

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	JR Rolph M Blore IC Wiggins
Trustees	JR Rolph, (resigned as Chair 18 September 2019) M Blore M Quigley, (appointed as Chair 18 September 2019) SP Jones (resigned 9 May 2019) IR Storey (appointed 28 September 2018) C White (appointed 28 September 2018) PK Mabbott (appointed 28 September 2018) D Schwarz (appointed 16 October 2019) C Burn (appointed 14 November 2019)
Company registered number	7664012
Company name	Diverse Academies Trust
Registered office	Diverse Education Centre Old Hall Drive Retford Nottinghamshire DN22 7EA
Company secretary	A Elway
Chief executive officer	CB Pickering
Senior management team	CB Pickering, Chief Executive Officer and Accounting Officer D Cotton, Senior Executive N Holmes, Senior Executive C Thornton, Senior Executive G Corban, Chief Operating Officer (incorporating CFO) S Jones (resigned 31 July 2019), Senior Executive

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

Independent auditor	Smith Cooper Audit Limited Chartered Accountants and Statutory Auditors 2 Lace Market Square Nottingham NG1 1PB
Bankers	Lloyds Bank 202 High Street Lincoln LN5 7AP
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

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CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

The Diverse Academies Trust ('DAT') is the legal vehicle which owns the Academies within the Diverse Academies 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.

For some time now, the Trustees have been considering their skill base and their ability to challenge all areas of the Trust's activities. As reported last year, 3 more Trustees joined the Board in September 2018:

- Peter Mabbott, a former Chair of Queen Elizabeth's Academy, will bring considerable additional experience of finance and risk management. He is the Local Director for Halifax - Lloyds Banking Group in Nottinghamshire.
- Cherie White is the Founder and CEO of 'Think for the Future Ltd' which provides specialist educational support to schools and mentoring services to young people at risk of not achieving their full potential.
- Ian Storey has a great deal of corporate management experience and was Chief of Staff in the Global Legal and Compliance Departments at Astra Zeneca.

All have now 'found their feet' and are actively contributing to the work of the Board.

In addition, we are now pleased to announce 2 further Trustee appointments bringing the total to 8 following Simon Jones' decision to resign from the Board in May of this year. The new Trustees are:

- David Schwarz was in supply chain and general management and taught part-time on a master's course. He is a mentor with the Prince's Trust Enterprise Scheme.
- Catherine Burn is a Director of Bassettlaw Community and Voluntary Service (BCVS) and has significant experience as a voluntary and community sector leader.

I have chaired the Trust Board and the Partnership Board for the past 8 years and, in accordance with governance guidelines, have decided not to seek a further term as Chair. At the first Board meeting of the current academic year, Mike Quigley MBE was elected as Chair of the Trust. Mike has been a Trustee for many years and has a wealth of experience which will enable him to lead the Board into the future. I will be remaining as a Trustee and as Chair of the Finance & Resources Committee.

At the same meeting, Chris Pickering indicated his intention to retire as CEO of the Trust in mid 2020. Chris has been the driving force in leading Tuxford Academy for 10 years followed by a further 10 years developing the Multi Academy Trust. He will be sorely missed and will be a hard act to follow, but the Trustees are determined to recruit a new CEO capable of maintaining and developing the entity that Chris has worked so hard to create.

The radical review of our cost base is continuing, and we have centralised the control and management of all areas other than education delivery. The resulting efficiencies have resulted in an excellent financial outcome for the year and the Senior Management Team should be congratulated on their achievements. The Trust is now on a sound financial footing and I hope that the ESFA will recognise that we are ready to resume growth and disseminate best practice to more academies.

We must not lose sight of the fact that the principal purpose of the Trust is to improve the education of students, in order that they can make the best possible use of their skills in later life. The Trust has achieved much in this respect and details of performance and results in each of the academies is included in the main Trustees' Report. NCEAT have been one of the main beneficiaries of the Partnership's work over the past decade and are now highly rated by Ofsted. They have now indicated that they would like to leave the Partnership with DAT and discussions are currently underway with a view to a gradual disengagement over the remainder of this academic year.

No matter how good the Leadership Team, the successful development of the Trust would never have been achieved without the dedication and commitment of both the teaching staff and the support staff. I hope that promises of additional funding and improvements in pay and conditions will materialise as we cannot afford to lose people through disaffection and poor reward.

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CHAIR'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

I would like to thank all the staff, both past and present, who have worked so hard on behalf of the children in our academies and who have supported the work of the Trustee Board. I would also like to thank all the governors and my fellow Trustees for all their work in constructively scrutinising and monitoring the performance of the individual academies and the Trust as a whole.



John Rolph
Trustee, and Chair of DAT & DALP from 2011 to 2019

Date: 11 Dec 2019 .

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CHIEF EXECUTIVE'S STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

2018/19 was a very challenging but significantly successful year for the trust. We have strategically and structurally realigned our organisation to place us in a position of great strength to address whatever demands are placed upon us and to build upon our strengths as we develop further and grow as a multi academy trust (MAT). We have secured the financial position of the MAT not just for the present but for the future. Our mantra has been to achieve cost efficiency whilst at the same time improving quality, standards and effectiveness in everything that we do from executive and senior leadership to practice in the classroom and business functionality.

The trustees, working with the executive have set a clear direction. Our values are explicit and reflected in the individual identities of our academies. We have challenging but achievable goals and appropriate strategic objectives for the next three years. Our Annual Delivery Plan for 2019/2020 identifies the progress we expect to make next year towards achieving the strategic objectives set during 2018/2019. We now have a governance structure which complements the realignments and restructuring, the changing demands upon trustees and the Ofsted emphasis on the quality of governance at both trust level and local academy level.

Last year was positive in respect of student performance and outcomes across the academies. It was a year in which the financial consolidation achieved within 2017/2018 was first embedded and then built upon. The rationalisation of non-pay expenditure and the removal of non-essential spend was not only sustained but extended. The centralisation of the leadership and management of the business function was further developed as part of the Trust's major business realignment strategy. The business function is now both cost effective and cost efficient and has resulted in significant financial saving benefits across the trust enabling an increase in proportional spend on frontline educational provision.

Financial controls have been strengthened further following the review carried out in 2018/19 making them both robust and rigorous enabling the trust to ensure it is delivering on all the relevant Nolan principles.

During 2018/2019 the number of academies within the trust has not been increased. It has been a year of consolidation as we have focused upon strengthening our financial position, building our school improvement capital and engaging in building new and exciting partnerships with other academies and trusts. We have also provided significant support to academies experiencing difficulties through working in partnership with local authorities and the Regional School Commissioner's office.

A key focus during the year has been on defining and developing our shared leadership strategy in parallel with extending our core principles of distributing leadership and co development. This has enabled us to reduce the costs of leadership whilst at the same time increasing quality and standards. Throughout the year the trust has worked hard on its succession planning strategy as it recognises the inevitable movements within all levels of leadership and the importance of developing internal pools of potential candidates capable of filling vacant posts, no more so than that of the CEO who retires in the summer of 2020.

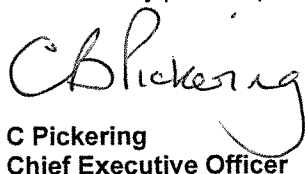
The trust has sustained its excellent and valued relationships with unions and professional associations through regular and transparent communication and consultation. This has enabled our realignment processes to proceed quickly and efficiently.

During the course of the year the Trust moved its headquarters back into accommodation within its existing estate. This has resulted in a significant financial benefit which will be sustained in the future.

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CHIEF EXECUTIVE'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Perhaps the most important impact of the trust's realignment and restructuring processes has been to re-balance costs, reducing backroom costs and increasing frontline costs in the classroom as mentioned earlier. More importantly though is the fact that backroom services are not only more efficient but also more effective. The Trust also ensures, through its curriculum led financial strategy, that all academies receive the basic funding requirement to deliver a quality first curriculum accompanied by quality first teaching and support which meets the varying needs of each student in their different settings. The trust is now in a position not only to maintain a sensible working reserve and a very healthy cash balance in the bank, but to also to identify future resourcing to fund significant development projects across the MAT. This is a very positive position to be in.



