

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Contents

| | Page |
|---|---------|
| Reference and Administrative Details | 1 - 2 |
| Chair's Statement | 3 - 4 |
| Chief Executive's Statement | 5 |
| Trustees' Report | 6 - 19 |
| Governance Statement | 20 - 24 |
| Statement on Regularity, Propriety and Compliance | 25 |
| Statement of Trustees' Responsibilities | 26 |
| Independent Auditors' Report on the Financial Statements | 27 - 30 |
| Independent Reporting Accountant's Assurance Report on Regularity | 31 - 32 |
| Statement of Financial Activities Incorporating Income and Expenditure Account | 33 - 34 |
| Balance Sheet | 35 - 36 |
| Statement of Cash Flows | 37 |
| Notes to the Financial Statements | 38 - 70 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details

| | |
|--|---|
| Members | M Blore A Davies (appointed 8 March 2022) J Parker E Rew J Rolph, Chair of Members IC Wiggins (resigned 8 December 2021) |
| Trustees | M Blore L Donald (appointed 30 March 2022) A Davies (resigned 16 January 2022) N Marriott (appointed 25 May 2022) J Mordue (appointed 25 May 2022) PK Mabbott (resigned 24 November 2021) M Quigley, MBE, Chair of Board of Trustees J Rolph D Schwarz IR Storey R Shearing |
| Company registered number | 7664012 |
| Company name | Diverse Academies Trust |
| Principal and registered office | Diverse Education Centre Old Hall Drive Retford Nottinghamshire DN22 7EA |
| Company secretary | J Harrison Hill |
| Chief executive officer | D Cotton |
| Senior management team | D Cotton, Chief Executive Officer and Accounting Officer N Holmes, Chief Education Officer (Secondary) C Thornton, Chief Education Officer (Primary) G Corban, Chief Operating Officer (incorporating CFO) |
| Independent auditors | PKF Smith Cooper Audit Limited 2 Lace Market Square Nottingham NG1 1PB |
| Bankers | Lloyds Bank 202 High Street Lincoln LN5 7AP |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details (continued)
For the Year Ended 31 August 2022

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG12 1BJ

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Chair's Statement
For the Year Ended 31 August 2022

The Chair presents his statement for the year.

This is my third Annual Statement since I was elected Chair of the Trust, having been a Trustee and Academy Governor for many years.

Our mission statement and five-year strategic plan were approved. The first year of working towards our strategic objectives has been successful, with work streams being evaluated and developed as we progress through our objectives

The Trust Board has undertaken a self-evaluation process to identify areas for development and the next stage is to commission a follow up external governance review for 2022/23.

The Trust continues to develop, this year we completed our first academic year of the Diverse Association of Professional Learning. The Association provides a wide range of development opportunities centrally covering technical, leadership and coaching skills to progress staff personally and professionally as well as opportunities to colleagues across the region, through our Associated Partners programme.

The Trust's financial health remains positive. The Trust was successful in securing the SchoolMark accreditation scheme developed in consultation with the DfE and Institute of School Business Leaders celebrating running an efficient resource model based on sound strategy. We are also in the process of engaging with School Resource Management Advisors to further develop our work to make best use of our available resources and to provide the best possible education for our pupils.

The Board have worked with Executive Leaders to develop a growth strategy based on our risk appetite and continue to be aspirational when expansion is advantageous to all involved.

Andrew Davies resigned from the Board in January of this year, due to work commitments. Andrew has since been appointed as a Member of the Trust from 8 March 2022.

The Trust actively sought to widen the diversity and skills of the Board during 2021/2022. A recruitment process was undertaken with three new Trustees joining the Board towards the end of the financial year. We look forward to seeing them develop in their roles and contributing to the future of the Trust.

Louis Donald joined us in March 2022, Louis is an Executive Director at a nationwide Multi-Academy Trust, serving as the director of Safeguarding and National Lead for Governance.

Louis has vast experience in holding a range of senior leadership roles across education, specialising in school improvement work, and supporting leaders with their preparations for Ofsted visits and their broader improvement journey. With a vast knowledge leading on special educational needs and disability (SEND) as well as attendance.

Jackie Mordue joined us in May 2022. Jackie, having now retired, was an experienced Director, including holding a Managing Director role in a market leading professional services company. She has spent over 20 years working in various leadership positions across the UK, working with private and public sector clients.

Jackie's interest in the education sector started when her responsibilities incorporated the management of an education recruitment partnership division and is now keen to help support the sector and achieve lasting impact for all involved.

Nic Marriott also joined us in May 2022, Nic is a commercially focused and pragmatic HR leader with significant experience across various industries within the private sector. Nic is currently HR Director for a leading Clinical Homecare organisation and plays a key role in financial management and clinical governance in addition to delivering an extensive people agenda inclusive of organisational development. Nic is passionate about education and the vital role it plays in ensuring our children are equipped with the right skills and confidence to become our leaders of the future across all fields.

We know the Board will continue to go from strength to strength with our new trustees and our constant review process to evaluate our areas for development.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Chair's Statement (continued)
For the Year Ended 31 August 2022

I would like to thank all staff for their support and dedication to maintain the education and learning of our students during what continues to be a difficult time, and for the excellent results our students achieved again this year. I think we will all remember the previous period of the pandemic and all look forward to a more positive and stable future.

A handwritten signature in black ink, appearing to read 'Mike Quigley', is written over a light grey rectangular background.

Mike Quigley, MBE
Chair
Date: 19/12/2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Chief Executive's Statement
For the Year Ended 31 August 2022

The academic year 2021/22 has been a successful year for the Trust, against the back drop of the challenges brought about by the global pandemic, we have successfully supported a return to 'business as usual' for all our staff and students. Attendance across the Trust has been above the national average and there are examples of outstanding practice within the Trust. We have not lost sight of some important lessons learnt through the pandemic around supporting the health and wellbeing of our all students and staff, connecting with hard to reach parts of our communities and adopting flexible practices learning and working practice, which are now an embedded part of how we operation in a new approach to the education and development of our children.

It is important to note that we have faced and addressed new challenges linked to sustaining our staffing structures, ensuring we have the right skills and knowledge to support the educational needs of our ever changing cohorts of children in our diverse settings. Whilst we have experienced a higher than usual level of staff attrition, which is in line with the national picture. We have been able to promote staff from across our Trust into key leadership positions and continued to remain an attractive employer in the many varied roles across our Trusts, specifically we have continued to improve our approach to developing teachers through our Initial Teacher Training (ITT) and Early Career Teacher (ECT) offer.

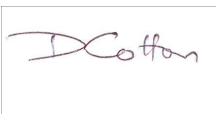
One of our main foci this year has been on supporting our children facing examinations in the context of a changed landscape. The focus and analysis of our examination success is strong and is testament to our work as a Trust. Across all of our settings our examination results have been as expected if not better than expected. This has been supported by 7 Ofsted inspections, the majority of which have supported our internal view of our improvement journey. In some cases this improvement journey has meant the schools in some of the most challenging and complex communities have a school which provides a much need improvement in the educational experience, and inspirational and aspirational experience, which they have sometimes not received in previous generations.

Following our successful launch of our mission, vision and values. We have continued to strengthen and deepen our approach as one organisation. Our culture of working together and placing our communities at the heart of our decision is now embedded and provides a consistent framework to academy and organisational improvement.

Our financial position remains strong. This has been acknowledged through our school mark award and a recent SRMA visit (July 2022). Our positive outturn this year is one of four consecutive years of positive outturns which has continued to maintain a healthy level of reserves. Our approach to holistic, collaborative budget planning, with an efficient and effective curriculum at its heart, has given us the flexibility to target improvement priorities whilst maintaining a sensible level of free reserves. Our use of contemporary benchmarking data to evaluate our trust against our peers and a curriculum resourcing model underpinned by a set of core principles remains central to our long-term financial wellbeing.

Our values are clear and uncompromising, and which our academies embrace in all of their diverse settings and communities. We continue to explore and set challenging but achievable goals supported by strategic objectives which are linked to our academy improvement plans. Governance remains a strength of our organisation – we have carried out reviews of our scheme of delegation and developed and monitored the impact of governance through our structures.

In summary, we have strengthened the impact of our mission to nurture curiosity, develop wellbeing and empower children and young people to go beyond their aspirations. By working together we continue to make a difference in our diverse communities and in the lives of those who learn with us and work with us.



D Cotton
Chief Executive Officer
Date: 19/12/2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 August 2022

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates six secondary schools, six primary schools and two special schools in Nottinghamshire and Lincolnshire for the age range 2 to 19. Our academies have a combined pupil capacity of 9,540 and a roll of 8,043 as at the schools' census point in October 2021.

Due to changes from the Department for Education regarding Teaching schools, in 2021/22 Diverse Academies Trust became a strategic partner to the Redhill Teaching School Hub, providing training for Early Career Teachers and National Professional Qualifications. Trent Valley Teaching School Alliance (TVTSA) and the Institute become one 'Diverse Association for Professional Learning' providing high quality professional and leadership development both to schools within and external to the Trust

Structure, governance and management

a. Constitution

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The Trust is currently operating under the Articles of Association adopted with effect from 1 May 2016. The adopted changes were to move to the DfE model Articles of Association. The Trust meets its commitment to Parent representation by appointing Parent Academy Committee governors at a local level. Trustees are recruited through a process of application and interview based on skills, competencies and experiences required by the Board to fulfil their duties. Appointment is 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 as set out in the Articles of Association.

The Board and Members are in the process of seeking permission from the DfE to move to the new Articles of Association updated in 2021.

