

# **DERBY DIOCESAN ACADEMIES TRUST 2**

**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2015**

# Derby Diocesan Academies Trust 2

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# Derby Diocesan Academies Trust 2

## Reference and Administrative Details

Members	Right Reverend Dr. Alastair Redfern Mr. David John Channon The Derby Diocese Board of Education
Trustees	Right Reverend Dr. Alastair Redfern (chairman) (appointed 17 February 2015) Ms. Lisa Jane Bloor (appointed 17 February 2015) Ms. Alison Mary Brown (appointed 19 November 2015) Ms. Angela Caulton (appointed 17 February 2015) Mr. David John Channon CEO and accounting officer (appointed 16 February 2015) Ms. Jacqueline Claire Menzies-Conacher (appointed 17 February 2015) Mr. John Horwood (appointed 17 February 2015) Ms. Susan Jane Whyld (appointed 17 February 2015)
Company Secretary	Michelmores Secretaries Limited Mr. Jason Nicholas Hampton
Senior Management Team:	
<ul style="list-style-type: none"><li>• CEO</li><li>• Director of School Improvement</li><li>• Business Director</li><li>• Director of Finance</li></ul>	Mr. David John Channon Mr. Mark Mallender Mr. Andrew Martin DRB Schools and Academies Limited until 31 August 2015 Mr. Paul Staniland from 1 September 2015
Principal and Registered Office	Derby Diocese Board of Education Church House Full Street Derby DE1 3DR
Company Registration Number	09442311 (England and Wales)
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

# Derby Diocesan Academies Trust 2

## Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 16 February 2015 to 31 August 2015. 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 County catchment area. The three academies, St Laurence CofE Primary, Turnditch CofE Primary and William Gilbert CofE Primary have a pupil capacity of 597 and had a roll of 537 in the school.

### 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 Academies Trust 2 are also the directors of the charitable company for the purposes of company law. The charitable company is known as Derby Diocesan Academies Trust 2.

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.

#### 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 Academies Trust 2 Board and to ensure governance remains effective as Derby Diocesan Academies Trust 2 grows. An educational governance consultant and trainer with considerable multi Academy Trust experience will lead the governance support programme.

# Derby Diocesan Academies Trust 2

## Trustees' Report (continued)

### 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. A scheme of delegation and authorisation limits is 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

Trust key management personnel are appointed by the trustees. Academy key management staff are appointed by the local governing board and Trust managers. DfE procedures and advice is followed in setting headteacher and leadership salary scales

### Related Parties and other Connected Charities and Organisations

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 Academies Trust to carry out the duties of the CEO and school improvement officer.

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

### 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.

# Derby Diocesan Academies Trust 2 Trustees' Report (continued)

## Objectives, Strategies and Activities

### Vision and Values

The Derby Diocese Board of Education (DBE) 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 Academies Trust 2 (DDAT2) has been approved by the DfE as an academy sponsor. DDAT2 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.

DDAT2 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 DDAT2 is to secure rapid and sustained improvement for every academy it sponsors, and to sustain and build on the improvement of our converter academies. DDAT2 is rooted fully in the distinctively Christian and inclusive ethos of the MAT, DBE and the wider Diocese. DDAT2 will enable schools to work together, share expertise and maximise resources. Our vision is for a family of DDAT2 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 DDAT2 develop and improve, they will be expected and required to share their journey, skills and expertise with other DDAT2 academies. DDAT2 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.

