

Registered number: 06980079 (England and Wales)

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Right Reverend Dr. Alastair Redfern
The Derby Diocesan Board of Education
Mr. David John Channon

Trustees

Right Reverend Dr. Alastair Redfern, Chairman
Mrs. Lisa Jane Bloor
Ms. Alison Mary Brown (appointed 19 November 2015)
Ms. Angela Caulton (resigned 4 December 2015)
Mr. Michael John Ford (appointed 7 October 2016)
Mr. David John Channon, CEO and Accounting Officer
Mrs. Jacqueline Claire Menzies-Conacher
Mr. John Horwood
Mrs. Susan Jane Whyld

Company registered number

08980079

Company name

Derby Diocesan Academy Trust

Principal and registered office

Derby Diocese Board of Education
Church House
Full Street, Derby
Derbyshire
DE1 3DR

Company secretary

Mr Jason Nicholas Hampton
Michelmores Secretaries Limited

Chief executive officer

Mr David John Channon

Senior management team

Mr David John Channon, CEO
Mr Mark Mallender, Director of School Improvement
Mr Andrew Martin, Business Director
Paul Stanland, Director of Finance

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS**
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Advisers (continued)

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank Plc
Iron Gate
Derby
DE1 3FT

Solicitors

Michelmores
Woodwater House
Pynes Hill
Exeter
EX2 5WR

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their Annual Report together with the financial statements and Auditor's Report of the Charitable Company for the year 1 September 2015 to 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Multi-Academy Trust operates three primary academies for pupils aged up to 11 years old serving the Derbyshire catchment area. The three academies are, Bishop Lonsdale Church of England Primary School and Nursery, Newbold CofE Primary School and Walter Evans Church of England Aided Primary School (joined April 2016). The Multi-Academy Trust has a pupil capacity of 834 and had a roll of 786 in the school census on January 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Derby Diocesan Academy Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Derby Diocesan Academy Trust. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

MEMBERS' LIABILITY

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

TRUSTEES' INDEMNITIES

The Academy Trust purchases Indemnity Insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust; provided that any insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as Directors of the Academy Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Trustees are recruited to the board based on their specialist skills and empathy for the ethos of the Trust and its objectives. Trustees and officers nominate new trustees to the members for appointment. Appointments are formally approved by resolution.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

New trustees are assessed for experience and knowledge as academy trustees and appropriate induction is provided. Ongoing trustee skills needs assessment is carried out by officers and appropriate training is arranged.

The Trust have planned a governance support programme to embed procedures that link the Local Governing Board with the Derby Diocesan Academy Trust Board and to ensure governance remains effective as Derby Diocesan Academy Trust grows. An educational governance consultant and trainer with considerable multi academy trust experience will lead the governance support programme.

ORGANISATIONAL STRUCTURE

Governance: The Board of Trustees is responsible for ensuring that the vision, ethos and strategic direction of the Trust are clearly defined and ensuring the sound, proper and effective use of the school's financial resources. Schemes of delegation and authorisation limits are set out in the Trust's financial regulations.

Management: The Trust's day to day operations are managed by the Accounting Officer and a project management team.

Academy Governance: Each Academy is governed by a local governing body. The functions of the governing body include:

- ensuring that the vision, ethos and strategic direction of the school are clearly defined
- ensuring that the headteacher performs his or her responsibilities for the educational performance of the school
- ensuring the sound, proper and effective use of the school's financial resources

The principal/headteacher's responsibilities at each academy include:

- the internal organisation, management and control of the school; and
- the educational performance of the school

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trust's key management personnel are appointed by the trustees. Academy key management staff are appointed by the local governing board and Trust managers.

The key management personnel are considered to be the senior leadership team as noted on page 1, their salaries are recharged and donated from the Derby Diocese Board of Education.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Trust chairman is the Bishop of Derby and the Trust CEO is the director of the Derby Diocese Board of Education. The Diocese Board of Education chaired by the Bishop of Derby have donated the services of its director and school improvements manager to Derby Diocesan Academy Trust to carry out the duties of the CEO and school improvement officer.

The same related party arrangement exists with Derby Diocesan Academies Trust 2 (DDAT 2). Derby Diocesan Academies Trust 2 is governed by the same Trustees as Derby Diocesan Academy Trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Trust's aim is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- Other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Vision and Values

The Derby Diocese Board of Education has established a Multi-Academy Trust "to provide the best possible education for the pupils in their care based on the Christian principle that Every Child Matters to God."

Derby Diocesan Academy Trust (DDAT) has been approved by the DFE as an academy sponsor. DDAT will support schools with an exceptional school improvement strategy, it will look after the business elements of running an academy, and protect the distinctively Christian nature of each school.

DDAT aims to:

- provide children with excellent educational provision
- rapidly improve under-performing schools
- develop effective school-to-school support
- build strong relationships and promote work with external partners
- raise aspirations and tackle disadvantage so that no pupil is failed by their school

The purpose of DDAT is to secure rapid and sustained improvement for every Academy it sponsors, and to sustain and build on the improvement of our converter academies. DDAT is rooted fully in the distinctively Christian and inclusive ethos of the MAT, DBE and the wider Diocese. DDAT will enable schools to work together, share expertise and maximise resources. Our vision is for a family of DDAT academies that offers an outstanding learning experience for every child that will enable them to reach their full potential in mind, body and spirit, thereby genuinely changing their lives.

As Academies within DDAT develop and improve, they will be expected and required to share their journey, skills and expertise with other DDAT academies. DDAT will encourage and nurture the dissemination of good practice, fostering a self-sustaining culture of aspiration for educational excellence across all schools and exemplifying Christian values in every area.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DDAT follow a number of guiding principles:

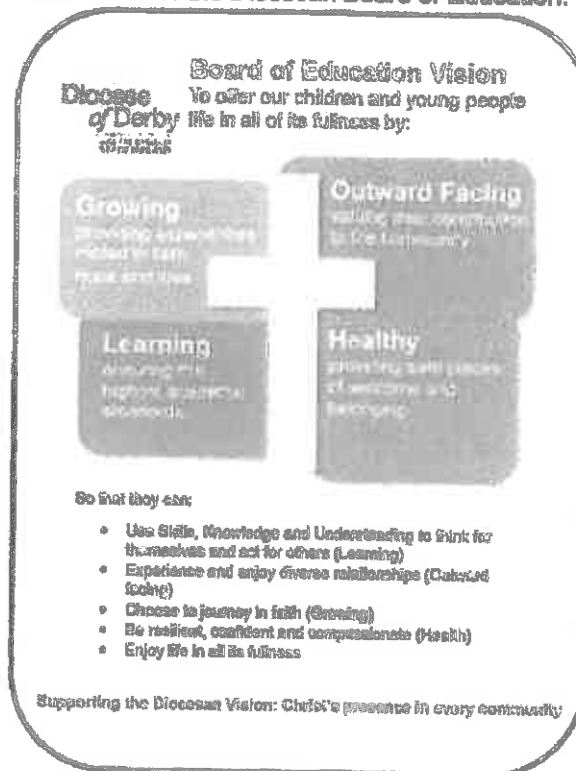
- To promote an educational community based on love and inclusivity, providing a beacon of hope where all can flourish.
- To foster, maintain and celebrate Christian distinctiveness in our schools.
- To ensure that our academies are centres of excellence with a focus on the nurture and achievement of all their members.
- To promote mutual support, encouragement and benefit between all our academies.
- To develop future and aspirational thinking based on our educational heritage and to make use of the latest research in pedagogy and child development.
- To support the nurture and respect of God's creation with a close focus on the sustainability agenda.
- All human beings are made in the image of God. Each child is a unique human being, made by God and loved by him, and worth the highest possible standards of education and care and the closest attention to what will enable them to flourish.
- We must ensure that 'every child and young person has a life enhancing encounter with the Christian faith'.
- To recognise and enable those who often remain invisible, through ethnic or cultural disadvantage, or through disability or poverty.