For some time now, the Trustees have been considering their skill base and their ability to challenge all areas of the Trust's activities. In 2021 Trustees completed a skills audit to assess the Board's breadth and depth of skills, knowledge, and behaviour. A broad range of skills were held within the Board to enable Trustees to analyse data and have discussions which create robust challenge and support to hold the executives to account.

The Trust has embarked upon a recruitment programme to ensure succession planning and widen the diversity of the Board to ensure it is representative of the community which it serves and are actively looking to increase the Board from 7 to 10. Three trustees were appointed from this process.

Andrew Davies resigned as a Trustee but was appointed a Member of the Trust to balance work commitments. Jackie Mordue and Nic Marriott were both appointed in May 2022 and bring with them experience from professional services industry and HR as referred to in the Chair's opening statement.

Louis Donald was appointed in March 2022 and brings with him experience in education safeguarding and governance as detailed in the Chair's opening statement.

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 online training for both trustees and governors through The National College. There is also a bespoke training programme reviewed each year to provide training virtually using our senior leaders in specialist areas to deliver training in subjects such as SEND, Relationship and Sex Education, Budget Planning and Safeguarding. The Trust carries out regular skills audits of trustees and governors and, should any gaps be identified, training courses are offered to address these issues.

Chair/Vice Chair of Governor and Trustee meetings have taken place with three being held this year to develop stronger relationships between the Trust Board and Academy Committees and discuss areas for development.

The Head of Governance and Governance professional to the Board also provide support, advice and guidance to trustees. With additional information and guidance available through the Boards membership of the National Governance Association and registration with Confederation of Schools Trust. Legal support is also purchased, and external advice is sought as and when necessary.

The Trust Board have carried out a self-evaluation exercise to identify areas for development and an action plan is in place with regular reviews. The next stage of this review is to commission a follow up external governance review to evaluate progress made on areas for improvement identified in the previous external review carried out in 2019 and review current strengths and areas for development.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Structure, governance and management (continued)

f. Organisational structure

Executive

Our Chief Executive Team, led by the CEO consists of three C-Level posts. These posts are the Chief Finance and Operations Officer (CFOO) and two Chief Education Officers focused on secondary, primary and SEND. These posts are responsible for working with the Board of Trustees, for creating the vision, mission, and strategic objectives. Their strategic reports are refined and presented to the Trust Board for approval. Monitoring the execution of the key strategies is then achieved through a series of Board meetings.

The quality and effectiveness of education is reviewed through a series of meetings called Academy Review Meetings (ARMs), which are held six times per year, via Education Review Meeting (ERMs), which are held four times per year, and by an annual Academy Improvement Review (AIR). All processes monitor Academy Improvement Plans which are presented to Academy Committees (local governance) and consolidated to a sub-committee of Trustees.

The Trust has a number of key central business support functions – Communications and Marketing, Estates and Facilities, IT, MIS, Finance and HR, which provide high-quality technical support of staffing and services through a shared cost model. These are monitored and reviewed termly, focusing on business quality assurance, structure performance and value for money, through specific key performance indicators (KPIs).

Governance

Trustees reviewed the governance strategy, scheme of delegation, terms of reference and structure to ensure that the delegated responsibilities were clear, showing the separate tiers of governance between Members, Trustees and Governors on Academy Committees. Training sessions have been held throughout the year for trustees and governors, ensuring that people at each layer of governance are aware of their roles and responsibilities, with link roles having clear descriptions and training meetings to support link visits.

The Trust Board meets 6 times per year with a remit to develop and agree vision, values, and strategic direction, hold the executive to account for educational and financial performance, agree the Scheme of Delegation and Terms of Reference and discharge non delegated responsibilities.

The Trustees have delegated non-statutory powers and functions to the Trust Board committees whose remit is the oversight of strategy and impact in relation to business, pedagogy, and governance. This is carried out through the Audit and Risk committee (meets 3 times per year), Finance and Resources Committee (meets 6 times per year), Standards and Outcomes Committee (meets 6 times per year), Governance and Partnership Committee (meets 3 times per year) and Academy committees at each academy or group of academies (meet 6 times a year) whose remit is oversight of academy improvement, performance, and stakeholder view.

A full year progress update has been reviewed by the Board, providing information on progress made toward the strategic objectives following the approval and integration of the five-year strategic plan.

Covid impact on Governance and controls

Trustees and executive leaders have used the lessons learned during Covid to ensure that good practice implemented during this time and the approaches are reviewed and harnessed to support future learning and help recover lost learning for our students.

Trustees have continued to hold the subcommittee meetings 'virtually' to promote a more flexible approach for trustees work life balance to encourage recruitment of trustees and be more sustainable in the approach reducing printing and travelling.

The significant disruption that children and young people experienced in their education during Covid lockdowns, and the challenges they have faced as a result, continues to be the focus of the Standards and Outcomes Committee and Trust.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Structure, governance and management (continued)

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

The Trust Finance and Resources Committee are delegated responsibilities for performance and remuneration. They review and approve the Trust's Pay and Reward and Appraisal policies, receive the Chief Executive Officer pay and benefits recommendations from the CEO's Performance Review panel and receive and agree executive performance pay recommendations from the Chief Executive Officer for the Chief Operating Officer and Chief Education Officers.

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 wellbeing initiatives are in place in 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 | 6 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 7 |
| 1%-50% | - |
| 51%-99% | - |
| 100% | - |

Percentage of pay bill spent on facility time **£000**

| | |
|---|--------|
| Total cost of facility time* | 11 |
| Total pay bill | 41,081 |
| Percentage of total pay bill spent on facility time | - % |

Paid trade union activities

| | |
|---|-----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - % |
|---|-----|

* £10,603 paid into the Nottinghamshire County Council Trade Union Fund.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

The Trust has a number of formal and informal structures which supports employee engagement and involvement. Employee engagement/involvement is explicit in the Trust's vision, mission and values and HR strategy. In addition to this there is a consultative committee which engages employee recognised trade unions in discussing key organisation issues such as health & safety, development and other relevant employment issues.

Across the Trust there is a network of Wellbeing Champions who ensure that all staff have access to health and wellbeing support, advice and offers to support physical, mental and financial wellbeing, rigorous recruitment processes, professional development and people management practices and support throughout the course of employment. All members of staff are covered by the Equality Act, specifically with regards to protected characteristics.

In addition, all reasonable adjustments are considered and reviewed to ensure the recruitment and retention of all staff.

The interests of the company's employees

During the 2020/21 academic year we have supported our employees by offering flexibility in terms of working from home during lockdown and academy closures and supporting them in their return to work. A specific example of this is the Workload and Wellbeing Impact Assessment and Staff Survey that was conducted to 'temperature check' how staff were feeling when returning to work and what support they required. Results of the survey were shared with Leaders and actions taken to make improvements where required.

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

We need to foster the company's business relationships with suppliers, customers and others. As a Trust we work with a large number of suppliers and agencies, all of which have to meet certain criteria and demonstrate that they operate within legal regulations such as IR35, working time directive and the Modern Slavery Act. Letters of assurance and contracts are put in place to ensure we are satisfied that all companies meet these requirements.

k. Related parties and other connected charities and organisations

The Trust is an independent company with no affiliation to outside bodies, although there are a number of professional links with other schools and third- party organisations. The Trust works closely with a wide variety of organisations in the field of education.

In 2021/22 Diverse Academies Trust became a strategic partner to the Redhill Teaching School Hub, providing training for Early Career Teachers and National Professional Qualifications.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

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:

Bracken Lane Primary Academy
East Leake Academy
Hillocks Primary Academy
Queen Elizabeth's Academy
Redgate Primary Academy
Retford Oaks Academy
Samuel Barlow Primary Academy
The Holgate Academy
Thrumpton Primary Academy
Tuxford Academy
Tuxford Primary Academy
Wainwright Primary Academy
Walton Academy
Yeoman Park Academy

The Diverse Association for Professional Learning is an integral part of enabling school improvement by connecting continuous professional development with organisational and individual development objectives.

The core strands of the Diverse Association are:

Teacher Development – which includes a lead role within a collaborative teaching school hub
Educational Support Development
Business Support Development

The above supports cross cutting development areas relating to leadership development and coaching.

b. Objectives 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:

We empower | We respect | We care

Our core goals 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 Trust and all of our colleagues are highly professional and technically skilled. 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Objectives and activities (continued)

c. Objectives, strategies and activities

The Chief Executive and his Team work with Trustees to set a three year strategic development plan. Within this plan there are four key strategic objectives for the work across the Trust and the wider partnerships. These objectives are agreed by the Trust Board and the relevant committees to the Trust Board. The committees monitor and evaluate progress against the objectives as the year progresses.

Strategic objectives for the year 2021/ 2022

1. Develop a high-performing organisation which is agile and sustainable within an ever-changing global context.
2. Secure the best outcomes for all pupils and students, so they achieve their full potential academically and have the skills to be able to actively contribute to a global society.
3. Improve the integration, agility and flexibility of resource management to enable the sustainability of school improvement.

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.

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 Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

a. Achievements and performance

The academies have responded very well to the challenges of the return to 'normality' after Covid lockdown. Schools continued to be affected by absence and attendance impacted by ongoing cases. The curriculum provision has been adapted to ensure that gaps in learning were addressed along with moving learning on as much as possible. Targets then predictions for outcomes have been closely monitored and we were pleased that attainment and progress has been closely in line. Tests and assessments returned to pre-covid arrangements albeit with adjustment for secondary outcomes. Overall, we have been pleased by the results which show significant recovery.

Secondary Academies

The focus in our academies this year was on the quality of education in its widest sense with the obvious emphasis on ensuring that pupils returned to full time education post covid and that students and staff were prepared for the first sets of examinations in three years. Safeguarding our young people during this time was also paramount. We noted that behaviour routines across most of our settings needed re-establishing post covid.