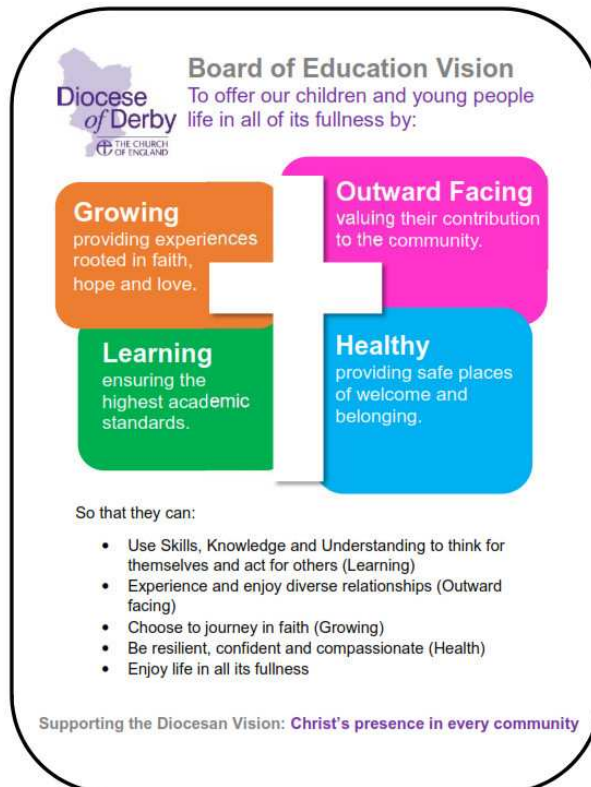
DDAT2 follow a number of guiding principles:

- 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.

# Derby Diocesan Academies Trust 2 Trustees' Report (continued)

DDAT2 have adopted the wider vision of the Diocesan Board of Education:



## School improvement strategy

DDAT2 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.

DDAT2 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 judgment 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 DDAT2 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.

DDAT2 has an approach to ensure that this cannot happen. Within DDAT2, 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. DDAT2 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.

# Derby Diocesan Academies Trust 2

## Trustees' Report (continued)

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 would also reduce as less support and challenge will be needed. However, the academy will still be monitored rigorously at least every 6 weeks.

Each school is aiming to become outstanding, but the barriers to this in each school can be very different. Therefore, DDAT2 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 DDAT2 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 DDAT2 in an ever changing and diverse local and national context.
- Building our own staff team so that DDAT2 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.

### 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.



# Derby Diocesan Academies Trust 2 Trustees' Report (continued)

## Strategic Report

### Achievements and Performance

#### Academy reports

##### **William Gilbert CofE Primary**

As a school judged to be Outstanding by Ofsted and with strong links with our local church and the Diocese already firmly embedded; we were honoured to be invited to join the DDAT 2. The Governors took well over ten months to investigate and deliberate over the potential benefits as well as to address their concerns. An initial, major concern was the Finance package and funding available to the school when joining on March 1st 2015. The transition to children, parents and staff was seamless. For the office personnel it was the beginning of a more testing journey but with an effective Hub team to provide and broker support, we feel confident that improvement will continue, for us to realise and embed effective working systems and practices.

The overwhelming benefit to the school in joining DDAT 2 has been the School Improvement package. The school is well challenged by the School Improvement Officers but always within a supportive, Christian ethos. They support and further promote the relentless drive for improvement at William Gilbert.

During the year our school has been key in supporting Doctoral level research to improve the experience of our pupil's engagement in Collective Worship. Another highlight was a visit from a Senior HMI, facilitated by the diocese, which provided an opportunity for the school to demonstrate what it is doing to successfully address the key issues facing other schools, as outlined in the regional Ofsted report. This experience also provided valuable feedback from a Senior HMI without being part of a Statutory Section 5 inspection. The school has supported other schools in the trust and the head teacher currently serves as a governor in another diocesan academy.

William Gilbert looks forward with enthusiasm to developing and capitalising upon the new opportunities provided by academy status.

Nothing can prepare the office team for the amount of change they will have to undertake or for their first experience of the annual financial audit. As the support and systems become more robust so the 'whole' package of joining the Trust will become a success story.

Nine months as a member of DDAT 2 we have no regrets and we look forward to the journey ahead.

##### **St Laurence CFE Primary**

It has been a very exciting year for our school. St. Laurence CofE Primary school proudly became a member of the DDAT 2 in April 2015. We are looking forward to an exciting future working in collaboration with our fellow trust schools to forge a clear pathway into the future, raising standards for all, whilst retaining our distinctiveness as a Church School.