Church schools have a particular vocation to the poor and vulnerable, to enable them through education to change their lives.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DDAT have adopted the wider vision of the Diocesan Board of Education:



School Improvement Strategy

DDAT have a structured approach to school improvement. An educational audit of the school prior to conversion will highlight areas where, and to what level, the MAT board, through the School Improvement Director, will support the school post conversion. The level of support will depend on the category which either Ofsted or the MAT board, place the school.

DDAT have clear criteria based on Ofsted/DfE requirements and local knowledge in order to place a school at one of three levels based on its developmental state. The level will not necessarily be the same as the most recent Ofsted judgement but will be based on ongoing assessment resulting from school improvement visits. There will be at least 6 such visits each year by the Director of School Improvement or the Senior School Improvement Officer.

The key to the DDAT school improvement model is that the school is not judged by its last Ofsted inspection. This could have been as long as 8 years ago. Experience has shown that schools may have fallen from Outstanding to Inadequate in one Ofsted cycle. Such schools may have received little, if any, outside scrutiny because they were deemed as outstanding and therefore given considerable autonomy by the maintaining authority. DDAT has an approach to ensure that this cannot happen. Within DDAT, autonomy is earned, but there is still external scrutiny and rigour – at least 6 times a year. If a 'grade 1' Academy is showing signs of decline then the board will re-categorise the school. This will result in the necessary intervention to stop the school declining any further and putting it back on track to achieve outstanding outcomes. DDAT would, in such circumstances, increase the management fee it receives from the school in order to put more support and challenge in back in where it is needed. The decision-making powers that the school has would be reduced. Equally, when an Academy has evidenced improvement, more autonomy is handed back to governors – they can make more decisions independently, the intensity and frequency of the support and challenge would reduce and the management fee would also reduce as less support and challenge will be needed. However, the Academy will still be monitored rigorously at least every 6 weeks.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Each school is aiming to become outstanding, but the barriers to this in each school can be very different. Therefore, DDAT do not produce an action plan to fit all Academies, but instead produce bespoke action plans to bring about rapid improvement in those Academies that need it or to ensure that the high standards are maintained in the outstanding schools.

This approach ensures early intervention in all schools before it is too late to protect the interests of the children.

Future Challenges

- Ensuring that the DDAT brand continues to represent something that is distinctively Christian within this professional context.
- Keep the focus on rigorous school improvement as set out in our 3-level approach so that all schools remain or become good or better.
- Managing growth and resisting the temptation to grow too quickly.
- Reframing future organisational structures now that Umbrella Trusts are no longer favoured.
- Managing the vagaries of school demand to join DDAT in an ever changing and diverse local and national context.
- Building our own staff team so that DDAT are less dependent upon third parties, particularly with regard to finance and aspects of HR.
- Managing Single Status and Equal pay issues across two Local Authorities with different strategies and approaches to community and church schools.
- Manage equal pay issues for staff working for both DBE and DDAT.
- Developing and maintaining positive links with Unions
- Ensuring that the continuing professional development for all of our staff team is up-to-date and relevant.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Academy Reports

Bishop Lonsdale

The academic year 2015-16 proved to be a most significant one in the history of Bishop Lonsdale. The support that DDAT have provided since converting to become an Academy, enabled us to achieve our best ever Ofsted grading of 'Good' during July 2016. The main findings of OFSTED inspection are as follows:

The senior leaders and the governing body have established a strong ethos and culture at the school.	The senior leaders have ensured not only the strong sense of values so evident in the pupils' attitudes, but have also worked determinedly and successfully to improve the quality of teaching.
The school is a calm, orderly and cohesive community, characterised by a strong set of values, which are manifested daily in the respectful and harmonious relationships among the pupils	Most notably, the early year's provision is now a beacon of successful practice for and within the school. It provides the children with a strong start to their education.
The pupils behave well and feel safe at the school	The quality of teaching is good and continues to improve.
Pupil make good progress academically and become confident, thoughtful young people, with positive attitudes to life and to learning.	

All staff and Governors are committed to building on this achievement and we have set ourselves challenging targets aimed at moving the school towards 'Outstanding' in the next few years.

Our main focus for school improvement during 2016-17 will be raising the number of children who leave us at the end of Key Stage 2 working at the nationally expected level and accelerating progress made by all children across the school.

Newbold CE Primary

Newbold CE Primary School has had a successful year as we continue to develop as an academy and build upon our previous successes.

In particular, our school has been placed in the top 10% of schools nationally for the progress our students made from Key Stage 1 to Key Stage 2, as measured by the SATs data. We have also updated our school ethos and mission statement, alongside a new logo which fully represents our school's beliefs. The building itself has also undergone a number of changes, including new fire doors throughout, new ceilings in a number of classroom and improved lighting in the hall and work areas.

The Governance of the school is also continually developing and growing. We have a new Chair in place, alongside clearly defined committees, whose actions are impacting on the school at a grass roots level. Our improved financial systems have meant that we have been able to budget more intelligently this year, allowing for extra teaching resources as well as important purchases such as the fencing around our EYFS area.

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Looking to the future, the school continues to review the Senior Leadership structure with a view to adding capacity and strategic direction which will help embed the rapid school improvement already seen. Our school is delighted with the support provided by the DDAT school improvement team and the DDAT team as a whole.

Walter Evans Primary School

Walter Evans Primary School turned academy in April 2016. We are a community based on Christian values. We value each other, families, and friends; we have high standards in all we do. We aim to make successful partnerships with our parents and carers, our local churches and community, as

'Together Everyone Achieves More'.

Academically, we have had a very successful year in terms of attainment across all subjects including the Gold School Sport Mark. This has been due to the hard work and dedication of all staff responsible for teaching our children.

We have had to deal with many changes since turning academy with the retirement of our long serving Headteacher and also the local vicar. These posts have now been filled and the Diocese gave their support when appointing the new Head teacher and assisting the Acting Head teacher since the start of term.

As we move forwards we are working our way towards having single age classes throughout the school having completed Key Stage 1 last year. This will enable the school to grow and we will therefore be able to offer more places where there is currently a shortfall of places across Derby City. We have continued to develop our prayer space and worship corners and are looking at exciting ways in which we can invigorate our collective worship. We are also looking to improve our Nursery areas, both inside and out, to give the children who attend our school access to a great starting point in their education.

PUBLIC BENEFIT

Derby Diocesan Academy Trust provides significant public benefit through the dedicated school improvement programme. This programme will improve the quality of teaching and learning in the Derby and Derbyshire catchment area. The aims and objectives described earlier detail how the work of the Trust provide public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

KEY PERFORMANCE INDICATORS

Bishop Lonsdale school was the first school to join DDAT and at the point of joining the trust was judged to require special measures by OFSTED. In July 2016 Bishop Lonsdale was inspected again as a DDAT school and judged to be a good school. The HMI report stated that, "The senior leaders exploit a productive relationship with the multi-academy trust well as part of that culture of improvement. The relationship has helped the senior leaders and the governing body to stay focused on clearly expressed and appropriate priorities for improvement."