C Pickering
Chief Executive Officer

Date: 11/12/2019

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates six secondary schools, five primary schools and two special schools in Nottinghamshire and Lincolnshire for the age range 2 to 19. The academies have a combined pupil capacity of 8,720, current pan of 8,080 and had a roll of 7,439 in the schools census at October 2018. Tuxford Academy leads the Trent Valley Teaching School Alliance 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 the 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

a. 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 is the primary governing document 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 (DAT).

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

b. 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.

c. Trustees' indemnities

A Trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them. This is in respect of any negligence, default or breach of trust or breach of duty for which they may be guilty in relation to the 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, provided also that any such insurance shall not extend to the costs of any unsuccessful defence of a criminal prosecution brought against the Trustees in their capacity as directors of the Trust.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

New Articles of Association were adopted with effect from 1 May 2016. The adopted changes were to move to the DfE model Articles of Association. The Trust must have two elected Parent Trustees which was agreed to be done at a local level. Trustees are appointed either by nomination and approval by the Members under Article 50 or as co-opted trustees appointed by other non-co-opted trustees under Article 58. This change facilitated segregation of duties between Academy Committees (ACs) and the main Board and its committees.

For some time now, the Trustees have been considering their skill base and their ability to challenge all areas of the Trust's activities. As reported last year, 3 Trustees joined the Board in September 2018. In addition, 2 further Trustee appointments have recently been made bringing the total to 8 following Simon Jones' decision to resign from the Board in May of this year.

Full details of current Trustees are shown on page 1.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience. The Trust purchases support services which provide individual and full Academy Committee training through an annual training programme which is reviewed each year to reflect any changes in practice and legislation. This consists of internal and external training sourced via the Diverse Academies Institute. The Trust will perform an annual skills audit of Trustees and should any gaps be identified training courses are offered to address these issues.

External advice is sought as and when necessary.

In October, Trustees appointed Browne Jacobson to conduct an external review of governance and during the review interviews will be undertaken with Members, all Trustees, the CEO and COO, the Company Secretary and a selection of governors at academy level. The report will enable the Trust to establish a clear understanding of the roles and responsibilities of Trustees and Governors at all levels of governance.

f. Organisational structure

Executive

The CEO returned to the Trust in June 2018 following a 13 month secondment. A new executive structure was put in place for 2018/19 as the first stage of a plan to introduce shared leadership where appropriate across the Trust. This has been developed throughout the year and which saw Senior Executive Leaders taking responsibility for areas across the whole trust e.g. curriculum, primary strategy. As this advanced, a senior leadership realignment took place which saw the appointment of Senior Principals over a couple of academies with staff at leadership level in each academy being promoted to Principals. Senior Principals retain responsibility for the performance of the academies they lead.

Running alongside this, a business realignment took place to ensure that all support staff in academies are aligned to a generic job description and the next stage of this will be concluded by October 2019 with alignment continuing to all staff throughout the year.

The Senior Executive Management group consisting of CEO, COO and Senior Executive Leaders, are responsible for creating the vision, mission and key strategies. The strategic reports are refined annually and presented to the Trust Board for approval. Monitoring the execution of the key strategies is then achieved through a series of Board meetings and Audit and Risk committee meetings.

The educational monitoring is achieved through a series of meetings called Challenge Support Intervention (CSI) meetings (6 times per annum) and Full Academy Reviews (FAR) which are completed once a year. Both processes monitor progress and review outcomes are added to Academy Improvement Plans.

The Trust has pooled a number of key education and business support functions with National Church of

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

Structure, governance and management (continued)

England Academy Trust (NCEAT) through the Diverse Academies Learning Partnership (DALP). During the year there was a joint Board of DAT and NCEAT Trustees which managed shared staffing and services through a shared cost model and monitored the educational achievements of all students in the two Trusts. Additionally, it managed a number of shared support services in Marketing, Property, IT, MIS, Finance and HR.

NCEAT has now indicated its desire to exit the Partnership by 31 August 2020 and so these arrangements will be revisited during the current year.

During the year several Service Level Agreements (SLAs) have been put in place to assist academies in other MATs and Local Authority Schools with school improvement. This has not only raised their achievement but has given valuable continued professional development to DAT senior executives, leaders and staff

The 2018/19 year has seen a period of stability with no new schools being admitted into the Trust. This has enabled a consolidation of existing academies, especially the five that joined us at the same time in the autumn term 2017 and has enabled cost saving measures and shared resources to be put in place through partnership and collaboration.

In September 2019 Walton Girls High School became co-education and admitted boys for the first time. As part of this process its name was changed to Walton Academy.

Governance

Trustees have adopted and consulted upon a new governance strategy, scheme of delegation, terms of reference and structure during the latter part of the 2018/19 year. This is to ensure that there are separate tiers of governance between Members, Trustees and Governors on local Academy Committees and training sessions held for all have been instrumental in ensuring that people at each layer of governance are aware of their roles and responsibilities.

Within this, the number of Board (Trustee) committee meetings have increased to ensure that there is an overview of all academies in all areas of their operation. Local governors' meetings have reduced and they are now expected to hold two meetings per term. Within the new framework, governors on academy committees have retained delegated authority to ensure they are holding senior leaders to account for the running of the academy and challenge through questioning is key to a successful committee at all levels. The successful implementation of the new structure will be monitored throughout the year and ongoing training will ensure all users can access and successfully navigate the new data dashboards being received at meetings.

Each local Academy Committee is able to spend their allocated budget and recruit in the framework of the annual budget, which is expected to at least break even. All budgets are approved by the Trust board via the Finance & Resources Committee.

Within the new structure implemented from September 2019 a new Governance and Partnership Committee will be the conduit between the full Trust Board and Academy Committees and its Terms of Reference will enable Trustees to hold Academy Committees to account for their delegated responsibilities.

Likewise, a new Standards and Outcomes Committee will overview the standards and achievements of each academy and will hold the local Academy Committee to account for maximising the life chances for every student by ensuring that they achieve the best possible outcomes.

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

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

The Trust operates a Performance and Remuneration Committee to review annual incremental increases and other additional awards for staff. The Committee also reviews the remuneration and performance for all senior executives, principals and corporate staff salaries. Performance Management Trustees review the CEO's performance.

Salaries are reviewed and aligned with nationally agreed terms and conditions as well as comparing to norms within the sector. Business support salaries are reviewed in the context of national job evaluation frameworks.

The Trust has further developed and enhanced its staff salary sacrifice scheme to enable employees to benefit from reduced costs in health care, cycle to work scheme etc. Health and well-being initiatives have been introduced following a consultation with staff from all areas of the organisation.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	7
Full-time equivalent employee number	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	2
51%-99%	1
100%	-
Percentage of pay bill spent on facility time	£000
Total cost of facility time	11
Total pay bill	38,816
Percentage of total pay bill spent on facility time	0.028 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

Whilst the Trust is a Multi Academy Trust (MAT) 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 Trust shares a CEO, Chief Operating Officer (whose role includes CFO) and Company Secretary with NCEAT as it seeks to make ongoing 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 two Trusts will work together. This involves the contribution to agreed central services including the staff highlighted above and the creation of a partnership board to oversee a variety of partnership activities covering both academic and support functions. Further information on transactions with related parties can be found in note 27.

Since NCEAT has applied to leave the Partnership with effect from 31 August 2020, this arrangement will then cease to exist.