Tuxford Academy

Tuxford Academy has a strong curriculum offer in place with a wide breadth of subjects. The academy is focusing on enhancing students' education by driving high expectations in all areas including curriculum

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Strategic report (continued)

Achievements and performance (continued)

implementation and behaviour standards. The outcomes in the summer were some of the highest achieved in the academy, with the highest ever number of students gaining their first-choice university place.

East Leake Academy

East Leake Academy continues to develop their curriculum, focusing this year on assessment and high-quality implementation of teaching. Developing reading and support for SEND students is a priority for this academic year. This summer, the academy had record attainment scores at GCSE and A-level.

Queen Elizabeth's Academy

QEA has seen a significant improvement in progress 8 score from the last set of validated results in 2019. We have secured a high performing new SLT in 2022 who are driving forward curriculum and cultural developments.

Walton Academy

Very positive progress 8 results and they secured excellent results at KS5. Pastoral and academic curriculum continues to be refined. There is an exceptional extra-curricular offer which ensures all students access provision beyond the academic curriculum.

Retford Oaks Academy

Outcomes were strong at both KS4 and KS5 with very little gap between disadvantaged and their peers. The extra-curricular offer supports the students and in particular the reintroduction of trips and visits is benefiting cultural capital. Ofsted visited in 2022 and they confirmed that school remains good.

The Holgate Academy

Outcomes were comparable to 2019 with some progress for disadvantaged students. The academy received an inadequate judgement from Ofsted in the Summer of 2022. We are aware of the areas of weakness and the Ofsted recovery plan is addressing these areas and impact has already been seen.

Special Academies

Yeoman Park Academy

A new leadership team has been established and much work has taken place to distribute leadership to ensure sustainable improvement. We were very pleased to maintain the Outstanding judgement with Ofsted and the findings that were in line with our own based on review. Detailed work is now planned to improve reading and to develop the curriculum. Outcomes remain strong with all students moving on to their next steps. The work on the re-build has started with a successful contractor with an opening date planned for September 2025.

Redgate Primary Academy

We were delighted to achieve a good outcome on the inspection moving the school from inadequate on the previous inspection. A positive climate with strong leadership has been established and provision is much improved. Progress is good with robust processes for assessment and using this to inform teaching. Further work is planned on the development of the curriculum to ensure progression in subjects.

Primary Academies

Bracken Lane Primary Academy

The Ofsted inspection in December was a robust but positive experience for the school with a strong, good outcome. Areas for development were in line with the agreed school priorities and the work to develop the curriculum was recognised. Strengths in leadership and early years were recognised. Outcomes were good and at least in line with national. Further work to improve progress in reading is planned.

Hillocks Primary Academy

We have been pleased by the progress being made improving provision. An ambitious curriculum is now in place and good capacity in leadership is in place. Much work has been done to put robust processes in place for attendance and punctuality and the academy has implemented the trust policy consistently. This will continue to

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Strategic report (continued)

Achievements and performance (continued)

be a challenge but the right things are in place. Additional support has been provided to improve the use of assessment to inform teaching and some improvements are evident although this is yet to translate with sufficient consistency into outcomes. Targets for 2023 are positive.

Samuel Barlow Primary Academy

The first good judgement in the school's history was a real cause for celebration and recognised the significant improvement that has taken place even throughout the pandemic. The curriculum was praised along with the comprehensive support provided for families and children. The school has experienced many challenges as a result of covid but has secured greater consistency in teaching and learning which is now translating through into outcomes which were much improved at KS2. This is expected to further improve in 2023.

Thrumpton Primary Academy

We were delighted with the good judgement maintained on the section 8 Ofsted inspection in December which celebrated many of the schools strengths. The academy continues to flourish and further focus has been given by the inspection. Outcomes are strong and at KS2, the best in the school's history. Further work is planned to further improve phonics and early reading with investment into Read, Write, Inc and early reading.

Tuxford Primary Academy

Further work has taken place on the curriculum and outcomes are at least in line with national. Strength has been secured in the early years and attainment much improved at KS1 although outcomes in phonics at Year 1 require further work. Attendance was impacted by covid however a new family support worker is in place and this is very positive at the start of this academic year. Work is taking place to improve progress through KS2 to maximise outcomes. Inspection is expected in the near future and is expected to be a non-graded inspection.

Wainwright Primary Academy

The academy has shown significant improvement since the last inspection and outcomes have improved. Due to the mobility of pupils, it is important to consider progress which is now strong with significantly above average progress in maths and writing at KS2. As a result of work in the early years provision and phonics, outcomes have improved to at least in line with national. Leadership is strong and the shared vice principal has now been based in the academy to ensure readiness for the Ofsted inspection which is expected imminently.

The primary and special group has worked together to identify the priorities for 2022-23 based on the outcomes and evidence from review and Ofsted inspections. Priorities include reading (particularly for disadvantaged / white British / boys), the leadership and quality assurance of the curriculum (middle leadership) and the development of inclusion teams to provide high quality support for SEND, attendance and behaviour.

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 2021/22 our academies have largely achieved the targets set bearing in mind the impact of Covid-19 and the changes in examination approach.

Use of resources – the curriculum design and use of teaching and support staff is reviewed annually in each academy. The use of curriculum-led financial planning (CLFP) is central to the allocation of resources and the overarching target of 79% contact ratio is something we strive for in the context of overall staffing as a percentage of income.

Financial health – each academy has a budget which is set at least breakeven if not a surplus. During 2021/22 we further developed our cost share model which is used to pool resources and costs and drive value for money in many areas of expenditure.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Strategic report (continued)

Achievements and performance (continued)

c. 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.

d. Promoting the success of the company

Diverse Academies Trust is governed by its charitable objects. These charitable objects set out the purpose of the charity. The consequences of all decisions and activities of the charity are assessed by how they drive us towards achieving that long-term purpose, including by reference to the charity's strategy, vision and values. As an educational charity, we are accountable not only to our funders and direct beneficiaries (our pupils) but also their parents and the wider community. These stakeholders support us, engage with us, and challenge us. They ensure that the decisions we make as a charity, from the ground level through to the Board, are for their benefit. We are a value driven organisation, and our values mean that we are informed, shaped and powered by our determination to uphold our vision and values. Well-established involvement and consultation mechanisms, both direct (through parent and staff surveys) and indirect (through the involvement of parents and local people on our Academy Councils and Trust Board) ensure that decisions made by the Trustees are informed by the needs of the organisation's stakeholders.

Long-term consequences of any decision

Trustees consider the consequences of any strategic decision in the long-term as part of their assessment. We aim to ensure that as an organisation we balance our income and expenditure to ensure that our organisation remains sustainable in the long term. This is balanced against the needs of our pupils, staff and other stakeholders, and the community, to ensure we are spending the funding we receive from the government in the most effective way to support our aims, and with integrity. This financial year has included a review which further developed our cost share model which was used to pool resources and costs and drive value for money in many areas of expenditure in order to be able to respond to changing improvement needs and to adjust to future cost pressures.

The impact of the company's operations on the community and the environment

Details of how the Trustees give consideration to the impact on the community can be found in the section on Public Benefit. An example of how the Trust has considered its impact on the local community has been following the return from lockdown how the Trust will work to recover lost learning and the impact of the pandemic on mental health and wellbeing.

The desirability of the company maintaining a reputation for high standards of business conduct

The Trust aims to conduct all its relationships with integrity and courtesy, and scrupulously to honour every business agreement. We subscribe to the principles of Ethical Leadership and are a pathfinder Trust. The Trustees have approved a number of policies that help to ensure the charity maintains high standards of business conduct; these include the Investment Policy, Anti-Fraud and Whistleblowing Policy, and Gifts and Hospitality Policy.

The need to act fairly as between members of the company

All members of the Trust are treated fairly and equally, and have the ability to directly contact Trustees or the Executive. They are invited to participate in training or strategic development events.

All matters reserved for decision by the Trustees are presented at Board or Committee meetings as appropriate. Trustees are briefed on any identified potential impacts and risks for our stakeholders and how they are to be managed. The Trustees take these factors into account before making a final decision which together they

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Strategic report (continued)

Achievements and performance (continued)

believe is in the best interests of the Trust and its stakeholders.

Financial review

2021/22 continued to be significant year for the Trust, building and developing the financial strategy put in place during 2018.

The Trust has carried out a full review of its financial controls. Accountability is strong and the cash position of the organisation is healthy.

This set of accounts shows the financial performance of the Diverse Academies Trust for the year ended 31 August 2022. The statement of financial activities shows the Trust returned a deficit before other recognised gains and losses of £4,462k in the year ended 31 August 2022 (2021: deficit of £ 2,897k).

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 £1,993k. This represents an improvement of £636k from 31 August 2021.

The Trust held fund balances at 31 August 2022 of £65,555k (2021: £23,567k) comprising a surplus of £1,299k (2021: £699k) of restricted general funds (excluding pension reserve) and a surplus of £694k (2021: £658k) of unrestricted general funds and a pension reserve deficit of £6,622k (2021: £48,306k). The majority of the net assets relate to fixed asset funds (land and buildings) being £70,184k (2021: £70,516k).

The Trust has cash balances of £5,709k at the end of August 2022.

Financial policies

The Trust has continued to adopt the financial budgeting methodology developed over the last couple of years. The approach reviews the income received across the trust and a sophisticated methodology to sharing cost known as a 'Cost Share Model' as opposed to a fixed percentage charge to academies. All operational delivery costs both pay and non-pay are 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.

a. Reserves policy

Total useable reserves, defined as restricted general reserves (excluding the pension reserves) and unrestricted reserves were in a surplus position of £1,993k (2021: £1,357k).