The second school to join DDAT from a position of requiring special measures was Newbold Church of England school. This school has yet to be inspected as part of the trust. Nonetheless there is evidence of significant improvement available as a result of being part of DDAT, not least the unvalidated 2016 data used to generate

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FOR THE YEAR ENDED 31 AUGUST 2016

the FFT progress indicator, which ranks Newbold CE primary within the top 10% of all schools nationally.

Walter Evans was the third school to join DDAT, Walter Evans joined the Trust during the academic year of the tests.

Summary of 2016 outcomes for DDAT Schools 2016

	Attainment		Progress	
	Scaled Score	% Expected Standard	Average scaled Score	% Expected Standard
National	102.7	52%	0	0%
Diocese	102.6	52%	-1.1	-7%
Bishop Lonsdale	98.5	34%	-0.9	-2%
Newbold	101.7	56%	3.3	19%
Walter Evans	105.8	67%	-0.9	-8%

Data from Fischer Family Trust Data Dashboard, Unvalidated 2016 Data.

There were three schools in DDAT at the time of the Key stage 2 tests.

There is a picture of improvement above a benchmark group when comparing average outcomes in schools in both DDAT and DDAT2 with those across 110 church schools in the diocese. The vast majority of schools in the diocese are maintained by the local authority.

Summary of outcomes for all Church schools in Derby Diocese

KS2 Attainment 2016 - Actual results

KS2 Progress 2016 - Value Added

Average Scaled Score (Re, Me)

% Expected standard+ (Re, Wr, Me)

Average Scaled Score (Re, Me)

% Expected standard+ (Re, Wr, Me)



Data from Fischer Family Trust Data Dashboard, Unvalidated 2016 Data.

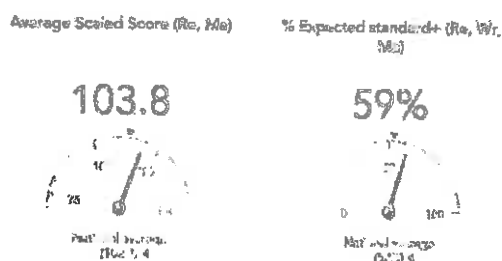
The above chart shows that attainment in our Church schools is broadly in-line national. Progress is statistically significantly below the national average.

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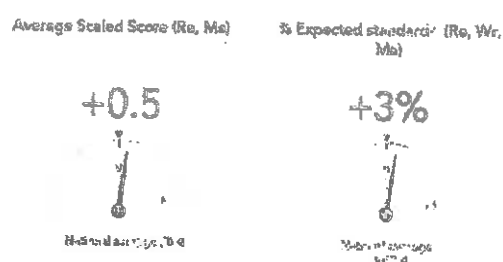
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Summary of outcomes for DDAT and DDAT2

KS2 Attainment 2016 - Actual results



KS2 Progress 2016 - Value Added



Data from Fischer Family Trust Data Dashboard, Unvalidated 2016 Data. Includes schools that had converted before the 2016 tests.

Attainment across DDAT and DDAT 2 is statistically significantly above the national average, although this is not actually marked on the above chart. Progress is above the national average (although statistically broadly in line with the national average) but significantly above the benchmark group of for all church schools in Derby diocese for whom progress is statistically significantly below the national average.

GOING CONCERN

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

The main sources of income for the Academy Trust are grants from the Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), any capital grants and donations of fixed assets are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy Trust's accounting policies.

During the period ended 31 August 2016, total expenditure of £2,972,772 (2015: £2,841,448) was covered by recurrent grant funding from the DfE together with other incoming resources. The surplus of income over expenditure for the year (excluding restricted fixed asset funds) was £115,625 (2015: £154,017). These figures exclude the deficit on the Local Government Pension Scheme (see note 23 to the accounts). At 31 August 2016 the net book value of fixed assets was £6,886,993 (2015: £4,080,717) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

RESERVES POLICY

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. With no material designated projects the Trust's longer term policy with regard to the available free reserves is to use them strategically to maintain the high standard of teaching and learning across the academies.

The Academy is holding reserves at 31 August 2016 of £5,762,636 (2015: £3,746,762).

This comprises:

Restricted Funds deficit of £1,369,907 (2015: £482,024)
Unrestricted Funds of £216,549 (2015: £43,041)
Restricted Fixed Asset Funds of £6,915,994 (2015: £4,115,745)

Restricted Funds comprises:

£53,093 (2015: £110,976) general funds to support the academy's budget in 2016-17 .
£1,423,000 (2015: £453,000) is the deficit on the defined benefit pension scheme.

The Academy Trust is not yet in a position to determine what level of reserves are required and this will be reviewed in the upcoming years. The free reserves of the Academy Trust are £269,642 (2015: £154,017) at 31 August 2016.

The Trustees have reviewed these reserves and believes they are adequate to provide sufficient working capital for the Academy Trust to continue to operate within its financial resources, and to cover unexpected urgent work. Specific use to which the respective funds can be applied are detailed in note 18

INVESTMENT POLICY

A return on working capital shall be optimised whilst allowing easy access of the funds. In balancing risk against return the Academy policy is geared towards avoiding risk rather than to maximise return. The Academies current investment policy is to maximise income but from a low risk strategy. All monies are currently held on bank deposit and are attracting interest.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees review a register of principal risks at each meeting and receive a report from officers how the risks are being alleviated. The principal risks are listed in the table below:

Trust Capacity	The requirements of conversion projects, and new schools joining the Trust, will make significant demands on Trust capacity at times which carries the risk of poor performance, key deadlines being missed and reputational damage.
Governance	Trust may be unable to recruit individuals to the Local Governing Bodies who possess the required skills and knowledge. This results in poor performance, a lack of local context in the management of the school and disengagement with the local community.
Growth	DDAT's current strong reputation with the Department for Education as an Academy Sponsor is compromised and growth is halted.
Demand & Viability	Insufficient pupil demand for charity's services leaves it unsustainable.
Competition	Presence of other organisations with similar objects and little scope for differentiation.
Strategic & Reputational	Risk of the impact an uncontrollable event will have on the charity e.g. fire, flood, oil crisis, war, recession.
HR	Failure to comply with employment law- e.g. unfair dismissal of an employee - attracts adverse publicity.
Governance	Committees not established with delegated authority, e.g. finance, personnel etc.
HR	Key person loss/succession risk.
HR	Recruitment risk - recruiting an individual not capable of performing duties and/or unsuitable to work with children.
Operational	Risk health and safety and/or employment legislation is not adhered to at schools.
Finance	Risk that school and/or Trust budgets will be in deficit.
Finance	Risk that actual performance is not measured against budget on a regular basis.
Operational	Risk that assets built by contractors do not meet specifications, or actual cost exceeds budget.
Finance	Risk that charity has entered into future commitments without having the future funding available to meet them.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS

FUTURE DEVELOPMENTS

Approximately 60 schools have expressed an interest in joining the Trust. Significant demand from schools and the ability to grow selectively from a large number of schools offers DDAT a position of considerable strength. In order to manage growth in a sustainable manner, trustees have agreed that schools should not be brought into the Trust on a first come, first served, basis. Trustees formally consider which schools to bring into the trust on a timely basis against an agreed list of priorities.