Objectives and activities

a. Principal activities

The 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
- Queen Elizabeth's Academy
- Wainwright Primary Academy
- Bracken Lane Primary Academy
- Samuel Barlow Primary Academy
- Yeoman Park Academy
- Redgate Primary Academy
- Thrumpton Primary Academy

Our academies continue to significantly grow their pupil numbers and 5 of the 13 academies are over-subscribed

In 2017, the Trust established an Institute that operates across the partnership, leading on the development and co-ordination of:

- Leadership pathways
- CPD and accredited programmes
- Research and development
- Apprenticeships

Its focus is to ensure our staff have access to individual career development in support of their chosen pathway. The Institute also encompasses our teaching school – Trent Valley Teaching School Alliance (TVTSA) which supports the development of teaching and learning, supports other schools on improvement initiatives and the sharing of working with other schools in delivering alternative education. The alliance, hosted by Tuxford Academy, is also a Designated OLEVI Centre of Excellence.

The Trust channels all its CPD and training through the Institute. Since being formed it has significantly reduced

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

Objectives and activities (continued)

costs whilst enhancing the training offer to all staff.

b. Objects and aims

The Trust's primary objective is the delivery of outstanding education, personal development and welfare provision which optimises the life chances of all students that attend one of its academies.

We achieve this through our core values of:

- Students first
- Diversity, inclusivity and equality
- Courage
- Ethical and moral purpose
- Integrity

Our core goals will enable the Trust to operate as one organisation across diverse settings, with a strong organisational culture and achieve co-development through collaboration and partnership which is integral to our operations. The diverse educational needs of individual students and the priorities of local communities are met by the academies that serve them. In addition to outstanding student performance and outcomes in all settings, the development and welfare of our people is at the heart of our organisation and all of our colleagues are highly professional and technically excellent. We are financially efficient and stable, delivering outstanding value for money

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

c. Objectives, strategies and activities

The CEO recommends the key objectives for the forthcoming 3 years in a Strategic Development Plan which is 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 Trust and the wider partnership. The overall strategy and ADP are agreed by both the Trusts and DALP board. The boards then monitor and evaluate progress against the plan as the year progresses.

The individual academies set out their own priorities within this overall framework via an Academy Improvement Plan which is agreed and monitored by their own Academy Committees.

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

- Develop a strong, ethical MAT culture so that the benefits of being in the MAT are fully realised across DALP
- Strategically planned cost efficient and effective growth and development of the MAT
- Leadership, management and accountability are rigorous, robust and drive the raising of standards
- Ensure the Trust responds appropriately to external demands, expectations and developments within the MAT system and broader education sector
- Ensure that the curriculum offer in all academies is cost effective, meets group standard expectations and requirements and has impact on improving student outcomes and performance
- Develop a culture of strong financial management and efficiency
- Develop and professionalise the "Business" function

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

Objectives and activities (continued)

- Develop and maintain high levels of compliance risk management
- Ensure stakeholders positively promote our organisation through staff, students and parents

d. 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 Trustees consider how planned activities will contribute to the aims and objectives they have set. The 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

a. Achievements and performance

The Trust has continued to perform well in its core educational business.

The two sponsored academies who joined the Trust as failing schools from another MAT in 2016 have been inspected by Ofsted during the year. Whilst both remain as 'requires improvement' due to the outcomes of the most recent cohort of pupils, Ofsted were very positive in their comments during their visits. It was recognised that both academies have moved significantly forward and both have 'good' features for the first time in their history as maintained schools and latterly as academies. Staff have worked tirelessly to raise the achievement in these two academies, and this is clearly benefiting the education experience and outcomes for the students attending both academies.

During the year Walton Academy, The Holgate Academy and East Leake Academy have also been inspected.

Walton continues to flourish and has maintained a good quality of education. The Ofsted report stated that the school has demonstrated strong practice and marked improvement in specific areas. The inspector recommended that the school's next inspection be a Section 5 inspection.

The Holgate Academy's visit in March 2019 is now judged to be 'requires improvement', however a number of strengths were identified including 'leaders determined actions to reduce permanent exclusions is highly effective'. 16-19 programmes are judged to be good. Since the report leaders and governors have taken decisive action to rapidly improve the school.

East Leake was inspected in October 2019 under the new Ofsted Framework and continues to be judged as a good school. The report stated that pupils are happy and enjoy coming to school and they know that teachers want them to be as successful as possible.

During the 2018/19 financial year, DAT academies performed exceptionally well.

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

Strategic report (continued)

Achievements and performance (continued)

Academy Performance Review

Secondary Academies

Tuxford Academy has continued to achieve positive progress scores in almost all areas of the academy and ended with a progress 8 score of +0.21. Consistency of outcomes between faculty areas remains a strength. Performance at key stage 5 improved slightly for academic and vocational qualifications and this again remains a strength.

East Leake Academy achieved a P8 score of 0.24, areas to focus on this year include HA, MA, Disadvantaged and SEND. Progress at key stage 5 was significantly positive again and represented a 7-year increase in progress outcomes.

Queen Elizabeth's Academy's overall progress remains significantly below average, there were some gains in individual subjects. At Key Stage 5 student numbers were very small; they continue to work in collaboration with two other academies within Diverse Academies at the Hucknall Sixth Form Centre.

Walton Academy had another stunning year and delivered outcomes well above the national average. Progress at Key Stage 4 was significantly positive and an increase on last year at +0.89. Performance at Key Stage 4 has now risen for 4 consecutive years. Key Stage 5 remains an area of focus and there has been an increase in academic outcomes as well as vocational courses. This is predicted to rise in 2020.

Retford Oaks Academy achieved a pleasing set of GCSE results with all outcomes being in line with national figures for the first time in the academy's history. Notable gains were made by disadvantaged students, and by middle ability students, both in terms of attainment and progress. Improved outcomes in Maths contributed to this success and it was pleasing to see the Arts Mark work at the academy having an impact on results in the creative sector. Whilst key stage 5 results are still an area for development, the decision to return the students to the base academy was clearly vindicated with significant gains being made in value added from the end of year 12 to the end of year 13. All students who had applied to higher education gained places for continued study or training.

The Holgate Academy's results were challenging in 2019 with expected gains not coming to fruition in relation to progress measures. Some gains were made in relation to attainment, most notably in relation to disadvantaged students, but these were not sufficient to stem a declining progress trend. Significant work is now underway to address this. However, key stage 5 results were much stronger and VA was positive overall. An increased percentage of students moved on to higher education, and it is pleasing to note that all of the disadvantaged students have moved on to university education.

Primary Academies

Bracken Lane Primary Academy

Bracken Lane saw a positive continuation of its journey in 2018-19. Attainment in all measures was broadly in line with national averages at Key Stage 2 and progress in reading and writing was above national averages. Progress in mathematics was not as strong as in previous years and will be a focus for the coming academic year. Continued improvement in the use of focussed intervention meant that attainment at Key Stage 1 and in the Early Years Foundation Stage was strong and considerably above national averages.

Thrumpton Primary Academy

Considerable development in the curriculum and use of intervention meant that attainment at Key Stage 2 remained close to national averages. Progress in Key Stage 2 remains close to national averages and precision use of time and resource to support a vulnerable cohort ensured that the gap was not widened. Outcomes at Key Stage 1 and the Early Years Foundation Stage were close to national averages and progress in the Early Years Foundation Stage (EYFS) was particularly strong.

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

Strategic report (continued)

Achievements and performance (continued)

Tuxford Primary Academy

Attainment in all measures at the end of Key Stage 2 were improved on 2018 measures and combined attainment is now in line with national averages. Progress in reading and writing continued to be close to national averages, but a decline in progress in Mathematics means that there will be an increased focus in the coming year. Developments in grammar, punctuation and spelling ensured that attainment was significantly above average, particularly for those children achieving the higher standard. Good progress in Key Stage 1 and the Early Years Foundation Stage ensured that attainment remained in line with national averages.