This year, we have had some very pleasing progress outcomes for our pupils: in Reading, Writing and Maths, our pupils left year six having achieved at least as well as national averages, with excellent progress in Maths and Writing. We are particularly proud of the outstanding progress our pupils with English as an additional language have made and of the high percentage of pupils who made greater progress than expected - we have been working hard on securing ambitious targets in this area and it is good to see these results. The three year trends for St. Laurence show swifter year-on-year improvement than other schools nationally, as we go from strength to strength academically.

While academic excellence is what we always strive for, of equal importance is the way in which our pupils develop personally. We have been developing an exciting and experiential new curriculum for our pupils.

# Derby Diocesan Academies Trust 2

## Trustees' Report (continued)

Each topic is enhanced by a trip or visit and whole-school mini-topics help us to explore themes together. We are looking forward to our "Rio" topic this Summer, as we build on the legacy of the 2012 Olympics, embedding ambition and determination in our pupils. Our classes are named this year after the Olympic and Paralympic values, reminding us constantly of the virtues which will inspire us to meet our potential, as individuals and as a school.

During this academic year, we aim to continue to raise standards for all our pupils, to develop our curriculum and assessment practices and, most importantly, to enjoy learning together.

### Turnditch

Turnditch Primary School is currently thriving as an academy. We have over the last year worked hard with all our children ensuring that each and every one of them reached their full potential both academically and emotionally. We have again had a phenomenally high set of results in English and mathematics at the end of key stage 2 and a high set of results also at key stage one. The reason for our high attainment and rapid progress is down to good quality teaching, intervention and assessment by all teachers.

We were honoured to receive a visit from Bishop Alastair Redfern at the end of November to celebrate our children's success, the school having received a letter from the DFE championing standards here. The bishop made also his visit to celebrate our conversion from a Derbyshire local authority school to a Derbyshire Diocese academy. His kind words and celebration of standards was greatly appreciated by both children and staff who work very hard. A smooth transition has ensured our children have witnessed no change in the excellent provision provided by staff. The Diocese has provided our school with strong robust quality assurance ensuring that we continue to challenge ourselves and move forward as a school with vigour.

As we move forwards we have a range of building works to complete with the view of providing garden access for our youngest children. This will allow them to carry out scientific studies, investigated in the classroom, outside in their immediate outdoor environment. We plan also to renew many of our computers, purchasing netbooks to allow us to utilise and use our computer room as an intervention teaching room.

### Key Achievements

- A pipeline of schools have shown an interest in joining the trust in future.
- The Trust has been able to support small schools and has two schools with fewer than 80 pupils as well as schools with 200-300 pupils.
- The overall effectiveness of schools within the trust is well balanced and includes two that are currently Outstanding.
- One school that had governors replaced with an IEB has not been lost to the diocese because DDAT2 were deemed able to support the school.
- The majority of schools choosing to convert to DDAT2 have done so after the majority of parents, who expressed a preference, were in favour of conversion.
- Community (Non CE) schools have shown an interest in joining the Trust and an Academy Order for our first community school has been received.
- The Trust has been asked to help facilitate training by both the DfE, via the Regional Schools Commissioner and also the National Society for the Church of England.
- The Trust is represented in two Teaching School Alliances.

### Key Performance Indicators

	<b>L4+ M</b>	<b>L4+ R</b>	<b>L4+Wri</b>	<b>L4+SPAG</b>
St Laurence	79%	91%	88%	73%
Turnditch	100%	100%	100%	100%
William Gilbert	97%	100%	94%	88%

# Derby Diocesan Academies Trust 2

## Trustees' Report (continued)

### 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 2015 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 2005), 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 2015, total expenditure of £1,383,194 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 £650,068. These figures exclude the deficit on the Local Government Pension Scheme (see note 21 to the accounts)

At 31 August 2015 the net book value of fixed assets was £7,614,133 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

### 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.

The Academy is holding reserves at 31 August 2015 of £7,535,201

This comprises:

Restricted Funds deficit of £335,963

Unrestricted Funds of £257,031

Restricted Fixed Asset Funds of £7,614,133

Restricted Funds comprises:

£393,037 general funds to support the academy's budget in 2015-16

£729,000 is the deficit on the defined benefit pension scheme.