Growth priorities

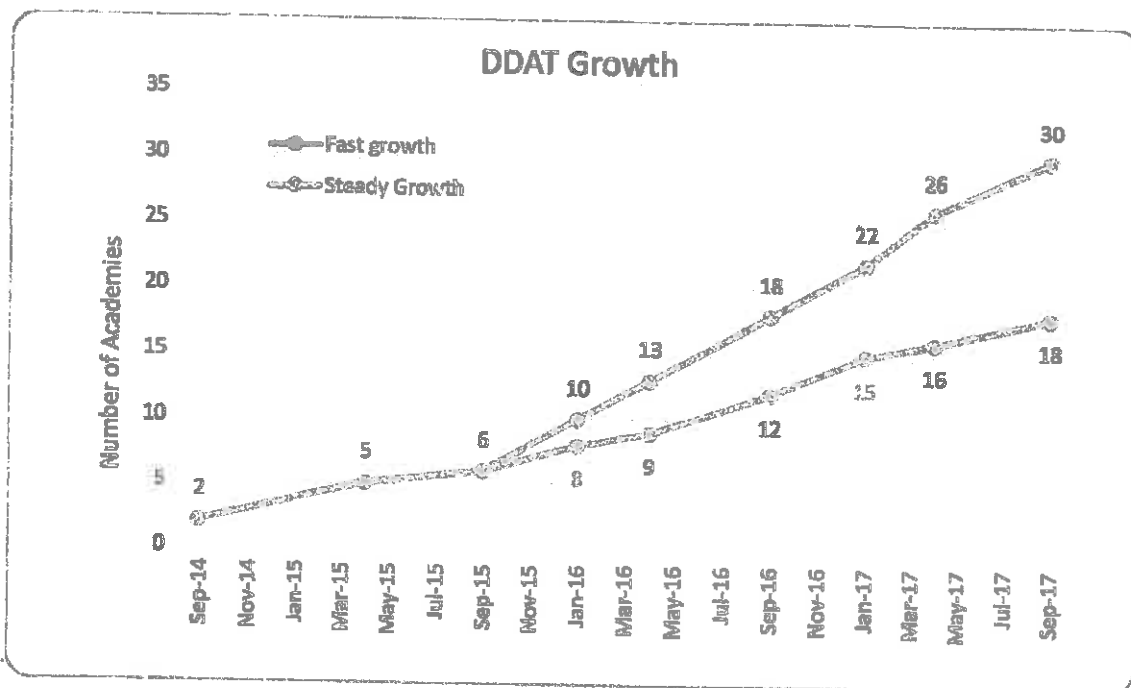
Church schools eligible for intervention remain a priority in order to protect the distinctively Christian character of these schools.

Financial viability in relation to school size is a significant consideration for Trustees. Whilst larger schools might be more financially beneficial, the trustees recognise that DDAT should, where possible, provide an option to the large proportion of Church of England schools where there are fewer than 100 pupils. For sustainability there have been periods where only larger schools have been considered in order to ensure the stability of infrastructure and a sustainable balance of larger and smaller schools over time. DDAT is working closely with the Diocesan Board of Education to help smaller schools review collaborative options and future viability.

School improvement capacity is also significant and there is an intention to offer places to a mix of sponsor as well as good and outstanding schools. Whilst DDAT works closely with Teaching Schools, Universities, Local Authorities and external consultants; trustees are cognisant of the need for the Trust to maintain internal capacity.

Trustees also review the benefit of neighbouring schools and collaborative opportunities when prioritising schools. Individual schools may also offer specific skills, such as an Enhanced Resource, which may be deemed to add value to DDAT as a whole.

The DDAT growth trajectory shown below continues to be accurate and DDAT is poised to follow blue line of faster growth shown below.



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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Growing Cautiously

Trustees are very cognisant of information provided by robust due diligence exercises before taking on a school. As such there are often periods of pause. Trustees have not followed any trajectory without proper consideration of the risks. In the last financial year, DDAT has put on pause any conversion where single status/equal pay issues remain unresolved, unless the school is Voluntary Aided where such risk can be managed. Building issues have also put projects on pause until money has been secured to resolve issues prior to conversion. One school has been with an academy order for over a year and continues to be maintained by the local authority pending resolution of issues raised by due diligence. Due diligence includes a formal review of Buildings, Finance, Human Resource, ICT and School improvement.

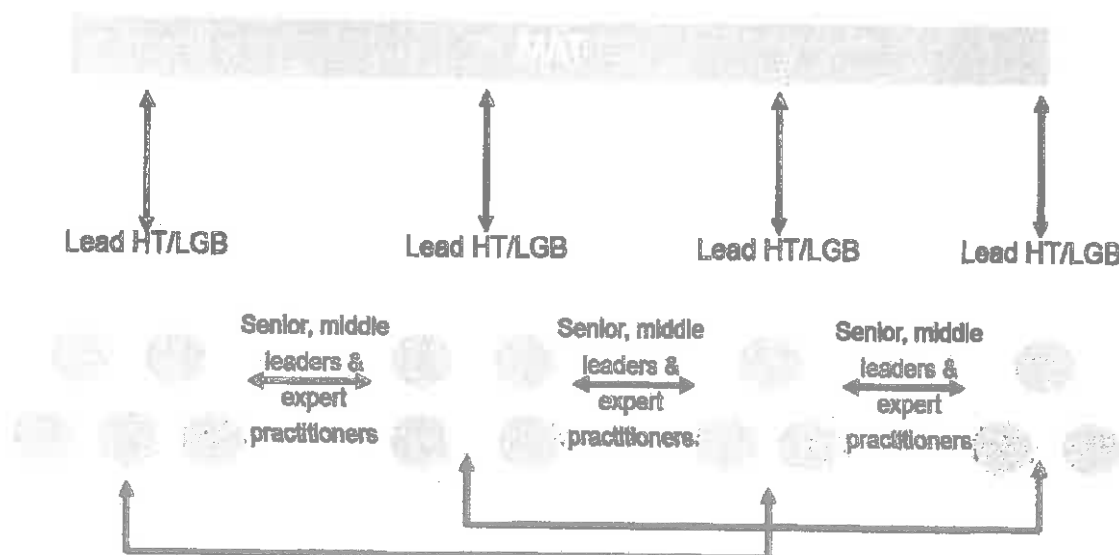
The Regional Hub Model.

There is little appetite from many of Church of England schools in Derby Diocese to form their own MAT and there are few larger MATs actually willing to take on many diocesan schools due to limited financial reward and the potential risk of closure and subsequent redundancy costs. It may be possible through collaboration to create "units of schools" from some small schools to make a viable entity as part of a larger MAT.

DDAT have a plan based on a regional hub model that holds together the tension between a desire for local accountability and the requirement for larger economies of scale. This might save some smaller Church of England schools from closure.

Cross-phase potential

Scale and spans of control in a growing MAT



The DDAT board recognise the value of becoming a cross phase MAT. An application to open a new secondary Free School in partnership with Derby Cathedral has been approved for the pre-opening phase by the Department for Education. Trustees have a vision for this secondary school to be fed by a hub of DDAT feeder primary schools to offer high quality educational provision to the city of Derby for pupils from 3-18 years of age. It should be noted that this hub and secondary school will offer education to some significantly disadvantaged pupils. Derby has been highlighted as one of six areas nationally where social mobility has been extremely limited.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

A Mixed MAT

A number of community schools have shown an interest in joining DDAT. Whilst DDAT has no community schools open at this time, trustees have agreed that DDAT should be a mixed church and non-church MAT. This is very much in-line with the Church of England and Diocesan vision for education. Two community schools have academy orders with DDAT and await conversion pending resolution of issues identified by due diligence. Some community schools wish to join DDAT because they share DDAT values even if they do not share the faith based roots from which they shoot. Community schools have also expressed the desire to continue to work in successful collaborations with Church schools in their locality. The DDAT regional hub model therefore serves them well.