The Trust holds reserves to achieve the following objectives:

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 £1.1m - £1.4m of reserves.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

b. 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.

c. 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
- Pay increase linked to cost of living
- Energy costs
- Long term planning for potential reductions in pupil numbers linked to place and demographics

d. 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.

e. Pension deficit

The Trustees recognise that there is a significant pension deficit of £6,622k (2021: £48,306k) 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.

f. Principal funding

Donations and capital grants – see note 4.

The note includes capital grants from the ESFA.

Funding for the Diverse Academies Trusts' educational operations - see note 5.

The main funding the Trust receives is the General Annual Grant of £46,503k (2021: £41,535k) 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 6.

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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

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.

Streamlined energy and carbon reporting

The Trust's greenhouse gas emissions and energy consumption are as follows:

| | 2022 | <i>2021</i> |
|---|------------------|------------------|
| Energy consumption used to calculate emissions (kWh) | 6,176,670 | <i>7,042,295</i> |
| Energy consumption breakdown (kWh): | | |
| Gas | 4,234,670 | <i>5,358,300</i> |
| Electricity | 1,750,916 | <i>1,683,995</i> |
| Transport - staff mileage | 87,195 | <i>50,286</i> |
| Transport - minibus | 103,889 | <i>48,251</i> |
| Scope 1 emissions (in tonnes of CO2 equivalent): | | |
| Gas consumption | 773 | <i>981</i> |
| Owned transport | 42 | <i>12</i> |
| Total scope 1 | 815 | <i>993</i> |
| Scope 2 emissions (in tonnes of CO2 equivalent): | | |
| Purchased electricity | 339 | <i>358</i> |
| Scope 3 emissions (in tonnes of CO2 equivalent): | | |
| Business travel in employee-owned or rental vehicles | 21 | <i>12</i> |
| Total gross emissions (in tonnes of CO2 equivalent): | 1,175 | <i>1,363</i> |
| Intensity ratio: | | |
| Tonnes of CO2 equivalent per pupil | 0.15 | <i>0.17</i> |

The Trust has followed and used the following quantification and reporting methodologies:

- the 2019 HM Government Environmental Reporting Guidelines;
- the GHG Reporting Protocol - Corporate Standard; and
- the 2022 UK Government's Conversion Factors for Company Reporting.

We have excluded the PFI schools from the above calculations as the energy is managed by Nottinghamshire County Council.

Intensity measurement

The chosen intensity ratio is total gross emissions in tonnes of CO2 equivalent per pupil, the recommended ratio for the sector.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2022

Streamlined energy and carbon reporting (continued)

Measures taken to improve energy efficiency

An application was made to SALIX for the Public Sector Decarbonisation Scheme (PSDS phase 3a). This was a bid for survey and measurement work to fully assess the current energy efficiency and operating systems within 10 of the academies within the Trust, to develop recommendations and proposals for alternative heating systems and energy recovery to reduce the use of carbon heavy fuels. On this occasion the bid was not successful, a bid will again be submitted for the next round of bids.

In respect of energy usage (gas), some of the reduction in energy this year has arisen from the benefit of previous years improvements, however it must also be noted that a large part will be more weather related given the very mild nature and the generally increased temperatures encountered.

Given the increases in pricing for both gas and electricity, academies are looking at energy usage.

Plans for future periods

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

1. Invest in and develop our high performing people
2. Further develop our high performing teams through togetherness
3. Fully embed our vision and values to develop a high performing organisation
4. Develop a high-quality curriculum offer - in its broadest sense
5. Fully engage with our communities to ensure they are at the heart of everything we do
6. Develop high quality collaborative learning communities to share best practice
7. Support children and young people to secure strong outcomes
8. Develop our approach to system leadership and planned growth
9. Develop our culture and practice for diversity and equality

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 31.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are 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 _____ and signed on its behalf by:



19/12/2022

.....
M Quigley, MBE
(Chair of Trustees)

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.

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

The Board of Trustees has delegated the day-to-day responsibility 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 |
|----------------------------------|-------------------|-------------------|
| M Quigley, MBE, Chair | 6 | 6 |
| M Blore | 6 | 6 |
| A Davies (resigned 16/01/2022) | 1 | 2 |
| L Donald (appointed 30/03/2022) | 1 | 2 |
| P Mabbott (resigned 24/11/2021) | 1 | 1 |
| N Marriott (appointed 25/5/2022) | 1 | 1 |
| J Mordue (appointed 25/05/2022) | 0 | 1 |
| J Rolph | 6 | 6 |
| D Schwarz | 6 | 6 |
| IR Storey | 6 | 6 |
| R Shearing | 5 | 6 |

During the year two Trustees resigned and three trustees were appointed.

Virtual training sessions for trustees and governors were held covering a number of different skills and areas led by specialists in these fields within the trust.

The Trust annually requires Trustees, Governors, and any Key Management Personnel to complete a declaration of interest form to capture conflicts of interest where an individual could be influenced, or could be perceived as being influenced, by their personal interests while they're carrying out their duties. This register is kept up to date throughout the year and reviewed by the Trust Board annually.

At each Trust meeting or Academy meeting attendees are required to consider if the items to be discussed may raise a conflict of interest.

The meetings held by the Trust Board and Academy Committees all consider and adhere to the seven Nolan Principles of Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership

The Board evaluates itself by ensuring there is a mix of skills sets and new trustees are appointed to fill any knowledge gaps. The Trust is in the process of recruiting trustees to expand the Board and allow for succession planning and greater diversity representative of the communities which it serves.

The Board uses data from varying sources to ensure triangulation of information received such as Ofsted

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

inspection reports, examination and key stage results and pupil attendance data, using these to compare against national averages. For financial data I-SOT is utilised. I-SOT applies either Primary or Secondary thresholds to data to produce a RAG rated dashboard. These thresholds are reviewed and updated twice a year, by the Institute of School Business Leaders. The thresholds used in the RAG rating are based on DfE statistical data. The Trust also commissioned a review by School Resource Management Advisor for an external review, and additionally achieved accreditation of SchoolMark which is the accreditation scheme developed in consultation with the DfE and sector partners that assesses numerous aspects of resource management and operations, celebrates best practice and helps raise the standards of school management. Acknowledging that efficient finances facilitate outstanding teaching and learning, supporting pupil progress and better outcomes for students.

The Audit and Risk Committee is a subcommittee of the main Board of Trustees. The Committee provides an overview of controls within Diverse Academies Trust. The purpose of the committee is to deliver objective and independent assurance for the Trust through a process of internal scrutiny. This includes reviewing the internal controls of the Trust; recommending an annual programme of work to test the controls and receiving associated reports; and monitoring and reviewing risk management across all areas including in particular areas of risk that may prevent the achievement of our strategic objectives. The Committee makes recommendations to the Board on improvements and on any areas of concern compliance and other areas of risk that may prevent the achievement of our strategic objectives.

The Committee scheduled three meetings in its annual cycle, with an extra meeting held at the end of July to decide on a course of action in response to a contractor's sudden withdrawal of its contracted internal audit services.

The Trust develops an internal audit plan each year. The delivery of the internal audit programme in 2021/2022 was adversely affected by staffing problems in the internal audit contractor, and its eventual withdrawal from the contract. The Committee and the Trust's Executive Leaders moved swiftly to remedy the situation and find a replacement provider, and the following audits were conducted:

Follow up of previous recommendations for:

- Delegation of Authority and Procurement
- Corporate Governance
- Key Financial Controls
- Chief Executive Officer Expenses
- Risk Management

The Committee has reviewed recommendations from these audits and will receive reports on ongoing monitoring.

The Committee has appointed an alternative internal audit provider for 2022/2023 with an agreed programme of audits, and we will also use other contractors in specific areas, for example safeguarding. During 2022/2023 the Committee and relevant Executive Leaders will conduct a thorough review of its approach to identifying the areas selected for audit (bearing in mind the priorities informed by the risk register), and the most effective ways of delivering the audits identified.

The committee met 4 times in the year. Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------------------|-------------------|-------------------|
| I Storey (Chair) | 4 | 4 |
| P Mabbott (resigned 21/11/2021) | 1 | 1 |
| M Quigley, MBE | 4 | 4 |
| R Shearing (appointed 24/11/2021) | 3 | 3 |

The Finance and Resources Committee is a sub-committee of the main Trust Board, Performance and Remuneration functions form part of the remit of this committee. The purpose of the Finance and Resources

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Governance (continued)

Committee is to oversee the financial performance of the organisation and making sure its money is well spent

The committee met 6 times in the year, attendance was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------|-------------------|-------------------|
| J Rolph (Chair) | 6 | 6 |
| A Davies (resigned 16/01/2022) | 0 | 1 |
| P Mabbott (resigned 24/11/2022) | 1 | 2 |
| I Storey | 6 | 6 |

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 collaboratively with leaders across the trust to ensure the deployment of resources is carefully modelled against national benchmarking data and our own trust parameters. A continued and strengthened use of integrated curriculum financial planning (ICFP) has led to increased efficiency, whilst pinpointing effective use of available resources.
- 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 receiving 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 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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2021 to 31 August 2022 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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

The risk and control framework (continued)

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 General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed an external agency to carry out the internal audit across the Trust on a rolling programme across the academies. The delivery of the internal audit programme in 2021/2022 was adversely affected by staffing problems in the internal audit contractor, and its eventual withdrawal from the contract. The Committee and the Trust's Executive Leaders moved swiftly to remedy the situation and find a replacement provider

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:

- To review all financial risk and control related disclosure statements, together with any associated reports and opinions from executive management, the external and internal auditors and prior to endorsement by the Trust Board.
- To review any recommendations made by the Secretary of State for Education for improving the financial management of the Trust or its academies.