Wainwright Primary Academy

Wainwright Primary Academy has continued its journey of improvement in 2018/19. Key stage 2 attainment surpassed its targets and achieved a 14% rise in its combined scores. Attainment is still below national averages, however the journey continues and the gap continues to close. Excellent improvements in progress resulted in the writing progress score being in line with national averages and reading and maths falling just slightly below - none of which were significant. At key stage 1 gains were made, especially in reading and writing, which has remained a focus for quality intervention and specialist support. Key stage 1 outcomes remain below that of national average. Foundation Stage results have once again improved on last year, whilst this remains below national average, Average Point Scores indicate a much-improved picture and are broadly in line with the Local Authority.

Samuel Barlow Primary Academy

Samuel Barlow Primary Academy has seen significant improvements in Key Stage 2 in both attainment and progress. Combined results increased by 19% as well as improvements seen across Reading, Writing and Maths. Whilst these remain significantly below national average, progress indicates improvements in all areas also. Key Stage 1 results were in line with national average and showed particular strength in Maths where attainment was higher than both Local Authority and national average. Foundation Stage results were in line with the previous year but do remain slightly behind national. Continued focus on closing the Pupil Premium gap will remain a priority for the Academy for 2019/2020.

Special Academies

Redgate Primary Academy

In KS 1 there are 7 students. Average progress in all areas is 105% (1 level plus 5%). Reading is slightly lower (91%) but this cannot be considered significant with such a small cohort. 100% of students are making at least expected progress.

KS 2 forms much of the academy with 45 students (year 3 [12], year 4 [14] year 5 [10] year 6 [9]). Again, some are new to the academy and being assessed for the first time coming with inaccurate or no data from their previous schools. Average progress is 75% (3/4 of a level) with maths performing slightly less well than English where the focus has been this year. 75% of students are making at least expected progress. The lack of consistent teaching due to staff changes in one class has impacted on the figures and a mid-year intake has also impacted on these figures. Most pupils are making at least good progress from their starting points

Yeoman Park Academy

In KS 1 there are 5 students, 2 are Profound and Multiple Learning Disabilities (PMLD) and 3 Autistic Spectrum Disorder (ASD). All are making at least good progress with an average of 1.2 levels which is similar to that at RPA.

In KS2 there are 11 students (Year 3 [3], Year 4 [2], Year 5 [4], Year 6 [2]). Progress on average is 1/3 of a level which is in line with the composition of the cohorts. At least 80% of students are making at least expected progress. Students perform slightly better in maths than English as these are based upon practical skills at the earlier levels.

There are 23 students in KS 3 (Year 7 [8], Year 8 [6], Year 9 [9]). Average progression is 8% of a level which although this appears low reflects the makeup of the Key Stage having a high proportion of PMLD and more

DIVERSE ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

complex ASD students. ILP* analysis indicated that 75% are making at least good progress from their starting points. With students performing slightly stronger in maths. The most able student is working at old NC level 3 whilst the majority are at the lower P-levels. A long-term absence of a class teacher has impacted on 1 class.

At KS 4 there are 22 students (Year 10 [10], Year 11 [12]) average attainment is 12% of a level. 78% of students are making at least expected progress. The most able students are working at Entry 1 and at KS4 students start on Aim Awards Accreditation. Average progress is higher in maths at 22% as the curriculum becomes more practically based as independent living skills are introduced.

At KS5 there are 22 students (Year 12 [13], Year 13 [7], Year 14 [2] following Aim Awards Accreditation. Last year's KS5 achieved all the accreditations they were put in for plus some additional ones. Students are now receiving Certificates yearly meaning that we are able to track their progress.

Both academies have a high proportion of Free School Meals (FSM) and data indicate that there is no significant difference between pupils in receipt of FSM and those who aren't.

Overall, most pupils are making at least good progress from their starting points.

*individual learning plan linked to Education Health Care Plan (EHCP) targets

b. Key performance indicators

The Trust sets KPIs at an individual academy level. These targets are:

Achievement – detailed performance targets are set which reflect the entry position of cohorts within each academy. In 2018/19 the majority of academies achieved the targets set and many made improvements from the previous academic year.

Use of resources – the curriculum design and use of teaching and support staff is reviewed annually in each academy. All academies met or moved towards the target they had been set by the end of the academic year. The Trust aimed for a teaching utilisation of 76% and the majority of academies came close to, or exceeded, this target.

Financial Health – each academy set an in-year balance of zero. During the 2018/19 year a cost share model was used to pool resource and cost.

DIVERSE ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

c. Financial review

(i) Review of results

2018/19 was an important year for the Trust on consolidating the financial strategy that had been put in place during the previous financial year. This has placed it in a strong position to meet the challenges that lay ahead. The strategy focused on two main areas:

1. The shared leadership structure
2. The realignment of the business functions

The Trust has carried out a full review of its financial controls. Accountability is strong and the cash position of the organisation is healthy. Some posts have been removed but there have been no compulsory redundancies

This set of accounts shows the financial performance of the Academy Trust for the year ended 31 August 2019. The statement of financial activities shows the Academy Trust returned a deficit before other recognised gains and losses of £2,513k in the year ended 31 August 2019 (2018: deficit of £1,306k).

The total of restricted and unrestricted funds, the principle measure used by the ESFA to assess the financial health of a Trust, now stands at £1,130k. This represents an improvement of £1,671k from the deficit position at 31 August 2018.

The Trust held fund balances at 31 August 2019 of £43,294k (2018: £51,453k) comprising a surplus of £299k (2018: deficit of £829k) of restricted general funds (excluding pension reserve) and a surplus of £831k (2018: £288k) of unrestricted general funds and a pension reserve deficit of £28,702 (2018: £20,415k). The majority of the net assets relate to fixed asset funds (land and buildings) being £70,866k (2018: £72,409k).

The Trust has cash balances of £1,776k at the end of 2019.

Further efficiency gains for 2019/20 have been identified and work is ongoing to review the organisational structure. The plan is to build upon the progress made and to channel all additional savings in to improving teaching and learning.

(ii) Financial policies

The Trust has revised its policy on the funds that are retained from ESFA income to meet the Trust's core running cost. In the past the Trust charged academies a fixed percentage of total income, however for 2018/19 the methodology has been reviewed and a more sophisticated approach has been adopted, a 'Cost Share Model'. All operational delivery costs both pay and non pay have been removed from academy budgets and incorporated into group costs, these include, HR, ICT, Marketing and Coms, Data and MIS, Estates and FM, Governance and Finance.

By moving towards an organisational budgeting approach this will help to identify where certain processes and job roles are being duplicated both centrally and within the academies themselves, which is neither efficient nor good practice. Secondly, by aligning and moving a number operational costs to a single central point it is much easier to be able identify where savings, brought about by economies of scale and bulk procurement practices, can be made.

(iii) Reserves policy

Total useable reserves, defined as Restricted general reserves (excluding the pension reserves) and unrestricted reserves were in a surplus position of £1,130k (2018: £541k deficit).

The Trust holds reserves to achieve the following objectives:

DIVERSE ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

1. The need for our ongoing financial stability and security
2. That financial security and stability is achieved to secure the best possible educational opportunities for our students
3. To protect the Trust from future funding variations
4. To protect the Trust against lagged funding
5. To provide funds for capital investment or large revenue projects
6. To fund, where necessary, building academic or operational capacity in advance of need

The target for total reserves is between 2.5% to 3% of GAG income. This would mean holding approximately £0.9m - £1.1m of reserves.

The Trust has implemented a cost saving strategy to ensure that a surplus of at least £1.4m is achieved during 2019/20.

(iv) Investment policy

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

(v) Principal risks and uncertainties

The Trustees have adopted the statement of recommended practice (SORP) approach to identifying and managing the risks of the Trust. The schedule of risks is tabled at all Finance and Resources portfolio meetings of each academy and at the Trust Audit and Risk Committee, and mitigating actions agreed as required and reported to the Board by the chair of the committee at each meeting.