Financial Support

One of the significant areas of challenge has been managing human resource within the Trusts. DDAT trustees acknowledge that the Trust has benefitted from a considerable gift of time from officers employed by the Derby Diocesan Board of Education. This wider support has allowed DDAT to meet responsibility as a diocesan MAT during a period where other minority and majority Church of England MATs have been in embryonic form. The Trust has also benefitted from capacity grants from the Department for Education (DfE) and in the last year the DfE have continued to encourage applications for funds to develop the capacity of DDAT.

Areas for Improvement

Trustees recognise that there is a need to review and improve financial arrangements to ensure that schools have better information with which to inform their own school improvement planning. A process to strengthen the finance team at the centre has begun and reflects the need to change and upgrade systems in response to growth. Similarly, our school improvement officers will begin to create a shortlist of high quality "associates" with a proven track record to supplement their work in schools. This retainer approach will ensure access to high quality people with specific expertise and provide relief for current staff and address growth plans without on-going contractual commitments. This allows the trust to front-load support in an affordable manner without compromising support for existing schools. This approach is over and above support brokered between schools within the MAT and beyond.

Strengths

- DDAT benefits from the support of the Diocese of Derby.
- DDAT has a strong team with commitment to the diocesan vision.
- DDAT has demonstrated capacity to improve underperforming schools.
- DDAT continues to be popular and therefore able to build a larger Trust in a sustainable way.
- DDAT has been approved for a potential secondary school offer that adds value to the Trust as a whole.

Challenges

- Improving the efficiency and accuracy of financial systems for schools.
- Ensuring school improvement maintains the capacity to take on any Church of England school who may become eligible for intervention.
- Managing cash-flow so that finances facilitate front-loaded support whilst growing and systems have the resilience to sustain the Trust when encountering issues raised by due diligence.

FUNDS HELD AS CUSTODIAN

There are no Funds held as Custodian Trustee on behalf of others.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2016 and signed on its behalf by:



Mrs. Lisa Jane Bloor
Trustee

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Derby Diocesan Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Right Reverend Dr. Alastair Redfern	2	4
Mrs. Lisa Jane Bloor	2	4
Ms. Alison Mary Brown	3	4
Ms. Angela Caulton	0	2
Mr. Michael John Ford	0	0
Mr. David John Channon	4	4
Mrs. Jacqueline Claire Menzies-Conacher	3	4
Mr. John Horwood	4	4
Mrs. Susan Jane Whyld	4	4

Governance reviews

A MAT review was carried out in December 2015, on behalf of the Derby Diocesan Academy Trust (DDAT) as part of a National Society self-review exercise. Evidence was taken from an overview of DDAT and a self-review framework document completed by the DDAT central team. Further evidence was gained from a meeting held with key personnel supporting the Trust. The review process was designed to evaluate what was working well in the Trust and highlighted key areas that DDAT should consider working on as priorities. The following were highlighted as key priorities:

Priority 1 – Governance processes

The Board know and understand the Academies within the Trust well and reporting so far is good. As more Academies join the Trust, DDAT need to be satisfied that the reporting structures are appropriate and manageable, for both the Trust and the Board, to enable them to exercise robust governance. DDAT needs to review its Board reporting structure, formalise any good practice that is currently in place across the Trust and to build in how the reporting and accountability might increase as further schools join DDAT. This could be further evidenced within the DDAT growth strategy document.

DDAT need to satisfy themselves that the LGB's have a clear understanding of their roles, responsibilities and accountabilities, including the school improvement offer from DDAT. Ofsted focused inspections of Multi-Academy Trusts in early 2015 highlighted this to be a particular concern.

DERBY DIOCESAN ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Timeline: May 2016

Priority 2 – Processes, procedures and capacity for growth

The DDAT Growth Strategy outlines the requirements for the anticipated, rapid growth of the trust over the next 2 years. DDAT need to be confident that evolving best practice is shared in a consistent way across the Trust as it grows and that there are rigorous systems in place that will enable the Trust to measure the impact of the challenge, intervention and support that it gives to the Academies.

Timeline: Initial Review by March 2016, ongoing termly reviews whilst the growth and transition plans are unclear.

Summary of MAT review:

DDAT is developing some sound processes and policies which have enabled them to be both agile and proactive in regards to supporting the Academies within the Trust. The current approach seems to have worked well and there is a high level of trust between Academies and the Trust.

Growth of the Trust to date has been managed in line with capacity of the core team to ensure support for the Academies. A strategy for the next period of growth has been developed by DDAT and the priority areas identified above should now be encompassed within this plan to help drive the next stage of the Trust's development.

To enable the priorities to be effectively actioned and to meet the proposed timelines there is some activity that need to take place:

Governance:

The Trust Board should lead on this area as it is they who have ultimate accountability and will want to satisfy themselves that the outcomes of any actions against this priority deliver. To this end, the DDAT Board has commissioned a review of governance at all levels throughout the Trust to address this priority.

ACTIONS COMPLETED: Governance review complete, establishment of DDAT Chair's Group, development of standardised documentation for LGBs.

Documentation:

In conjunction with the review of governance across the Trust, and in particular when conversations are held with LGB's, a review of all 'joining' documentation should take place, ensuring understanding of the DDAT offer and the interface between DDAT and the Academies, and that practice reflects policy. This approach to ensure consistency across the Academies at this stage will be of benefit as the Trust grows.

ACTIONS COMPLETED: DDAT Services for Schools document distributed to all joining schools along with 'Welcome Pack' containing all relevant documentation, formation of DDAT Head's Group, formation of DDAT SBM Forum.

A further review is planned to take place in the Summer Term 2017, following the next phase of MAT growth.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. David John Channon	2	2
Mrs. Lisa Jane Bloor	2	2

DERBY DIOCESAN ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy 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 Academy Trust has delivered improved value for money during the year by:

- implementing the Trust's highly regarded school improvement service it ensures that public funds are used effectively and efficiently to improve teaching and learning.
- actively encouraging collaboration between Academies and other Church of England schools in Derbyshire to share best practice and mutual support to deal with issues assists the continuing improvement in pupil attainment
- Implementing joint purchasing for the Academies and use of third party assessors to get the best value for money

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Derby Diocesan Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint David Waller (SAFS) as Internal auditor.

The Internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Trustees on 16 December 2016 and signed on their behalf, by:



Mrs. Lisa Jane Bloor
Trustee



Mr. David John Channon
Accounting Officer

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Derby Diocesan Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Mr. David John Channon
Accounting Officer

Date: 16 December 2016

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Derby Diocesan Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the EFA/DFE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 16 December 2016 and signed on its behalf by:



Mrs. Lisa Jane Bloor
Trustee

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DERBY DIOCESAN ACADEMY TRUST

We have audited the financial statements of Derby Diocesan Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DERBY
DIOCESAN ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of

Crows Clark Whitehill LLP

Statutory Auditor

**Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG**

Date: 19 December 2016

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DERBY
DIOCESAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Derby Diocesan Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF DERBY DIOCESAN ACADEMY TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Derby Diocesan Academy Trust's funding agreement with the Secretary of State for Education dated 1 June 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DERBY
DIOCESAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Crowe Clark Whitehill LLP

Statutory Auditor

**Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG**

Date: 19 December 2016

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	92,289	(352,000)	2,755,000	2,465,289	3,742,367
Other donations and capital grants	2	10,000	12,908	122,120	145,028	177,189
Charitable activities: Funding for the academy trust's educational operations						
Other trading activities	3	77,534	2,640,541	-	2,718,075	2,738,840
Investments	4	107,886	-	-	107,886	54,312
	5	368	-	-	368	502
TOTAL INCOME		288,077	2,271,449	2,877,120	5,436,646	6,713,210
EXPENDITURE ON:						
Charitable activities: Academy Trust educational operations						
		114,569	2,757,542	100,661	2,972,772	2,841,448
TOTAL EXPENDITURE	6	114,569	2,757,542	100,661	2,972,772	2,841,448
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	173,508	(486,093)	2,776,459	2,463,874	3,871,762
		-	(23,790)	23,790	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		173,508	(509,883)	2,800,249	2,463,874	3,871,762
Actuarial losses on defined benefit pension schemes	23	-	(518,000)	-	(518,000)	(55,000)
NET MOVEMENT IN FUNDS		173,508	(1,027,883)	2,800,249	1,945,874	3,816,762
RECONCILIATION OF FUNDS:						
Total funds brought forward		43,041	(412,024)	4,115,745	3,746,762	-
Prior year adjustment (Note 17)		-	70,000	-	70,000	-
TOTAL FUNDS CARRIED FORWARD		216,549	(1,369,907)	6,915,994	5,762,836	3,816,762

The notes on pages 32 to 56 form part of these financial statements.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08980079

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	As restated 2015 £
FIXED ASSETS					
Tangible assets	13		6,886,993		4,080,717
CURRENT ASSETS					
Debtors	14	228,954		212,977	
Cash at bank and In hand		436,445		285,286	
		<u>665,399</u>		<u>498,263</u>	
CREDITORS: amounts falling due within one year	15	(362,557)		(304,373)	
NET CURRENT ASSETS			<u>302,842</u>		<u>193,890</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,189,835</u>		<u>4,274,607</u>
CREDITORS: amounts falling due after more than one year	16		(4,199)		(4,845)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>7,185,636</u>		<u>4,269,762</u>
Defined benefit pension scheme liability	23		(1,423,000)		(453,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>5,762,636</u>		<u>3,816,762</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	53,093		110,976	
Restricted fixed asset funds	18	6,915,994		4,115,745	
Restricted funds excluding pension liability		<u>6,969,087</u>		<u>4,226,721</u>	
Pension reserve		(1,423,000)		(453,000)	
Total restricted funds			<u>5,546,087</u>		<u>3,773,721</u>
Unrestricted funds	18		216,549		43,041
TOTAL FUNDS			<u>5,762,636</u>		<u>3,816,762</u>

The financial statements were approved by the Trustees, and authorised for issue, on 16 December 2016 and are signed on their behalf, by:


Mrs. Lisa Jane Bloor
Trustee

The notes on pages 32 to 56 form part of these financial statements.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	31 August 2016 £	<i>As restated</i> <i>Period ended</i> 31 August 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	88,319	219,680
Cash flows from investing activities:			
Purchase of tangible fixed assets		(151,937)	(121,412)
Capital grants from DfE/EFA		122,120	156,440
Interest received		368	502
Net cash (used in)/provided by investing activities		(29,449)	35,530
Cash flows from financing activities:			
Cash inflows from new borrowing		-	5,168
Surplus received on LA funds		92,289	24,908
Net cash provided by financing activities		92,289	30,076
Change in cash and cash equivalents in the year		151,159	285,286
Cash and cash equivalents brought forward		285,286	-
Cash and cash equivalents carried forward		436,445	285,286

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Derby Diocesan Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 COMPANY STATUS

The Academy Trust is a company limited by guarantee. The Academy Trust is incorporated in England & Wales, registered number 08880079. The registered office is Church House, Full Street, Derby, Derbyshire, DE1 3DR. The members of the company are names on page 1. In the event of The Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of The Academy Trust.

1.3 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 Academy 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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 period is deducted from income and recognised as a liability.

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £5,000 are capitalised.

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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	2% (straight line)
Leasehold improvements	-	2% (straight line)
Fixtures & fittings	-	20% (straight line)
Computer equipment	-	25% (straight line)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

The leasehold land and buildings at Newbold CFE VA Primary School, Bishop Lonsdale CFE Primary School and Walter Evans Church of England Aided Primary School are owned by The Derby Diocesan Board of Education. The Trustees of The Derby Diocesan Board of Education have granted the Academies, via a supplemental agreement, the right to use the land and buildings for educational purposes indefinitely. The buildings have therefore been treated as long leasehold property. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

The playing fields are owned by The Derbyshire County Council and have been leased to Walter Evans Church of England Aided Primary School under a 125 year lease agreement.

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 INTEREST RECEIVABLE

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

1.9 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.12 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 FINANCIAL INSTRUMENTS

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgements in performing this valuation can be found in note 1.14.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to 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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.16 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Walter Evans Church of England Aided Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

There are no critical judgements which would have a material impact on the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donated fixed assets	-	-	2,755,000	2,755,000	4,048,000
Budget surplus on LA and School funds	92,289	-	-	92,289	38,367
Defined benefit pension scheme deficit	-	(382,000)	-	(382,000)	(344,000)
Transfer from local authority on conversion	92,289	(382,000)	2,755,000	2,465,289	3,742,367
Donations	10,000	12,908	-	22,908	20,749
Capital Grants	-	-	122,120	122,120	156,440
Subtotal	10,000	12,908	122,120	145,028	177,189
	<u>102,289</u>	<u>(369,092)</u>	<u>2,877,120</u>	<u>2,610,317</u>	<u>3,919,556</u>

In 2015, of the total income from donations and capital grants, £38,367 was to unrestricted funds, £(323,251) was to restricted funds and £4,204,440 was to restricted fixed asset funds.

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	1,973,890	1,973,890	1,829,076
Start up Grant	-	100,000	100,000	-
Other DfE/EFA Grant	-	371,029	371,029	682,104
	-	2,444,919	2,444,919	2,511,180
Other government grants				
Local authority grants				
	-	195,622	195,622	160,169
	-	195,622	195,622	160,169
Other funding				
School Fund Income	16,554	-	16,554	24,700
Parental contribution for educational visits	9,716	-	9,716	8,453
Catering income	46,969	-	46,969	34,338
Other income	4,295	-	4,295	-
	77,534	-	77,534	67,491
	77,534	2,640,541	2,718,075	2,738,840

In 2015, of the total income from charitable activities, £67,491 was to unrestricted funds and £2,671,349 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Day care income	17,495	-	17,495	16,289
School Improvement service income	34,548	-	34,548	27,940
Other income	12,095	-	12,095	10,083
Out of School Club	43,748	-	43,748	-
	107,886	-	107,886	54,312

In 2015, of the total income from other trading activities, £54,312 was to unrestricted funds and £ NIL was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Interest receivable	368	-	368	502

In 2015, of the total investment income, £ 502 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Funding for educational operations:					
Direct costs	1,633,595	100,661	99,962	1,834,218	1,806,691
Support costs	449,876	157,700	366,409	973,985	917,126
Other incoming resources:					
Support costs	-	-	114,569	114,569	117,631
	<u>2,133,471</u>	<u>258,361</u>	<u>580,940</u>	<u>2,972,772</u>	<u>2,841,448</u>

In 2015, £117,631 was to unrestricted funds and £2,723,817 was to restricted funds.