Areas that were covered in Key Financial Controls Internal Audits by ICCA (reviewing the 21-22 year) were:

- General Ledger;
- Purchasing and Creditor Payments; and,
- Other Income and Debtors.

The Board of Trustees confirm that ICCA have delivered their schedule of work as planned. ICCA was appointed as Internal Auditor having previously provided this work during 2020-2021. For 2021-2022 an alternative provider was appointed following a rigorous tender process, but they failed to fulfil the contract due to staffing issues and so ICCA were approached during the year to support with the work required due to previous knowledge of the Trust and having provided quality work in prior years.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

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 Academy Trust Handbook. During the year in question the review has been informed by:

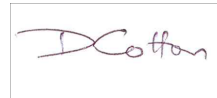
- the work of the internal auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditor;
- correspondence from ESFA e.g. FNtl/Ntl and 'minded to' letters.

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:



.....
M Quigley, MBE
Chair of Trustees



.....
D Cotton
Chief Executive & Accounting Officer

Date: 19/12/2022

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 Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academy Trust Handbook 2021.

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.



D Cotton
Chief Executive & Accounting Officer

Date: 19/12/2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2022

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- 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:



.....
M Quigley, MBE
(Chair of Trustees)

Date: 19/12/2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Auditors' 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 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Diverse Academies Trust
(continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Trust 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Diverse Academies Trust
(continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. Based on our understanding of the Academy, we identify the key laws and regulations affecting the Academy. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- management bias in respect of accounting estimates and judgements made;
- management override of control;
- posting of unusual journals or transactions and;
- non-compliance with the Academy Trust Handbook and Academy Accounts Direction.

We focussed on those area that could give rise to a material misstatement in the Academy financial statements. Our procedures included, but were not limited to:

- enquiry of management and those charged with governance around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- reviewing minutes of meetings of those charged with governance where available;
- reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias. In particular review of pension liabilities;
- A separate limited scope regularity review has been undertaken in respect of compliance with the Academy Trust Handbook and our report in respect of this is contained within the in financial statements.

It is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Diverse Academies Trust
(continued)

Use of our report

This report is made solely to the charitable 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 charitable Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Smith Cooper Audit Limited

Sarah Flear (Senior Statutory Auditor)
for and on behalf of
PKF Smith Cooper Audit Limited

Date: 19 December 2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Diverse Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 2 July 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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 Trust's income and expenditure.

The work undertaken to draw our conclusions included the following:

- Planned our assurance procedures including identifying key risks;
- Carried out a programme of substantive testing, including review of the programme 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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

PKF Smith Cooper Audit Limited

PKF Smith Cooper Audit Limited
2 Lace Market Square
Nottingham
NG1 1PB

Date: 19 December 2022

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2022

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Restricted fixed asset funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|---|---------------------------------------|-------------------------------------|---|--------------------------------|--------------------------------|
| Note | | | | | |
| Income from: | | | | | |
| Donations and capital grants | 4 | 192 | - | 2,689 | 2,881 |
| Other trading activities | 6 | 723 | 493 | - | 1,216 |
| Investments | 7 | 1 | - | - | 1 |
| Charitable activities | 5 | - | 52,522 | - | 52,522 |
| Teaching schools | | - | 122 | - | 122 |
| Total income | | 916 | 53,137 | 2,689 | 56,742 |
| Expenditure on: | | | | | |
| Raising funds | 8 | 1,094 | - | - | 1,094 |
| Charitable activities | 8 | - | 56,388 | 3,304 | 59,692 |
| Teaching schools | 8 | - | 418 | - | 418 |
| Total expenditure | | 1,094 | 56,806 | 3,304 | 61,204 |
| Net expenditure | | (178) | (3,669) | (615) | (4,462) |
| Transfers between funds | 20 | 214 | (497) | 283 | - |
| Net movement in funds before other recognised gains/(losses) | | 36 | (4,166) | (332) | (4,462) |
| Other recognised gains/(losses): | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 27 | - | 46,808 | - | 46,808 |
| Derecognition of defined benefit pension asset | 27 | - | (358) | - | (358) |
| Net movement in funds | | 36 | 42,284 | (332) | 41,988 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
For the Year Ended 31 August 2022

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds | <i>Total funds</i> |
|------------------------------------|-------------------------------|-----------------------------|---|------------------------|------------------------|
| | 2022 | 2022 | 2022 | 2022 | <i>2021</i> |
| Note | £000 | £000 | £000 | £000 | <i>£000</i> |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 658 | (47,607) | 70,516 | 23,567 | 32,497 |
| Net movement in funds | 36 | 42,284 | (332) | 41,988 | (8,930) |
| Total funds carried forward | <u>694</u> | <u>(5,323)</u> | <u>70,184</u> | <u>65,555</u> | <u>23,567</u> |

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

The notes on pages 38 to 70 form part of these financial statements.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)
Registered number: 7664012

Balance Sheet
As at 31 August 2022

| | Note | 2022 £000 | 2021 £000 |
|---|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 16 | 70,519 | 71,371 |
| | | 70,519 | 71,371 |
| Current assets | | | |
| Debtors | 17 | 2,035 | 2,770 |
| Cash at bank and in hand | 25 | 5,709 | 3,854 |
| | | 7,744 | 6,624 |
| Creditors: amounts falling due within one year | 18 | (5,916) | (5,886) |
| | | 1,828 | 738 |
| Net current assets / liabilities | | 1,828 | 738 |
| Total assets less current liabilities | | 72,347 | 72,109 |
| Creditors: amounts falling due after more than one year | 19 | (170) | (236) |
| | | 72,177 | 71,873 |
| Net assets excluding pension liability | | 72,177 | 71,873 |
| Defined benefit pension scheme liability | 27 | (6,622) | (48,306) |
| | | 65,555 | 23,567 |
| Total net assets | | 65,555 | 23,567 |
| Funds of the Trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 20 | 70,184 | 70,516 |
| Restricted income funds | 20 | 1,299 | 699 |
| | | 71,483 | 71,215 |
| Restricted funds excluding pension asset | 20 | 71,483 | 71,215 |
| Pension reserve | 20 | (6,622) | (48,306) |
| | | 64,861 | 22,909 |
| Total restricted funds | | 64,861 | 22,909 |
| Unrestricted income funds | | 694 | 658 |
| | | 65,555 | 23,567 |
| Total funds | | 65,555 | 23,567 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)
Registered number: 7664012

Balance Sheet (continued)
As at 31 August 2022

The financial statements on pages 33 to 70 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
M Quigley, MBE
(Chair of Trustees)
Date: 19/12/2022

The notes on pages 38 to 70 form part of these financial statements.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2022

| | Note | 2022 £000 | <i>2021</i> <i>£000</i> |
|---|-------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 22 | 1,629 | 790 |
| Cash flows from investing activities | | | |
| | 24 | 292 | 902 |
| Cash flows from financing activities | | | |
| | 23 | (66) | 120 |
| Change in cash and cash equivalents in the year | | 1,855 | <i>1,812</i> |
| Cash and cash equivalents at the beginning of the year | | 3,854 | <i>2,042</i> |
| Cash and cash equivalents at the end of the year | 25, 26 | 5,709 | <i>3,854</i> |

The notes on pages 38 to 70 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 2022

1. General information

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.

2. Accounting policies

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.

2.1 Basis of preparation of financial statements

The financial statements of the 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 2021 to 2022 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.

2.2 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 2022

2. Accounting policies (continued)

2.3 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.

• **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 year it is receivable and to the extent the Trust has provided the goods or services.

• **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

• **Donated fixed assets (excluding transfers on conversion or into the Trust)**

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.4 Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the 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.

2.5 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.

2.6 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.7 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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 |
| Leasehold property | - between 8 and 50 years straight line |
| Furniture and equipment | - 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 |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

2.8 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.9 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 17. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. 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.

2.10 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.

2.11 Operating leases

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 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.

As a result of the assumptions applied by the actuary, the actuarial valuation at the year-end has resulted in a surplus position for one academy within the Trust. The recognition of a surplus under FRS102 should only be made to the extent that an employer can expect to secure economic benefit from it, either by paying a reduced rate of contributions or taking a refund. It is not anticipated that the next actuarial valuation will result in a reduction to contributions and the Trust has no option to take a refund. The surplus for the affected academy has therefore been removed and is shown as a breakeven position at the year-end. The derecognition adjustment is shown as other recognised gains/losses. No offsetting has been applied against the other academy LGPS liabilities present at the year-end.

2.13 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 for its own administrative 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 31.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

2. Accounting policies (continued)

2.14 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.

