61	-

Amounts recognised in the statement of financial activities	2016 £'000	2015 £'000
Current service cost	46	-
Net interest cost	8	-

Changes in the present value of defined benefit obligations	2016 £'000
Obligations acquired on transfer	2,164
Current service cost	46
Interest cost	22
Employee contributions	10
Actuarial loss	942
Benefits paid	(2)
At 31 August 2016	3,182

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 25 Pensions and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets	2016 £'000
Assets acquired on transfer	1,329
Interest income	13
Return on plan assets (excluding net interest on the net defined pension liability)	171
Employer contributions	34
Employee contributions	10
Benefits paid	(2)
At 31 August 2016	1,555

#### 26 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 £30,066 (2015: £12,000) and in return provided services of £252,739 (2015: £193,529). At 31 August 2016 a balance of £8,251 (2015: £2,378) was due to Diverse Academies Trust and £910 (2015: £2,400) 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.

#### 27 Post balance sheet events

On 1 September 2016, Queen Elizabeth's Academy was transferred into the MAT for £nil consideration. The property was transferred from Delta Academies Trust at a value of £6,482,000, the pension liability transferred was £2,300,000 and other funds transferred in totalled £1,393,000.

On 1 September 2016, Wainwright Primary Academy was transferred into the MAT for £nil consideration. The property was transferred from Delta Academies Trust at a value of £2,321,000, the pension liability transferred was £1,274,000 and other funds transferred in totalled £287,000.

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 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 £59,055 (2015: £60,967) and disbursed £50,059 (2015: £42,607). There is therefore an amount of £8,996 (2015: £18,360) repayable to the EFA included in other creditors. The Academy Trust retained a beneficial interest in individual transactions such that £2,384 (2015:£3,048) has been recognised in income and expenditure in the statement of financial activities.

#### 29 Transfer in of academy

On 1 June 2016 the Walton Girls High School joined the multi-academy trust and all the operations and assets and liabilities were transferred to Diverse Academies Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from Academy Trust.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of transfer		
Walton Girls High School	Grantham	1 June 2016		
		Book value	Accounting	Total
		£'000	Adjustment	2016
Net assets transferred:		£'000	£'000	£'000
Freehold land and buildings		5,600	(164)	5,436
Other tangible fixed assets		40	196	236
Cash		656	-	656
LGPS pension surplus/(deficit)		(1,445)	610	(835)
Debtors		50	86	136
Creditors		(23)	(17)	(40)
		<u>4,878</u>	<u>711</u>	<u>5,589</u>
	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2016
Funds surplus/(deficit) transferred:	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	5,672	5,672
Current assets	79	713	-	792
LGPS pension funds	-	(835)	-	(835)
Current liabilities	-	(40)	-	(40)
	<u>79</u>	<u>(162)</u>	<u>5,672</u>	<u>5,589</u>

# DIVERSE ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 30 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

##### Reconciliation of funds for the previous financial period

	1 September 2014 £'000	31 August 2015 £'000
Funds as reported under previous UK GAAP and under FRS 102	41,074	39,867

##### Reconciliation of net loss for the previous financial period

	Notes	2015 £'000
Net expenditure as reported under previous UK GAAP		(1,061)
Adjustments arising from transition to FRS 102:		
Changes in recognition of LGPS interest cost	a)	(134)
Net expenditure reported under FRS 102		(1,195)

##### Notes to reconciliations on adoption of FRS 102

##### a) Changes in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £134,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIVERSE ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 30 August 2016 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diverse Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Diverse Academies Trust and the EFA in accordance with the terms of our engagement letter dated 3 October 2016. Our work has been undertaken so that we might state to the Diverse Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Diverse Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Diverse Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Diverse Academies Trust's funding agreement with the Secretary of State for Education dated 1 October 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

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# INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIVERSE ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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## Conclusion

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

RSM UK Audit LLP

## RSM UK Audit LLP

Chartered Accountants

7th Floor

City Gate East

Tollhouse Hill

Nottingham

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Dated: .....

17 February 2017

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