7. SUPPORT COSTS

	Funding for educational operations £	Other incoming resources £	Total 2016 £	Total 2015 £
Technology costs	40,130	-	40,130	38,162
Premises costs	157,700	-	157,700	148,998
Other support costs	250,695	114,569	365,264	489,794
Governance costs	75,584	-	75,584	7,582
Wages and salaries	294,391	-	294,391	241,349
National insurance	30,225	-	30,225	7,915
Pension cost	125,260	-	125,260	100,957
	<u>973,985</u>	<u>114,569</u>	<u>1,088,554</u>	<u>1,034,757</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charitable company's activities. These costs will include any employee benefits for governorship, the cost of charity employees involved in meetings with governors, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	31 August 2016	<i>Period ended 31 August 2015</i>
	£	£
Depreciation of tangible fixed assets: - owned by the charity	100,681	88,695
Auditor's remuneration - audit	7,200	5,995
Auditors' remuneration - other services	1,600	1,401
Operating lease rentals	747	560
	<u>109,228</u>	<u>96,651</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. STAFF COSTS

Staff costs were as follows:

	31 August 2016	<i>Period ended 31 August 2015</i>
	£	£
Wages and salaries	1,844,574	1,509,490
Social security costs	130,173	107,947
Operating costs of defined benefit pension schemes	339,674	279,191
	<u>2,114,421</u>	<u>1,896,628</u>
Supply teacher costs	19,050	64,123
Staff restructuring costs	-	18,450
	<u>2,133,471</u>	<u>1,979,201</u>

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

	31 August 2016	<i>Period ended 31 August 2015</i>
	No.	No.
Management	3	2
Teachers	38	25
Support	92	72
	<u>133</u>	<u>99</u>

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

	31 August 2016	<i>Period ended 31 August 2015</i>
	No.	No.
In the band £60,001 - £70,000	2	0

The key management personnel of the academy trust are as listed on page 1. They donated and recharged their time to Derby Diocesan Academy Trust as their services are employed by Derby Diocese. The value of the donated services in the year was £5,471 (2015: £20,749). The value of the services recharged totalled £3,233 (2015: £Nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. CENTRAL SERVICES

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

- Management Services
- Legal Services
- Education support services
- * Maintenance and admin support services
- Finance and accounts support

The Academy Trust charges for these services on the following basis:

Flat percentage of GAG income (4 to 6%).

Any surplus generated is held as contingency reserve for use in future periods.

The actual amounts charged during the year were as follows:

	31 August 2016 £	<i>Period ended</i> 31 August 2015 £
Bishop Lonsdale Church of England Aided Primary School and Nursery	48,881	48,553
Newbold Church of England VA Primary School	43,355	61,406
Walter Evans Church of England Aided Primary School	21,770	-
Total	<u>114,006</u>	<u>109,959</u>

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

The Academy 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 trustee and officers indemnity element from the overall cost of the RPA scheme.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Leasehold improve- ments £	Fixtures & fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	4,048,000	99,815	-	21,597	4,169,412
Additions	-	143,269	3,968	4,700	151,937
Assets on conversion	2,755,000	-	-	-	2,755,000
At 31 August 2016	6,803,000	243,084	3,968	26,297	7,076,349
DEPRECIATION					
At 1 September 2015	88,695	-	-	-	88,695
Charge for the year	81,790	2,980	198	5,693	100,661
At 31 August 2016	180,485	2,980	198	5,693	189,356
NET BOOK VALUE					
At 31 August 2016	6,622,515	240,104	3,770	20,604	6,886,993
<i>At 31 August 2015</i>	<i>3,959,305</i>	<i>99,815</i>	<i>-</i>	<i>21,597</i>	<i>4,080,717</i>

Included in land and buildings is leasehold land at valuation of £852,000 (2015: £431,000) which is not depreciated.

14. DEBTORS

	2016 £	As restated 2015 £
Trade debtors	26,700	13,946
VAT recoverable	107,849	81,227
Other debtors	31,599	81,737
Prepayments and accrued income	83,806	36,067
	228,954	212,977

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other loans	969	323
Trade creditors	145,084	156,442
Other taxation and social security	23,926	23,320
Other creditors	70,427	26,012
Accruals and deferred income	122,151	98,276
	362,557	304,373
	362,557	304,373
	2016	2015
	£	£
DEFERRED INCOME		
Deferred income at beginning of the period	67,075	-
Resources deferred during the year	90,980	67,075
Amounts released from previous years	(67,075)	-
Deferred income at 31 August 2016	90,980	67,075
	90,980	67,075

At the balance sheet date the Academy Trust is holding amounts totalling £24,553 and £66,407 of grants received in advance for Nursery funding and universal free school meals respectively .

**16. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Other loans	4,199	4,845
	4,199	4,845
	4,199	4,845

During the prior year the Newbold C of E Primary School received a £5,168 Salix loan from the EFA as part of funding for capital works. The loan is at 0% interest and will be repaid over an 8 year period in £323 instalments every 6 months from 1 March 2016.

17. PRIOR YEAR ADJUSTMENT

A prior period adjustment has been made to restate the income which has been received by the Trust. An amount due to Derby Diocesan Academy Trust of £70,000 had been processed through Derby Diocesan Academy Trust 2 incorrectly in the prior year. As a result, other debtors within the prior year has also increased by the same amount.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward As restated £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds - all funds	43,041	288,077	(114,569)	-	-	216,549
RESTRICTED FUNDS						
General annual grant (GAG)	110,976	1,973,890	(2,007,983)	(23,790)	-	53,093
Other DfE/EFA grants	-	471,029	(471,029)	-	-	-
Local authority grants	-	195,622	(195,622)	-	-	-
Other voluntary income	-	12,908	(12,908)	-	-	-
Pension reserve	(453,000)	(362,000)	(70,000)	-	(518,000)	(1,423,000)
	<u>(342,024)</u>	<u>2,271,449</u>	<u>(2,757,542)</u>	<u>(23,790)</u>	<u>(518,000)</u>	<u>(1,369,907)</u>
RESTRICTED FIXED ASSET FUNDS						
Transfer on conversion	3,959,305	2,755,000	(100,661)	273,349	-	6,886,993
DfE/EFA capital grants	156,440	27,711	-	(177,747)	-	6,404
Conditional improvement fund	-	94,409	-	(71,612)	-	22,597
	<u>4,115,745</u>	<u>2,877,120</u>	<u>(100,661)</u>	<u>23,790</u>	<u>-</u>	<u>6,915,994</u>
Total restricted funds	<u>3,773,721</u>	<u>5,148,569</u>	<u>(2,858,203)</u>	<u>-</u>	<u>(518,000)</u>	<u>5,546,087</u>
Total of funds	<u>3,816,762</u>	<u>5,436,646</u>	<u>(2,972,772)</u>	<u>-</u>	<u>(518,000)</u>	<u>5,762,636</u>

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

- 1) General Annual Grant: this must be used for the normal running costs of the Academy Trust.
- 2) Other DfE/EFA Grant: this fund relates to other grants received which must be used for the purpose intended.
- 3) Other Restricted: this fund relates to all other restricted funds received which must be used for the purpose intended.
- 4) Restricted fixed asset fund: this fund relates to resources which must be applied for specific capital purposes intended.

Transfers represent fixed assets purchased out of the General Annual Grant.