3. 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 27, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

4. Income from donations and capital grants

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Restricted fixed asset funds 2022 £000 | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|------------------------|---|---|---|--|--|
| Donations | 192 | - | - | 192 | 32 |
| Capital Grants | - | - | 2,689 | 2,689 | 3,108 |
| Transfer on conversion | - | - | - | - | 398 |
| Total 2022 | <u>192</u> | <u>-</u> | <u>2,689</u> | <u>2,881</u> | <u>3,538</u> |
| <i>Total 2021</i> | <u>5</u> | <u>(1,445)</u> | <u>4,978</u> | <u>3,538</u> | |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

5. Funding for the Academy Trust's educational operations

| | Restricted funds 2022 £000 | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|------------------------------------|---|--|--|
| DfE/ESFA grants | | | |
| General Annual Grant (GAG) | 46,503 | 46,503 | 41,535 |
| Other DfE/ESFA grants | | | |
| Other DfE/ESFA grants | 580 | 580 | 1,082 |
| Pupil premium | 2,461 | 2,461 | 2,086 |
| Teachers' pay and pension grant | - | - | 1,847 |
| Universal Infant Free School Meals | 145 | 145 | 141 |
| Coronavirus Catch-up Funding | - | - | 535 |
| Other Coronavirus Funding | - | - | 158 |
| | <hr/> 49,689 | <hr/> 49,689 | <hr/> 47,384 |
| Other Government grants | | | |
| Local Authority Grants | 1,235 | 1,235 | 1,219 |
| Special Education Projects | 1,172 | 1,172 | 984 |
| | <hr/> 2,407 | <hr/> 2,407 | <hr/> 2,203 |
| Other Income | | | |
| School trip income | 426 | 426 | 1,003 |
| | <hr/> 52,522 | <hr/> 52,522 | <hr/> 50,590 |
| Total 2022 | <hr/> <hr/> 52,522 | <hr/> <hr/> 52,522 | <hr/> <hr/> 50,590 |
| <i>Total 2021</i> | <hr/> <hr/> 50,590 | <hr/> <hr/> 50,590 | |

6. Income from other trading activities

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|--------------------|---|---|--|--|
| Hire of facilities | 38 | - | 38 | 18 |
| Other income | 685 | 493 | 1,178 | 1,287 |
| | <hr/> 723 | <hr/> 493 | <hr/> 1,216 | <hr/> 1,305 |
| Total 2022 | <hr/> <hr/> 723 | <hr/> <hr/> 493 | <hr/> <hr/> 1,216 | <hr/> <hr/> 1,305 |
| <i>Total 2021</i> | <hr/> <hr/> 601 | <hr/> <hr/> 704 | <hr/> <hr/> 1,305 | |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

7. Investment income

| | Unrestricted funds 2022 £000 | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|---------------------|---|--|--|
| Short term deposits | 1 | 1 | - |

8. Expenditure

| | Staff Costs 2022 £000 | Premises 2022 £000 | Other 2022 £000 | Total 2022 £000 | <i>Total 2021 £000</i> |
|--|--------------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Expenditure on raising voluntary income: | | | | | |
| Direct costs | 1,054 | - | 40 | 1,094 | 837 |
| Academies educational operations: | | | | | |
| Direct costs | 35,466 | - | 2,654 | 38,120 | 36,915 |
| Support costs | 9,731 | 4,112 | 7,729 | 21,572 | 20,527 |
| Teaching school | 215 | - | 203 | 418 | 178 |
| Total 2022 | 46,466 | 4,112 | 10,626 | 61,204 | 58,457 |
| <i>Total 2021</i> | <i>43,892</i> | <i>3,984</i> | <i>10,581</i> | <i>58,457</i> | |

9. Analysis of expenditure by activities

| | Activities undertaken directly 2022 £000 | Support costs 2022 £000 | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|----------------------------------|---|--|--|--|
| Academies educational operations | 38,120 | 21,572 | 59,692 | 57,442 |
| <i>Total 2021</i> | <i>36,915</i> | <i>20,527</i> | <i>57,442</i> | |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

9. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|---------------------|--|--|
| Staff costs | 9,731 | 8,724 |
| Technology costs | 352 | 553 |
| Governance costs | 68 | 80 |
| Premises costs | 4,112 | 3,984 |
| Other support costs | 4,063 | 4,221 |
| Depreciation | 3,246 | 2,965 |
| | 21,572 | 20,527 |

10. Net expenditure

Net expenditure for the year includes:

| | 2022 £000 | <i>2021 £000</i> |
|---------------------------------------|----------------------|----------------------|
| Operating lease rentals | 96 | 104 |
| Depreciation of tangible fixed assets | 3,246 | 2,965 |
| Fees paid to auditors for: | | |
| - audit | 39 | 39 |
| - other services | 3 | 2 |

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

- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses
- Compensation payments

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

11. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2022 | <i>2021</i> |
|---------------------------|---------------|---------------|
| | £000 | <i>£000</i> |
| Wages and salaries | 31,460 | <i>30,661</i> |
| Social security costs | 3,225 | <i>3,070</i> |
| Pension costs | 10,948 | <i>9,663</i> |
| | 45,633 | <i>43,394</i> |
| Agency staff costs | 822 | <i>369</i> |
| Staff restructuring costs | 11 | <i>129</i> |
| | 46,466 | <i>43,892</i> |

Staff restructuring costs comprise:

| | 2022 | <i>2021</i> |
|---------------------|-------------|-------------|
| | £000 | <i>£000</i> |
| Redundancy payments | 7 | <i>40</i> |
| Severance payments | 4 | <i>89</i> |
| | 11 | <i>129</i> |

b. Severance payments

The Trust paid 1 severance payments in the year (2021 - 6), disclosed in the following bands:

| | 2022 | <i>2021</i> |
|-------------------|-------------|-------------|
| | No. | <i>No.</i> |
| £0 - £25,000 | 1 | <i>5</i> |
| £25,001 - £50,000 | - | <i>1</i> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

11. Staff (continued)

c. Staff numbers

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

| | 2022 | <i>2021</i> |
|----------------|--------------|--------------|
| | No. | <i>No.</i> |
| Teachers | 544 | <i>507</i> |
| Administration | 645 | <i>588</i> |
| Management | 36 | <i>35</i> |
| | 1,225 | <i>1,130</i> |
| | 1,225 | <i>1,130</i> |

The average headcount expressed as full-time equivalents was:

| | 2022 | <i>2021</i> |
|----------------|-------------|-------------|
| | No. | <i>No.</i> |
| Teachers | 466 | <i>467</i> |
| Administration | 400 | <i>403</i> |
| Management | 35 | <i>35</i> |
| | 901 | <i>905</i> |
| | 901 | <i>905</i> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

11. Staff (continued)

d. Higher paid staff

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

| | 2022 | <i>2021</i> |
|---------------------------------|-------------|-------------|
| | No. | <i>No.</i> |
| In the band £60,001 - £70,000 | 21 | <i>16</i> |
| In the band £70,001 - £80,000 | 2 | <i>2</i> |
| In the band £80,001 - £90,000 | 6 | <i>11</i> |
| In the band £90,001 - £100,000 | 2 | <i>-</i> |
| In the band £100,001 - £110,000 | 3 | <i>3</i> |
| In the band £110,001 - £120,000 | - | <i>3</i> |
| In the band £120,001 - £130,000 | 3 | <i>-</i> |
| In the band £140,001 - £150,000 | - | <i>1</i> |
| In the band £170,001 - £180,000 | 1 | <i>-</i> |
| | 28 | <i>37</i> |

The CEO is no longer a member of the Teachers' Pension Scheme, and the Trust pays no pension contributions on his behalf. His salary has been increased to reflect the fact that he is responsible for his own pension provision, but the overall cost of his employment is less than in 2021.

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £693,000 (2021 - £690,000).

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

13. Trustees' and Officers' insurance

The Trust has opted into the Department for 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

14. PFI charges

Maintenance of premises costs includes the following PFI charges:

| | 2022 | <i>2021</i> |
|----------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Tuxford Academy | 714 | <i>707</i> |
| Retford Oaks Academy | 552 | <i>576</i> |
| East Leake Academy | 365 | <i>350</i> |
| | 1,631 | <i>1,633</i> |
| | 1,631 | <i>1,633</i> |

These amounts are index linked and paid to the local authority. The Trust is committed to the following payments under PFI arrangements:

| | 2022 | <i>2021</i> |
|--|---------------|---------------|
| | £000 | <i>£000</i> |
| Not later than 1 year | 1,672 | <i>1,631</i> |
| Later than 1 year and not later than 5 years | 6,867 | <i>6,891</i> |
| Later than 5 years | 7,566 | <i>9,214</i> |
| | 16,105 | <i>17,736</i> |
| | 16,105 | <i>17,736</i> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

15. Central services

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

- Chief Executive
- School Improvement
- Marketing
- HR
- IT
- Finance

The Trust charges for these services on the following basis:

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 service 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.

The actual amounts charged during the year were as follows:

| | 2022 | <i>2021</i> |
|-------------------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Tuxford Academy | 364 | 316 |
| Retford Oaks Academy | 267 | 179 |
| East Leake Academy | 255 | 211 |
| Holgate Academy | 285 | 231 |
| Tuxford Primary Academy | 51 | 57 |
| Walton Academy | 222 | 212 |
| Queen Elizabeth's Academy | 171 | 57 |
| Wainwright Primary Academy | 81 | 117 |
| Thrumpton Primary Academy | 44 | 51 |
| Bracken Lane Primary Academy | 41 | 47 |
| Samuel Barlow Primary Academy | 49 | 34 |
| Yeoman Park Primary Academy | 117 | 83 |
| Redgate Primary Academy | 62 | 39 |
| Hillocks Primary Academy | 57 | - |
| Total | 2,066 | <i>1,634</i> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