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

Changes to Education Funding

The Education and Skills Funding Agency has introduced a national funding formula to replace local models of funding, this will be a "soft" formula in 2018/19 and 2019/20. It will be fully implemented in 2020/21. The base increase in funding, as long as passported to schools/academies, will be a 0.5 % increase in 2018/19 and 1.0% in 2019/20, equating to £666k and £1,028k for the Trust respectively.

During the 2019/20 year the current government has indicated that funding levels for schools and academies will increase by £7.6bn. This equates to a funding uplift of c£2m across the Trust. However, the outcome of the General Election on 12 December 2019 and the subsequent decision on Brexit may have a significant impact on this parliamentary pledge.

(vi) Financial 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. The overarching Trust register is presented to the Audit & Risk Committee to scrutinise. All academies have their own risk register which is scrutinised by governors on local Academy Committees.

(vii) Pension deficit

The Trustees recognise that there is a significant pension deficit of £28,702k (2018: £20,415k) 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.

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

Strategic report (continued)

Achievements and performance (continued)

(viii) Principal funding

Donations and capital grants – see note 3.

The note includes capital grants from the ESFA.

Funding for the Academy Trust educational operations - see note 4.

The main funding the Trust receives is the General Annual Grant of £33,726k (2018 £32,923k) 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 ESFA pays this funding.

Other trading activities - see note 5.

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

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, and places within alternative provision.

(ix) Fundraising

The Trust carries out a limited amount of fundraising, and is mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored by senior leaders in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

(x) 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. The Trustees have concluded that these outcomes are sufficiently likely to be able to conclude that the 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.

DIVERSE ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

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

During the 2019/20 financial year, Trustees will be appointing a new CEO due to the retirement of the existing CEO. This will be a major appointment for the development of the organisation.

Alternative Provision is being expanded across more settings.

There are plans to set up a nursery provision at the Head Office buildings.

Controlled growth of new academy conversions.

New SLA's and joint working continue to be developed with other institutions and shared services.

The Institute continue to grow and developing sold programmes and CPD programmes and leadership programmes.

TVTSA increase alliance membership and developing delivery hubs.

Funds held as custodian on behalf of others

The 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 vehicle 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.

Disclosure of information to auditor

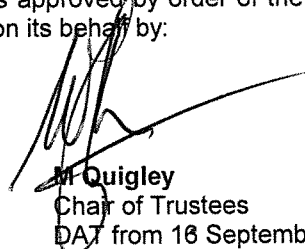
Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 11 Dec 2019 and signed on its behalf by:



JR Rolph
Chair of Trustees
DAT & DALP from 2011 - 2019



M Quigley
Chair of Trustees
DAT from 16 September 2019

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

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 of the Accounting Officer to the CEO. As such the Accounting Officer was responsible for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Diverse Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
JR Rolph, (resigned as Chair 18 September 2019)	6	6
M Blore	6	6
M Quigley, (appointed as Chair 18 September 2019)	4	6
SP Jones	0	0
IR Storey	5	6
C White	5	6
PK Mabbott	4	6

During the year one Trustee resigned however, since the start of the 2019/20 academic year two new Trustees have been appointed.

In addition to the meetings listed above, Trustees attended three Trustee Workshops to discuss the group strategy, annual delivery plans and growth strategy as well as presentations from senior leaders in the organisation. During these meetings Trustees have developed and approved the new Vision and Strategic Development Plan for the Trust and the subsequent key strategies.

The Board evaluates itself by ensuring there is a mix of skills sets and new Trustees are appointed to fill any knowledge gaps. Trustees complete a skills audit upon appointment and all Trustees and governors on Local Academy Boards (known as Academy Committees from September 2019) complete an annual self-evaluation. This evaluation informs training plans and training is planned according to identified need.

The Audit and Risk Committee is a subcommittee of the main Board of Trustees. The Audit and Risk Committee provides an overview of controls in both Trusts within the DALP Partnership. The joint committee acts as the Audit and Risk 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.

DIVERSE ACADEMIES TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Quigley (Trustee) (chair in 2018/19 - resigned as chair 5 November 2019)	4	4
K Mitford (NCEAT Trustee) (term of office expired 31 August 2019)	2	4
S Jones (resigned 9 May 2019)	0	3
I Storey (Trustee) (Chair from 5 November 2019)	3	4
P Mabbott (Trustee)	2	4
T Hill	1	4
G Gadie	4	4
P Bryn-Jones	3	4

Review of value for money

The Accounting Officer has responsibility for ensuring that the 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 appropriate. The accounting officer for the 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 and staff. The academies use modelling tools which allow allocations by year group to be compared to best practice across the Early Years to Sixth Form. As a result, all academies have made savings in 2018/19 and plan further savings over the next 3 years.
- Ensuring academies have been able to prioritise resources. Thus we have seen some excellent 2019 outcomes in both exam results and, more importantly, in the levels of progress made by pupils. Areas of weakness have been identified and appropriate improvement plans put in place.
- Ensuring academies' improvement plans identify the right areas for development, and that budgetary provision is then made to enable leaders to carry out the necessary actions.
- The Trust making 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 a vital aspect of its commitment to deliver outstanding education to the very large numbers of children and young people in its academies.
- The partnership has provided specialist input in Maths and English and it has also undertaken reviews of the effectiveness of school leadership, behaviour management, safeguarding and SEND arrangements.

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 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 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

DIVERSE ACADEMIES TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The 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:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an external agency called ICCA to carry out the internal audit across the Trust on a rolling programme across the academies.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The role of the Audit and Risk Committee is to provide the Trust's Board with an ongoing independent oversight of the Trust's financial affairs. Specifically, it falls to the Audit and Risk Committee to provide the Trust's Board with independent assurance that:

- The financial responsibilities of the Governing Bodies (Academy Committees w.e.f. September 2019) are being properly discharged;
- Resources are managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained; and,
- Financial considerations are fully taken into account in reaching decisions.

The Internal Auditor carried out a number of pre-agreed series of detailed tests to confirm the operation of the main financial systems. In particular the checks carried out in the current period have been listed below.

- Fixed assets;
- Purchasing;
- Payroll;
- Expense claims;
- Credit card transactions;
- Bank & cash;
- Grant income;
- Other income;
- School Fund transactions;
- Connected party transactions; and,
- Financial Reporting and control account reconciliations.

The following academies were selected for financial control audit visits to take place during the year:

- Wainwright Primary Academy
- East Leake Academy
- Retford Oaks Academy

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Board of Trustees confirm that ICCA have delivered their schedule of work as planned.

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. He has regular meetings with senior leaders to ensure that all policies and processes are adhered to and which adhere to the Academies Financial Handbook. The role of the Accounting Officer was also subject to an internal review by ICCA during the year. During the year in question the review has been informed by:

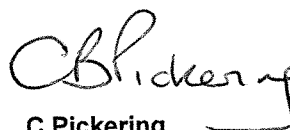
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. His report is received at each Committee meeting for scrutiny.