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18. STATEMENT OF FUNDS (continued)

The difference between the fixed asset note and the restricted fixed asset funds represents unspent capital funding.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Bishop Lonsdale C of E Primary School	39,799	58,337
Newbold Church of England Primary School	74,008	31,278
Walter Evans Church of England Aided Primary School Trust	64,962	-
	<u>90,873</u>	<u>64,402</u>
Total before fixed asset fund and pension reserve	269,642	154,017
Restricted fixed asset fund	6,915,994	4,115,745
Pension reserve	(1,423,000)	(453,000)
Total	<u><u>5,762,636</u></u>	<u><u>3,816,762</u></u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
Bishop Lonsdale CofE Primary School	754,280	181,797	27,659	115,030	1,078,766	1,395,591
Newbold Church of England Primary School	548,843	58,753	43,969	168,120	819,685	974,455
Walter Evans Church of England Aided Primary School Trust	380,472	103,968	28,333	76,407	589,180	-
	-	105,358	-	279,122	384,480	382,707
	<u><u>1,683,595</u></u>	<u><u>449,876</u></u>	<u><u>99,961</u></u>	<u><u>638,679</u></u>	<u><u>2,872,111</u></u>	<u><u>2,752,753</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Tangible fixed assets	-	-	6,886,993	6,886,993	4,080,717
Current assets	216,549	419,849	29,001	665,399	498,263
Creditors due within one year	-	(362,557)	-	(362,557)	(304,373)
Creditors due in more than one year	-	(4,199)	-	(4,199)	(4,845)
Provisions for liabilities and charges	-	(1,423,000)	-	(1,423,000)	(453,000)
	<u>216,549</u>	<u>(1,369,907)</u>	<u>6,915,994</u>	<u>5,762,636</u>	<u>3,816,762</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2016 £	As restated Period ended 31 August 2015 £
Net income for the year (as per Statement of financial activities)	2,463,874	3,871,762
Adjustment for:		
Depreciation charges	100,661	88,695
Increase in debtors	(15,977)	(212,977)
Increase in creditors	57,538	304,050
Capital grants from DfE and other capital income	(122,120)	(156,440)
Defined benefit pension scheme obligation inherited	382,000	344,000
Defined benefit pension scheme cost less contributions payable	46,000	36,000
Defined benefit pension scheme finance cost	24,000	18,000
Donated fixed assets	(2,755,000)	(4,048,000)
Returns on investments and servicing of finance	(368)	(502)
Surplus received on LA funds	(92,289)	(24,908)
Net cash provided by operating activities	<u>88,319</u>	<u>219,680</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	31 August 2016 £	Period ended 31 August 2015 £
Cash in hand	436,445	285,286
Total	<u>436,445</u>	<u>285,286</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. CONVERSION TO AN ACADEMY TRUST

On 1 April 2016 Walter Evans Church of England Aided Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust from Derby City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities Incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	2,755,000	2,755,000
Budget surplus on LA and School funds	92,289	-	-	92,289
LGPS pension deficit	-	(382,000)	-	(382,000)
Net assets/(liabilities)	92,289	(382,000)	2,755,000	2,465,289

The above net assets include £92,289 that were transferred as cash.

Leasehold land and buildings are owned by The Derby Diocesan Board of Education and Walter Evans Church of England Aided Primary School has been granted the right to use them indefinitely.

The playing fields are owned by The Derbyshire County Council and have been leased to Walter Evans Church of England Aided Primary School under a 125 year lease agreement.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Derbyshire Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £24,295 were payable to the schemes at 31 August 2016 (2015 - £21,306) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £141,811 (2015 - £109,358).

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23. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a 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 Schemes

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £158,596 (2015 - £146,000), of which employer's contributions totalled £125,260 (2015 - £116,000) and employees' contributions totalled £33,336 (2015 - £30,000). The contribution rates for future years are yet to be agreed. The Academy Trust is due to attend a consultation event in January 2017 where future rates for employer and employee contributions will be determined.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.20 %
Rate of increase in salaries	3.10 %	3.75 %
Rate of increase for pensions in payment / Inflation	2.10 %	2.95 %

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

	2016	2015
Retiring today		
Males	22.00	22.00
Females	24.20	24.20
Retiring in 20 years		
Males	24.10	24.10
Females	26.60	26.60

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	742,000	358,000
Debt instruments	198,000	105,000
Property	63,000	31,000
Cash	42,000	31,000
Total market value of assets	1,045,000	525,000

The actual return on scheme assets was £142,000 (2015 - £22,000).

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

	31 August 2016 £	Period ended 31 August 2015 £
Current service costs	171,000	152,000
Net interest cost	24,000	18,000
Total	195,000	170,000

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

	31 August 2016 £	Period ended 31 August 2015 £
Opening defined benefit obligation	978,000	-
Liabilities assumed in a business combination	602,000	701,000
Contributions by employees	33,000	30,000
Actuarial losses	634,000	54,000
Current service cost	171,000	152,000
Interest cost	50,000	41,000
Closing defined benefit obligation	2,468,000	978,000

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23. PENSION COMMITMENTS (continued)

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

	31 August 2016 £	<i>Period ended</i> 31 August 2015 £
Opening fair value of scheme assets	525,000	-
Assets acquired in a business combination	220,000	357,000
Contributions by employer	125,000	116,000
Return on plan assets	116,000	(1,000)
Contributions by employees	33,000	30,000
Interest income on plan assets	26,000	23,000
	<hr/>	<hr/>
Closing fair value of scheme assets	1,045,000	525,000
	<hr/> <hr/>	<hr/> <hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	747	747
Between 1 and 5 years	1,681	2,428
	<hr/>	<hr/>
Total	2,428	3,175
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

Part of the leasehold land is held by the Derby Diocesan Trustees registered as custodians for the beneficial users of the land - Bishop Lonsdale Church of England Aided Primary School and Nursery, Newbold CofE VA Primary School and Walter Evans Church of England Aided Primary School, constituent Academies in the Derby Diocesan Academy Trust. The Derby Diocesan Trustees have granted the Academies, via a supplemental agreement, the right to use the land for educational purposes indefinitely. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use.

The Academy Trust has received donated services in the year amounting to £5,471 (2015: £20,749) along with recharges of £3,233 (2015: £Nil) relating to the time spent by Mr David John Channon (CEO) and Mr Mark Mallender (Director of School Improvement) managing the Academy Trust. Both Mr Channon and Mr Mallender are employees of The Derby Diocese.

Derby Diocesan Academy Trust 2 and Derby Diocesan Academy Trust are a related parties due to them having the same Members and Trustees. Amounts due to the Derby Diocesan Academy Trust 2 at 31 August 2016 were £46,040 (2015: due from £81,737). This relates to amounts incorrectly received within Derby Diocesan Academy Trust which related to Derby Diocesan Academy Trust 2 less costs incurred by Derby Diocesan Academy Trust on behalf of Derby Diocesan Academy Trust 2.

26. POST BALANCE SHEET EVENTS

From 1 September 2016 the directors have agreed to expand the Trust by welcoming Christ Church CofE Primary School into the Trust.

27. 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.

28. CONTROLLING PARTY

The Derby Diocesan Academy Trust is an autonomous body, financed mainly by public funding and files separate entity accounts.

The Academy's sponsor, The Diocesan Board of Education, has the power to appoint Governors to the board of the Academy trust.

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29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 4 April 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The Local Government Pension Scheme has been adjusted to reflect changes resulting from transition to FRS 102 and whilst there is no difference to report in the net liability, the actuarial loss has decreased by £8,000 to £55,000 with an increase in the charge to expenditure of the same amount.