16. Tangible fixed assets

| | Freehold property £000 | Leasehold property £000 | Long-term leasehold land £000 | Furniture and equipment £000 | Computer equipment £000 | Motor vehicles £000 | Assets under the course of construction £000 | Total £000 |
|--------------------------|------------------------------|-------------------------------|--|---------------------------------------|-------------------------------|---------------------------|--|----------------------|
| Cost or valuation | | | | | | | | |
| At 1 September 2021 | 9,058 | 68,957 | 7,641 | 1,678 | 1,400 | 136 | - | 88,870 |
| Additions | 189 | 1,368 | - | 195 | 620 | - | 26 | 2,398 |
| Disposals | - | - | - | - | (156) | - | - | (156) |
| At 31 August 2022 | <u>9,247</u> | <u>70,325</u> | <u>7,641</u> | <u>1,873</u> | <u>1,864</u> | <u>136</u> | <u>26</u> | <u>91,112</u> |
| Depreciation | | | | | | | | |
| At 1 September 2021 | 1,213 | 14,356 | 469 | 822 | 546 | 93 | - | 17,499 |
| Charge for the year | 362 | 2,308 | 63 | 212 | 291 | 10 | - | 3,246 |
| On disposals | - | - | - | - | (152) | - | - | (152) |
| At 31 August 2022 | <u>1,575</u> | <u>16,664</u> | <u>532</u> | <u>1,034</u> | <u>685</u> | <u>103</u> | <u>-</u> | <u>20,593</u> |
| Net book value | | | | | | | | |
| At 31 August 2022 | <u><u>7,672</u></u> | <u><u>53,661</u></u> | <u><u>7,109</u></u> | <u><u>839</u></u> | <u><u>1,179</u></u> | <u><u>33</u></u> | <u><u>26</u></u> | <u><u>70,519</u></u> |
| At 31 August 2021 | <u><u>7,845</u></u> | <u><u>54,601</u></u> | <u><u>7,172</u></u> | <u><u>856</u></u> | <u><u>854</u></u> | <u><u>43</u></u> | <u><u>-</u></u> | <u><u>71,371</u></u> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

16. Tangible fixed assets (continued)

Included within freehold property is land with a value of £944,000 (2021: £944,000) which is not depreciated.

17. Debtors

| | 2022 | 2021 |
|--------------------------------|--------------|--------------|
| | £000 | £000 |
| Due within one year | | |
| Trade debtors | 97 | 166 |
| Other debtors | 6 | 19 |
| Prepayments and accrued income | 1,426 | 1,881 |
| Tax recoverable | 506 | 704 |
| | 2,035 | 2,770 |
| | 2,035 | 2,770 |

18. Creditors: Amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Other loans | 66 | 67 |
| Trade creditors | 2,144 | 2,310 |
| Other taxation and social security | 767 | 721 |
| Other creditors | 858 | 809 |
| Accruals and deferred income | 2,081 | 1,979 |
| | 5,916 | 5,886 |
| | 5,916 | 5,886 |

Included in other loans are amounts of £66,000 (2021: £67,000) payable to the ESFA in relation to Salix loan funding. These loans do not bear any interest and are not secured against any asset. £66,000 per annum is repayable. The age analysis for the loans can be seen in note 19.

| | 2022 | 2021 |
|--|--------------|--------------|
| | £000 | £000 |
| Deferred income at 1 September 2021 | 1,138 | 723 |
| Resources deferred during the year | 1,117 | 1,138 |
| Amounts released from previous periods | (1,138) | (723) |
| | 1,117 | 1,138 |
| | 1,117 | 1,138 |

Included within deferred income is grant funds (£817,000) and other donations (£87,000) received in advance of entitlement and trip income received for trips (£213,000) not taking place until after the year end.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

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

| | 2022 | <i>2021</i> |
|-------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Other loans | 170 | <i>236</i> |
| | ===== | <i>=====</i> |

Included within the above are amounts falling due as follows:

| | 2022 | <i>2021</i> |
|-----------------------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Between one and two years | | |
| Other loans | 65 | <i>66</i> |
| | ===== | <i>=====</i> |
| Between two and five years | | |
| Other loans | 105 | <i>170</i> |
| | ===== | <i>=====</i> |

Included in other loans are amounts of £170,000 (2021: £236,000) payable to the ESFA in relation to Salix loan funding. These loans do not bear any interest and are not secured against any asset.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds

| | Balance at 1 September 2021 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2022 £000 |
|-------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds | 658 | 916 | (1,094) | 214 | - | 694 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 651 | 46,503 | (45,085) | (869) | - | 1,200 |
| Other DfE/ESFA Grants | - | 580 | (580) | - | - | - |
| Pupil premium | - | 2,461 | (2,461) | - | - | - |
| UIFSM | - | 145 | (145) | - | - | - |
| Other Govt Grants & LA Grants | - | 2,407 | (2,407) | - | - | - |
| Provision of educational places | - | 493 | (493) | - | - | - |
| Other restricted funds | 48 | 548 | (869) | 372 | - | 99 |
| Pension reserve | (48,306) | - | (4,766) | - | 46,450 | (6,622) |
| | (47,607) | 53,137 | (56,806) | (497) | 46,450 | (5,323) |
| Restricted fixed asset funds | | | | | | |
| Capital grants | 6,712 | 2,375 | (783) | (477) | - | 7,827 |
| Inherited funds | 63,610 | - | (2,337) | - | - | 61,273 |
| Capital expenditure from GAG | (790) | - | (184) | 974 | - | - |
| Donations | 984 | 314 | - | (214) | - | 1,084 |
| | 70,516 | 2,689 | (3,304) | 283 | - | 70,184 |
| Total Restricted funds | 22,909 | 55,826 | (60,110) | (214) | 46,450 | 64,861 |
| Total funds | 23,567 | 56,742 | (61,204) | - | 46,450 | 65,555 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

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 represent amounts transferred from donations, together with income derived from educational and nursery provisions, 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 2016 the Trust purchased a sixth form centre via the funding agreed from Section 106. So far the Trust has received 6 payments from Section 106 with a further 4 payments remaining. In this financial year the Trust received one payment.

Unrestricted funds

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

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

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

| | <i>Balance at 1 September 2020 £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 2021 £000</i> |
|-------------------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Unrestricted funds | | | | | | |
| General Funds | 889 | 606 | (837) | - | - | 658 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 319 | 41,535 | (40,942) | (261) | - | 651 |
| Other DfE/ESFA Grants | - | 3,763 | (3,763) | - | - | - |
| Pupil premium | - | 2,086 | (2,086) | - | - | - |
| Other Govt Grants & LA Grants | - | 2,203 | (2,203) | - | - | - |
| Other restricted funds | 73 | 1,834 | (1,859) | - | - | 48 |
| Pension reserve | (37,357) | (1,445) | (3,471) | - | (6,033) | (48,306) |
| | (36,965) | 49,976 | (54,324) | (261) | (6,033) | (47,607) |
| Restricted fixed asset funds | | | | | | |
| Capital grants | 4,183 | 3,108 | (579) | - | - | 6,712 |
| Inherited funds | 64,065 | 1,843 | (2,298) | - | - | 63,610 |
| Capital expenditure from GAG | (632) | - | (419) | 261 | - | (790) |
| Donations | 957 | 27 | - | - | - | 984 |
| | 68,573 | 4,978 | (3,296) | 261 | - | 70,516 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

| | <i>Balance at 1 September 2020 £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 2021 £000</i> |
|-------------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Total Restricted funds | 31,608 | 54,954 | (57,620) | - | (6,033) | 22,909 |
| Total funds | 32,497 | 55,560 | (58,457) | - | (6,033) | 23,567 |

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

| | 2022 £000 | 2021 £000 |
|-----------------------------|----------------------|----------------------|
| Diverse Academies Trust | 1,779 | 1,357 |
| Restricted fixed asset fund | 70,184 | 70,516 |
| Pension reserve | (6,622) | (48,306) |
| Total | 65,341 | 23,567 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

The Trust has opted not to show an analysis of 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 service 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;
- Target support more effectively, for example by 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 to 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
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

Total cost analysis by academy

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

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciation £000 | Total 2022 £000 |
|-----------------------------------|--|---|--|--|--------------------------------|
| Tuxford Academy | 6,031 | 872 | 625 | 1,230 | 8,758 |
| Retford Oaks Academy | 4,143 | 528 | 610 | 902 | 6,183 |
| East Leake Academy | 4,060 | 507 | 281 | 907 | 5,755 |
| Holgate Academy | 4,929 | 799 | 479 | 854 | 7,061 |
| Tuxford Primary Academy | 953 | 157 | 62 | 249 | 1,421 |
| Walton Academy | 3,478 | 638 | 244 | 593 | 4,953 |
| Queen Elizabeth's Academy | 2,875 | 547 | 325 | 627 | 4,374 |
| Wainwright Primary Academy | 1,532 | 212 | 95 | 308 | 2,147 |
| Thrumpton Primary Academy | 877 | 171 | 58 | 184 | 1,290 |
| Bracken Lane Primary Academy | 807 | 153 | 52 | 166 | 1,178 |
| Samuel Barlow Primary Academy | 989 | 149 | 65 | 183 | 1,386 |
| Yeoman Park Primary Academy | 1,798 | 282 | 95 | 392 | 2,567 |
| Redgate Primary Academy | 871 | 157 | 31 | 106 | 1,165 |
| Hillocks Primary Academy | 1,121 | 159 | 37 | 254 | 1,571 |
| Diverse Academies Trust (Central) | 980 | 5,691 | 4 | 1,474 | 8,149 |
| | <u>35,444</u> | <u>11,022</u> | <u>3,063</u> | <u>8,429</u> | <u>57,958</u> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Restricted fixed asset funds 2022 £000 | Total funds 2022 £000 |
|--|---|---|---|--|
| Tangible fixed assets | 497 | - | 70,022 | 70,519 |
| Current assets | 4,877 | 2,705 | 162 | 7,744 |
| Creditors due within one year | (4,680) | (1,236) | - | (5,916) |
| Creditors due in more than one year | - | (170) | - | (170) |
| Provisions for liabilities and charges | - | (6,622) | - | (6,622) |
| Total | 694 | (5,323) | 70,184 | 65,555 |