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



JR Rolph
Chair of Trustees
2011 - 2019



C Pickering
Chief Executive & Accounting Officer

Date: 11 Dec 2019.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



C Pickering
Chief Executive & Accounting Officer

Date: 11/12/2019

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

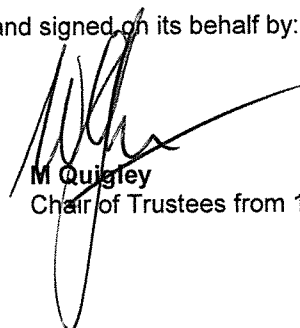
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



JR Rolph
Chair of Trustees 2011- 2019

Date: 11 Dec 2019



M Quigley
Chair of Trustees from 16 September 2019

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DIVERSE ACADEMIES TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DIVERSE ACADEMIES TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
DIVERSE ACADEMIES TRUST (CONTINUED)**

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Trust'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 Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Flear (Senior Statutory Auditor)

for and on behalf of

Smith Cooper Audit Limited

Chartered Accountants and Statutory Auditors

Chartered Accountants & Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

Date: 18/12/19

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 3 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diverse Academies Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Diverse Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Diverse Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Diverse Academies Trust and ESFA, 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 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Planned our assurance procedures including identifying key risks;
- Carried out a program of substantive testing, including review of the program of work and findings in relation to internal scrutiny;
- Undertook controls testing where considered appropriate;
- Concluded on the procedures undertaken.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Audit Limited

Smith Cooper Audit Limited
Chartered Accountants & Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB

Date: *18/12/19*

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	208	-	1,899	2,107	5,898
Charitable activities: funding for the academy trust's education operations	4	-	41,451	-	41,451	39,618
Teaching schools	29	-	290	-	290	338
Other trading activities	5	2,331	548	-	2,879	1,547
Investments	6	1	-	-	1	1
Total income		2,540	42,289	1,899	46,728	47,402
Expenditure on:						
Raising funds	7	1,320	-	-	1,320	854
Charitable activities	7	789	43,458	3,330	47,577	47,562
Teaching schools	29	-	344	-	344	292
Total expenditure		2,109	43,802	3,330	49,241	48,708
Net income/(expenditure)		431	(1,513)	(1,431)	(2,513)	(1,306)
Transfers between funds	18	112	-	(112)	-	-
Net movement in funds before other recognised gains/(losses)		543	(1,513)	(1,543)	(2,513)	(1,306)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(5,646)	-	(5,646)	6,125
Net movement in funds		543	(7,159)	(1,543)	(8,159)	4,819
Reconciliation of funds:						
Total funds brought forward		288	(21,244)	72,409	51,453	46,634
Net movement in funds		543	(7,159)	(1,543)	(8,159)	4,819
Total funds carried forward		831	(28,403)	70,866	43,294	51,453

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 7664012

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	71,109	72,883
Current assets			
Debtors	15	3,365	1,633
Cash at bank and in hand		1,776	994
		<u>5,141</u>	<u>2,627</u>
Creditors: amounts falling due within one year	16	(4,102)	(3,436)
Net current assets / liabilities		<u>1,039</u>	<u>(809)</u>
Total assets less current liabilities		<u>72,148</u>	<u>72,074</u>
Creditors: amounts falling due after more than one year	17	(152)	(206)
Net assets excluding pension liability		<u>71,996</u>	<u>71,868</u>
Defined benefit pension scheme liability	24	(28,702)	(20,415)
Total net assets		<u><u>43,294</u></u>	<u><u>51,453</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	18	70,866	72,409
Restricted income funds	18	299	(829)
		<u>71,165</u>	<u>71,580</u>
Restricted funds excluding pension liability	18	71,165	71,580
Pension reserve	18	(28,702)	(20,415)
Total restricted funds	18	<u>42,463</u>	<u>51,165</u>
Unrestricted income funds	18	831	288
Total funds		<u><u>43,294</u></u>	<u><u>51,453</u></u>

The financial statements on pages 32 to 61 were approved by the Trustees, and authorised for issue on 11/12/19 and are signed on their behalf, by:


JR Rolph
Chair of Trustees 2011- 2019

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash used in operating activities	20	(126)	(889)
Cash flows from investing activities	22	963	1,336
Cash flows from financing activities	21	(55)	190
Change in cash and cash equivalents in the year		782	637
Cash and cash equivalents at the beginning of the year		994	357
Cash and cash equivalents at the end of the year	23	<u>1,776</u>	<u>994</u>

The notes on pages 35 to 61 form part of these financial statements

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

Diverse Academies Trust is a charitable company limited by guarantee. 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), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Diverse Academies Trust meets the definition of a public benefit entity under FRS 102.

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

1.2 Going concern

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

- **Legacies**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

1.4 Expenditure

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

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

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

1.7 Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- between 10 and 50 years straight line
Long-term leasehold land	- over the lease term of 125 years straight line
Leasehold property	- between 8 and 50 years straight line
Furniture and fixtures	- between 3 and 15 years straight line
Computer equipment	- between 3 and 5 years straight line
Motor vehicles	- between 7 and 10 years straight line

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

1.8 Liabilities and provisions

Liabilities and provisions 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.10 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
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.11 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.12 Pensions

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

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

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

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

1.13 Agency arrangements

The Academy Trust acts as an agent in the administering and distributing of 16-19 bursary funds from the ESFA. Related payments received from the ESFA 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 Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included in the Balance Sheet as amounts due to the ESFA. The funds received and paid and any balances held are disclosed in note 28.

1.14 Fund accounting

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

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

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	208	-	-	208	359
Capital Grants	-	-	1,899	1,899	1,142
Transfer from local authority on conversion	-	-	-	-	4,397
	<u>208</u>	<u>-</u>	<u>1,899</u>	<u>2,107</u>	<u>5,898</u>
<i>Total 2018</i>	<u>272</u>	<u>(6,939)</u>	<u>12,565</u>	<u>5,898</u>	

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

4. Funding for Academies Trust's educational operations

	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
DfE/ESFA grants			
General annual grant (GAG)	33,726	33,726	32,923
Start up grants	30	30	23
Other Dfe Group grants	3,868	3,868	2,780
	37,624	37,624	35,726
Other government grants			
Local Authority Grants	2,469	2,469	2,369
Special education projects	650	650	790
	3,119	3,119	3,159
Other income from the Academy Trust's education operations			
School trip income	708	708	733
	41,451	41,451	39,618

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Hire of facilities	53	-	53	43
Other income	2,012	548	2,560	1,108
Management charges	266	-	266	396
	2,331	548	2,879	1,547
<i>Total 2018</i>	1,321	226	1,547	

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

6. Investment income

	Unrestricted funds 2019 £000	<i>Unrestricted funds 2018 £000</i>
Short term deposits	<u>1</u>	<u>1</u>

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	<i>Total 2018 £000</i>
Expenditure on raising voluntary income:					
Direct costs	1,276	-	44	1,320	854
Academies educational operations:					
Direct costs	27,506	-	2,726	30,232	29,118
Support costs	7,390	3,413	6,542	17,345	18,444
Teaching school	180	-	164	344	292
	<u>36,352</u>	<u>3,413</u>	<u>9,476</u>	<u>49,241</u>	<u>48,708</u>
<i>Total 2018</i>	<u>36,139</u>	<u>3,211</u>	<u>9,358</u>	<u>48,708</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Academies educational operations	<u>30,232</u>	<u>17,345</u>	<u>47,577</u>	<u>47,562</u>
<i>Total 2018</i>	<u>29,118</u>	<u>18,444</u>	<u>47,562</u>	

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Staff costs	7,390	8,512
Technology costs	551	496
Governance costs	90	58
Premises costs	3,429	3,172
Other support costs	3,176	3,301
Depreciation	2,708	2,905
	17,345	<i>18,444</i>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	<i>2018 £000</i>
Operating lease rentals	57	61
Depreciation of tangible fixed assets	2,708	2,905
Fees paid to auditor for:		
- audit	39	39
- other services	-	6

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Ex-gratia/compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	26,692	26,231
Social security costs	2,720	2,628
Pension costs	6,438	6,285
	<u>35,850</u>	<u>35,144</u>
Agency staff costs	392	686
Staff restructuring costs	110	309
	<u>36,352</u>	<u>36,139</u>

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	-	150
Severance payments	110	164
	<u>110</u>	<u>314</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs were non-statutory/non-contractual payments totalling £nil (2018: £25,138).

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	484	514
Administration and support	558	585
Management	26	30
	<u>1,068</u>	<u>1,129</u>

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10. Staff costs (continued)

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	16	12
In the band £70,001 - £80,000	4	5
In the band £80,001 - £90,000	2	6
In the band £90,001 - £100,000	3	-
In the band £100,001 - £110,000	-	2
In the band £110,001 - £120,000	3	1
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	1	1
In the band £180,001 - £190,000	1	-
	<u>1</u>	<u>-</u>

One employee received remuneration of in excess of £150,000 due to receiving a severance payment. Contractual gross salary would put them in the band £110,001 to £120,000.

e. Key management personnel

The key management personnel of the Academy Trust comprises the Trustees and the senior management team listed on page 1. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the Academy Trust was £966,797 (2018: £1,096,225).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

	2019	2018
	£000	£000
D Clinton (in role of acting CEO) (resigned 15 June 2018)	-	130 - 135
Pension contributions paid	-	20 - 25

During the year ended 31 August 2019, travel and subsistence expenses totalling £1,211 were reimbursed or paid directly to 3 Trustees (2018 - £1,591 to 4 Trustees).

12. Trustees' and Officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

13. PFI charges

Maintenance of premises costs includes the following PFI charges:

	2019	2018
	£000	£000
Tuxford Academy	629	628
Retford Oaks Academy	560	541
East Leake Academy	340	323
	<u> </u>	<u> </u>

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

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14. Tangible fixed assets

	Freehold property £000	Leasehold property £000	Long-term leasehold land £000	Furniture and fixtures £000	Computer equipment £000	Motor vehicles £000	Assets under the course of construction £000	Total £000
Cost or valuation								
At 1 September 2018	7,233	65,732	7,314	1,195	1,031	161	-	82,666
Additions	33	421	-	98	306	-	78	936
Disposals	-	-	-	-	-	(2)	-	(2)
At 31 August 2019	7,266	66,153	7,314	1,293	1,337	159	78	83,600
Depreciation								
At 1 September 2018	418	7,906	289	367	743	61	-	9,784
Charge for the year	237	2,099	60	154	137	21	-	2,708
On disposals	-	-	-	-	-	(1)	-	(1)
At 31 August 2019	655	10,005	349	521	880	81	-	12,491
Net book value								
At 31 August 2019	6,611	56,148	6,965	772	457	78	78	71,109
At 31 August 2018	6,814	57,827	7,026	828	288	100	-	72,883

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets (continued)

Included within freehold property is land with a value of £944,000 (2018: £944,000) which is not depreciated.

15. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	1,018	229
Other debtors	16	92
Prepayments and accrued income	2,079	1,037
VAT recoverable	252	275
	<u>3,365</u>	<u>1,633</u>

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Other loans	55	55
Trade creditors	1,295	757
Other taxation and social security	654	639
Other creditors	594	626
Accruals and deferred income	1,504	1,359
	<u>4,102</u>	<u>3,436</u>

Included in other loans are amounts of £55,000 (2018: £55,000) payable to the ESFA in relation to Salix loan funding. These loans do not bear any interest and are not secured against any asset. £55,000 per annum is repayable. The age analysis for the loans can be seen in note 17.

	2019 £000	2018 £000
Deferred income at 1 September 2018	573	468
Resources deferred during the year	568	573
Amounts released from previous periods	(573)	(468)
	<u>568</u>	<u>573</u>

Included within deferred income is grant funds and other donations received in advance of entitlement and trip income received for trips not taking place until after the year end.

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17. Creditors: Amounts falling due after more than one year

	2019	<i>2018</i>
	£000	<i>£000</i>
Other loans	152	<i>206</i>
	<u><u>152</u></u>	<u><u>206</u></u>

Included within the above are amounts falling due as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Between one and two years		
Other loans	36	<i>55</i>
	<u><u>36</u></u>	<u><u>55</u></u>
Between two and five years		
Other loans	100	<i>103</i>
	<u><u>100</u></u>	<u><u>103</u></u>
Over five years		
Other loans	16	<i>49</i>
	<u><u>16</u></u>	<u><u>49</u></u>

Included in other loans are amounts of £152,000 (2018: £206,000) payable to the ESFA in relation to Salix loan funding. These loans do not bear any interest and are not secured against any asset.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General Funds	288	2,540	(2,109)	112	-	831
Restricted funds						
General Annual Grant (GAG)	(1,025)	33,726	(32,534)	-	-	167
Start up grants	-	30	(30)	-	-	-
Other DfE/ESFA grants	-	3,868	(3,868)	-	-	-
Other government grants	37	3,119	(3,156)	-	-	-
Other restricted funds	159	1,546	(1,573)	-	-	132
Pension reserve	(20,415)	-	(2,641)	-	(5,646)	(28,702)
	<u>(21,244)</u>	<u>42,289</u>	<u>(43,802)</u>	<u>-</u>	<u>(5,646)</u>	<u>(28,403)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	2,971	1,436	(1,017)	-	-	3,390
Transfer on conversion	68,682	-	(2,313)	-	-	66,369
Capital expenditure from GAG	169	-	-	-	-	169
Donations	587	463	-	(112)	-	938
	<u>72,409</u>	<u>1,899</u>	<u>(3,330)</u>	<u>(112)</u>	<u>-</u>	<u>70,866</u>
Total Restricted funds	<u>51,165</u>	<u>44,188</u>	<u>(47,132)</u>	<u>(112)</u>	<u>(5,646)</u>	<u>42,463</u>
Total funds	<u>51,453</u>	<u>46,728</u>	<u>(49,241)</u>	<u>-</u>	<u>(5,646)</u>	<u>43,294</u>

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

Restricted general funds

GAG, other DfE Group grants and local authority grants are to be applied for the primary purpose of the Trust in line with the master funding agreement and other specific funding letters. Other restricted funds

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

18. Statement of funds (continued)

represent amounts transferred from donations, together with income derived from educational and nursery provision, school trips and the Teaching School. These funds are applied for the primary purpose of the Trust 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 are resources which are applied to a purpose imposed by the DfE where the specific capital asset acquired or created is held for a specific purpose.

In the year ended 31 August 2016, the Trust extended the capacity at one of its academies through the purchase of a new building due to an increased demand for pupil places in the catchment area. An agreement was reached with the local authority to fund the build cost through grant income but on deferred s106 receipts. In the current financial year £463k (2018: £344k) has been received from s106 receipts, with the remainder of £1.2m to be received when certain milestones are met, based on the achievement of occupancy rates of a new housing development. Therefore there are £1.2m of funds yet to be received which have not been recognised in grant income in the Statement of Financial Activities under the Charity SORP, as entitlement to the income has not yet been fully achieved.

Included within the income recognised in the Statement of Financial Activities during the year was £143k (2018: £112k) relating to indexation on the scheduled payments due from the local authority. The Trustees consider this income to be unrestricted as it is an additional amount to the agreed s106 payments and is not restricted to be used on capital spend. The income received in the current year has been recorded as a donation within unrestricted funds and a transfer of £112k has been made to account for indexation income received in previous years within unrestricted general funds rather than restricted fixed asset funds.

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.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Diverse Academies Trust	1,130	<i>(541)</i>
Restricted fixed asset fund	70,866	<i>72,409</i>
Pension reserve	(28,702)	<i>(20,415)</i>
Total	43,294	<i>51,453</i>

DIVERSE ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Total cost analysis by academy

The Trust has opted not to show an analysis of expenditure or fund balance by individual academy as it is not thought to be meaningful for the following reasons:

Diverse Academies Trust has seen a significant shift in the budget setting process to a much more trust wide approach, which has resulted in the trust pooling its reserves across all academies to ensure a long term financially sustainable and viable organisation, the main features being;

1. Ability to invest in education for the children and facilities
2. Ability to survive structural changes in the financial flows in the educational sector
3. Strength to be able to deliver efficiency savings on a medium to long term basis
4. Maintain a healthy cash position, to cope with short term financial shocks

The approach has seen the trust centralise all operational costs such as marketing, finance, HR, data and MIS, governance and estates and facilities to ensure the organisation is operating efficiently whilst also delivering a high class quality services to all its academies.

The costs have been shared across the academies using a fair but sophisticated formula taking account of need and requirement within each academy.