Analysis of net assets between funds - prior year

| | <i>Unrestricted funds 2021 £000</i> | <i>Restricted funds 2021 £000</i> | <i>Restricted fixed asset funds 2021 £000</i> | <i>Total funds 2021 £000</i> |
|--|---|---|---|--|
| Tangible fixed assets | 286 | - | 71,085 | 71,371 |
| Current assets | 5,925 | 699 | - | 6,624 |
| Creditors due within one year | (5,317) | - | (569) | (5,886) |
| Creditors due in more than one year | (236) | - | - | (236) |
| Provisions for liabilities and charges | - | (48,306) | - | (48,306) |
| Total | 658 | (47,607) | 70,516 | 23,567 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

22. Reconciliation of net expenditure to net cash flow from operating activities

| | 2022 | <i>2021</i> |
|---|----------------|----------------|
| | £000 | <i>£000</i> |
| Net expenditure for the year (as per Statement of Financial Activities) | (4,462) | <i>(2,897)</i> |
| Adjustments for: | | |
| Loss on disposal of fixed assets | 4 | <i>-</i> |
| Depreciation | 3,246 | <i>2,965</i> |
| Capital grants from DfE and other capital income | (2,689) | <i>(3,108)</i> |
| Interest receivable | (1) | <i>-</i> |
| Defined benefit pension scheme cost less contributions payable | 3,985 | <i>2,853</i> |
| Defined benefit pension scheme finance cost | 781 | <i>618</i> |
| Decrease in debtors | 735 | <i>733</i> |
| Increase in creditors | 30 | <i>24</i> |
| Net assets transferred from Local Authority | - | <i>(398)</i> |
| Net cash provided by operating activities | 1,629 | <i>790</i> |

23. Cash flows from financing activities

| | 2022 | <i>2021</i> |
|-------------------------------|-------------|-------------|
| | £000 | <i>£000</i> |
| New/(repayments of) borrowing | (66) | <i>120</i> |

24. Cash flows from investing activities

| | 2022 | <i>2021</i> |
|--|----------------|----------------|
| | £000 | <i>£000</i> |
| Dividends, interest and rents from investments | 1 | <i>-</i> |
| Purchase of tangible fixed assets | (2,398) | <i>(2,222)</i> |
| Capital grants from DfE Group | 2,689 | <i>3,108</i> |
| Cash transferred on conversion | - | <i>16</i> |
| Net cash provided by investing activities | 292 | <i>902</i> |

25. Analysis of cash and cash equivalents

| | 2022 | <i>2021</i> |
|--------------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Cash in hand and at bank | 5,709 | <i>3,854</i> |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

26. Analysis of changes in net debt

| | At 1 September 2021 £000 | Cash flows £000 | Other non- cash changes £000 | At 31 August 2022 £000 |
|--------------------------|-----------------------------------|--------------------|---------------------------------------|------------------------------|
| Cash at bank and in hand | 3,854 | 1,855 | - | 5,709 |
| Debt due within 1 year | (67) | 67 | (66) | (66) |
| Debt due after 1 year | (236) | - | 66 | (170) |
| | <u>3,551</u> | <u>1,922</u> | <u>-</u> | <u>5,473</u> |

27. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016 and of the LGPS 31 March 2019.

Contributions amounting to £790,000 were payable to the schemes at 31 August 2022 (2021 - £772,000) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

27. Pension commitments (continued)

and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £4,878,000 (2021 - £4,803,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £2,708,000 (2021 - £2,650,000), of which employer's contributions totalled £2,103,000 (2021 - £2,052,000) and employees' contributions totalled £ 605,000 (2021 - £598,000). The agreed contribution rates for future years are 20.8 - 21.2 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.

As a result of the assumptions applied by the actuary, the actuarial valuation at the year-end has resulted in a surplus position for one academy within the Trust. The recognition of a surplus under FRS102 should only be made to the extent that an employer can expect to secure economic benefit from it, either by paying a reduced rate of contributions or taking a refund. It is not anticipated that the next actuarial valuation will result in a reduction to contributions and the Trust has no option to take a refund. The surplus for the affected academy has therefore been removed and is shown as a breakeven position at the year-end. The derecognition adjustment is shown as other recognised gains/losses. No offsetting has been applied against the other academy LGPS liabilities present at the year-end.

Principal actuarial assumptions

| | 2022 | 2021 |
|--|-------------------|-----------|
| | % | % |
| Rate of increase in salaries | 3.25 - 3.9 | 1.7 - 3.2 |
| Rate of increase for pensions in payment/inflation | 2.9 - 2.95 | 2.9 |
| Discount rate for scheme liabilities | 4.25 | 1.7 |
| Inflation assumption (CPI) | 2.9 - 3.0 | 3.0 |

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

27. Pension commitments (continued)

| | 2022 | <i>2021</i> |
|-----------------------------|--------------------|--------------------|
| | Years | <i>Years</i> |
| <i>Retiring today</i> | | |
| Males | 21.2 - 21.7 | <i>21.2 - 21.6</i> |
| Females | 23.7 - 24.4 | <i>23.6 - 24.3</i> |
| <i>Retiring in 20 years</i> | | |
| Males | 22.1 - 23.0 | <i>22.0 - 22.9</i> |
| Females | 25.1 - 25.8 | <i>25.1 - 25.7</i> |

Sensitivity analysis

| | 2022 | <i>2021</i> |
|--|---------------|---------------|
| | £000 | <i>£000</i> |
| Discount rate +0.1% | 46,193 | <i>85,313</i> |
| Discount rate -0.1% | 48,663 | <i>90,001</i> |
| Mortality assumption - 1 year increase | 48,751 | <i>91,399</i> |
| Mortality assumption - 1 year decrease | 46,108 | <i>84,008</i> |

Share of scheme assets

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

| | At 31 | <i>At 31 August</i> |
|-------------------------------------|--------------------|---------------------|
| | August 2022 | <i>2021</i> |
| | £000 | <i>£000</i> |
| Equities | 24,675 | <i>25,776</i> |
| Gilts | 878 | <i>1,165</i> |
| Bonds | 3,031 | <i>2,776</i> |
| Property | 5,894 | <i>4,033</i> |
| Cash and other liquid assets | 2,223 | <i>1,595</i> |
| Other | 4,446 | <i>3,974</i> |
| Total market value of assets | 41,147 | <i>39,319</i> |

The actual return on scheme assets was a loss of £228,000 (2021 - £4,929,000 surplus).

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

27. Pension commitments (continued)

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

| | 2022 | <i>2021</i> |
|---|--------------|-------------|
| | £000 | <i>£000</i> |
| Current service cost | 6,069 | 4,905 |
| Interest income | (665) | (532) |
| Interest cost | 1,446 | 1,132 |
| Administrative expenses | 19 | 18 |
| Total amount recognised in the Statement of Financial Activities | 6,869 | 5,523 |

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

| | 2022 | <i>2021</i> |
|------------------------------|-----------------|-------------|
| | £000 | <i>£000</i> |
| At 1 September | 87,624 | 68,645 |
| Conversion of academy trusts | - | 2,305 |
| Current service cost | 6,069 | 4,905 |
| Interest cost | 1,446 | 1,132 |
| Employee contributions | 605 | 598 |
| Actuarial (gains)/losses | (47,701) | 10,430 |
| Benefits paid | (633) | (391) |
| At 31 August | 47,410 | 87,624 |

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

| | 2022 | <i>2021</i> |
|--------------------------------|---------------|-------------|
| | £000 | <i>£000</i> |
| At 1 September | 39,318 | 31,288 |
| Conversion of academy trusts | - | 860 |
| Interest income | 665 | 532 |
| Actuarial (losses)/gains | (893) | 4,397 |
| Employer contributions | 2,103 | 2,052 |
| Employee contributions | 605 | 598 |
| Benefits paid | (633) | (391) |
| Administration expenses | (19) | (18) |
| Derecognition of pension asset | (358) | - |
| At 31 August | 40,788 | 39,318 |

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

28. Operating lease commitments

At 31 August 2022 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2022 | <i>2021</i> |
|--|-------------|-------------|
| | £000 | <i>£000</i> |
| Not later than 1 year | 73 | <i>72</i> |
| Later than 1 year and not later than 5 years | 110 | <i>101</i> |
| | 183 | <i>173</i> |
| | 183 | <i>173</i> |

29. 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.

30. Related party transactions

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

Expenditure related party transactions

E Corban, spouse of G Corban, a member of the Trust's key management personnel, is employed by the Trust. E Corban's appointment was made in open competition and G Corban was not involved in the decision-making process regarding appointment. E Corban is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a member of the Trust's key management personnel.

L Stocks, brother in law of D Cotton, a member of the Trust's key management personnel, is employed by the Trust. L Stocks' appointment was made in open competition and D Cotton was not involved in the decision-making process regarding appointment. L Stocks is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a member of the Trust's key management personnel.

S Truseler, partner of the son of M Blore, Trustee and Member, is employed by the Trust as SENCO and Strategic Development Lead for SEND Diverse Academies Trust. M Blore was not involved in the decision-making process for the appointment. S Truseler is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship with a Trustee/Member.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

31. Agency arrangements

The Trust administers the disbursement of the 16-19 bursary funds on behalf of the ESFA. During the year it received £57,000 (2021: £73,000) and disbursed £48,000 (2021: £66,000). An amount of £53,000 (2021: £29,000) was repayable to the ESFA as at 31 August 2022 and is included in other creditors. The Trust retained a beneficial interest in individual transactions such that £9,000 (2021: £5,000) has been recognised in income and expenditure in the Statement of Financial Activities.