Whilst the Trust has not pooled GAG but moved to an approach of pooling reserves and resources with a more centralised budget setting process, the academies within the trust have and will see the following benefits:

- Resolve inequalities
- Targeted support more effectively, for example driving rapid improvement in individual academies or improving facilities
- Have greater flexibility to respond to specific needs in individual academies, compared to top-slicing of GAG for specific services delivered.
- Support recovery plans for academies in financial difficulty, strengthening the trust's overall financial sustainability in the medium to long term.

By moving towards an organisational budgeting approach this has helped the organisation to identify where certain processes and job roles are being duplicated both centrally and within the academies themselves, which is neither efficient nor good practice. Secondly, by aligning and moving a number of operational costs to a single central point it is much easier to be able identify where savings, brought about by economies of scale and bulk procurement practices, can be made. Thirdly this also helps identify where academies have previously focused on 'the nice' as opposed to 'the needed', or in most cases both, against a backdrop of a sector, nationally, under financial pressure.

DIVERSE ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
General Funds	494	1,594	(1,800)	-	-	288
Restricted funds						
General Annual Grant (GAG)	60	32,923	(34,233)	225	-	(1,025)
Start up grants	-	23	(23)	-	-	-
Other DfE/ESFA grants	-	2,780	(2,780)	-	-	-
Other government grants	-	3,159	(3,122)	-	-	37
Other restricted funds	138	1,303	(1,282)	-	-	159
Pension reserve	(17,032)	(6,945)	(2,563)	-	6,125	(20,415)
	<u>(16,834)</u>	<u>33,243</u>	<u>(44,003)</u>	<u>225</u>	<u>6,125</u>	<u>(21,244)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	2,376	1,142	(322)	(225)	-	2,971
Transfer on conversion	60,186	11,079	(2,583)	-	-	68,682
Capital expenditure from GAG	169	-	-	-	-	169
Donations	243	344	-	-	-	587
	<u>62,974</u>	<u>12,565</u>	<u>(2,905)</u>	<u>(225)</u>	<u>-</u>	<u>72,409</u>
Total Restricted funds	<u>46,140</u>	<u>45,808</u>	<u>(46,908)</u>	<u>-</u>	<u>6,125</u>	<u>51,165</u>
Total funds	<u>46,634</u>	<u>47,402</u>	<u>(48,708)</u>	<u>-</u>	<u>6,125</u>	<u>51,453</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	71,109	71,109
Current assets	4,842	299	-	5,141
Creditors due within one year	(3,859)	-	(243)	(4,102)
Creditors due in more than one year	(152)	-	-	(152)
Provisions for liabilities and charges	-	(28,702)	-	(28,702)
Total	831	(28,403)	70,866	43,294

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	1	-	72,882	72,883
Current assets	2,627	-	-	2,627
Creditors due within one year	(2,340)	(829)	(267)	(3,436)
Creditors due in more than one year	-	-	(206)	(206)
Provisions for liabilities and charges	-	(20,415)	-	(20,415)
Total	288	(21,244)	72,409	51,453

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(2,513)	(1,306)
Adjustments for:		
Depreciation	2,708	2,905
Capital grants from DfE and other capital income	(1,899)	(1,486)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	2,117	1,970
Defined benefit pension scheme finance cost	524	592
(Increase)/decrease in debtors	(1,732)	132
Increase in creditors	670	702
Net assets transferred into Trust	-	(4,397)
Net cash used in operating activities	(126)	(889)

21. Cash flows from financing activities

	2019 £000	2018 £000
Net receipt/(payment) of loans	(55)	190

22. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(937)	(414)
Capital grants from DfE Group	1,436	1,142
Capital funding received from sponsors and others	463	344
Cash transferred on conversion to the Academy Trust	-	263
Net cash provided by investing activities	963	1,336

23. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	1,776	994

DIVERSE ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments

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

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

Contributions amounting to £525,911 were payable to the schemes at 31 August 2019 (2018 - £540,652) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS has been undertaken and employer contribution rates have been reassessed and will be payable from 1 September 2019 at 23.68%.

The employer's pension costs paid to TPS in the year amounted to £2,822,000 (2018 - £2,714,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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24. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £2,079,000 (2018 - £2,087,000), of which employer's contributions totalled £1,574,000 (2018 - £1,571,000) and employees' contributions totalled £505,000 (2018 - £516,000). The agreed contribution rates for future years are 18.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.7 - 3.7	2.8 - 3.8
Rate of increase for pensions in payment/inflation	2.2 - 2.3	2.3 - 2.4
Discount rate for scheme liabilities	1.8 - 1.9	2.7 - 2.8

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.2 - 21.7	22.1 - 22.7
Females	23.5 - 24.4	24.4 - 25.6
<i>Retiring in 20 years</i>		
Males	22.5 - 23.3	24.1 - 24.9
Females	25.2 - 26.2	26.6 - 28.0

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	55,443	44,446
Discount rate -0.1%	57,707	46,257
Mortality assumption - 1 year increase	58,494	46,719
Mortality assumption - 1 year decrease	56,018	44,003

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24. Pension commitments (continued)

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	17,691	16,275
Gilts	815	620
Bonds	2,617	2,731
Property	3,617	3,369
Cash and other liquid assets	760	435
Other assets	2,356	1,493
Total market value of assets	27,856	24,923

The actual return on scheme assets was £1,250,000 (2018 - £1,504,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Current service cost	3,040	3,536
Past service cost	(642)	-
Interest income	(687)	(576)
Interest cost	1,211	1,168
Administrative expenses	8	6
Total amount recognised in the Statement of Financial Activities	2,930	4,134

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

	2019 £000	2018 £000
At 1 September	45,339	34,504
Conversion of academy trusts	-	11,130
Current service cost	3,040	3,536
Interest cost	1,211	1,168
Employee contributions	505	516
Actuarial losses/(gains)	6,209	(5,197)
Benefits paid	(388)	(318)
Past service costs	642	-
At 31 August	56,558	45,339

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	24,923	17,471
Conversion of academy trusts	-	4,185
Interest income	687	576
Actuarial gains	563	928
Employer contributions	1,574	1,571
Employee contributions	505	516
Benefits paid	(388)	(318)
Administration expenses	(8)	(6)
At 31 August	27,856	24,923

25. Operating lease commitments

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

	2019 £000	2018 £000
Not later than 1 year	114	125
Later than 1 year and not later than 5 years	74	157
	188	282

26. Members' liability

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

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

27. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and normal procurement procedures relating to connected and related party transactions.

The 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 £115,463 (2018: £217,917) and in return provided services of £872,768 (2018: £380,544). At 31 August 2019 a balance of £103,122 (2018: £77,041) was due to Diverse Academies Trust and £16,610 (2018: £22,841) was owed to The National Church of England Academy Trust. There is a sharing agreement between National Church of England Academy Trust whereby staff are shared at £nil cost.

28. Agency arrangements

The Trust administers the disbursement of the 16-19 bursary funds on behalf of the ESFA. During the year it received £56,634 (2018: £81,406) and disbursed £52,770 (2018: £70,947). An amount of £32,394 (2018: £27,637) was repayable to the ESFA as at 31 August 2018 and is included in other creditors. The Trust retained a beneficial interest in individual transactions such that £2,832 (2018: £2,799) has been recognised in income and expenditure in the statement of financial activities.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

29. Teaching school trading account

	2019 £000	2019 £000	2018 £000	2018 £000
Income				
Direct income				
Other income	290		338	
Total income		290		338
Expenditure				
Direct expenditure				
Direct staff costs	123		135	
Staff development	(4)		70	
Total direct expenditure	119		205	
Other staff costs	57		51	
Technology costs	1		4	
Other costs	15		32	
External education consultancy	152		-	
Total other expenditure	225		87	
Total expenditure		344		292
(Deficit)/surplus from all sources		(54)		46
Teaching school balances at 1 September 2018		20		(26)
Teaching school balances at 31 August 2019		(34)		20