The free reserves of the Academy Trust are £650,068 at 31 August 2015.

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.

# Derby Diocesan Academies Trust 2

## Trustees' Report (continued)

### 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.

### Principal Risks and Uncertainties

The Trustees review a register of principle risks at each meeting and a receive a report from officers how the risks are being alleviated. The principle 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.

# Derby Diocesan Academies Trust 2 Trustees' Report (continued)

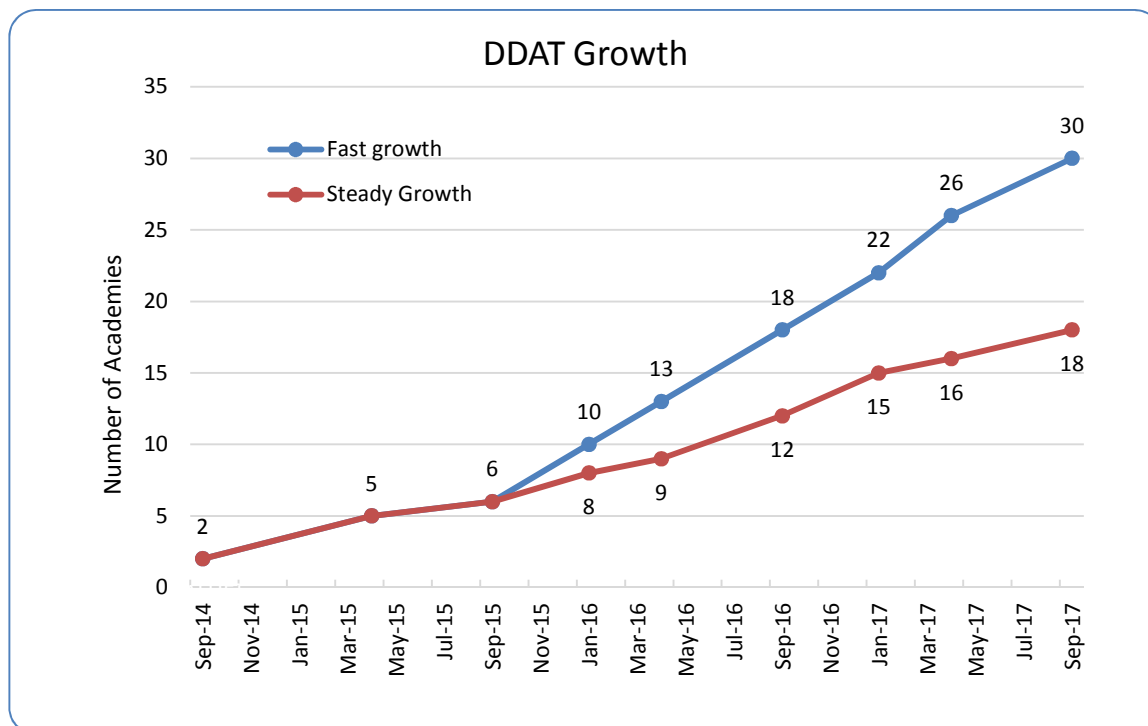
Finance	Risk that school and/or Trust budgets will be in deficit.
Finance	Risk that actual performance is not measured against budget on a regular basis.
Operational	Risk that assets built by contractors do not meet specifications, or actual cost exceeds budget.
Finance	Risk that charity has entered into future commitments without having the future funding available to meet them.

## Risk management

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those related to the operations and finances of the Academy Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

## Plans for Future Periods

The joint boards of DDAT and DDAT 2 plan to grow the number of academies as shown in the 'Fast growth' line in the chart below. This is achievable given the appetite of local schools to join DDAT and the current government's position regarding academies. The 'steady growth' line reflects the minimum rate of growth expected, if external factors slow the rate of academisation in Derbyshire.



## Derby Diocesan Academies Trust 2 Trustees' Report (continued)

Sustainable and quick growth for the next 2 years will allow DDAT to embed its school improvement capacity and operational support functions through increased revenue contributions and a larger school leadership pool.

Our intention is to balance further sponsored academies with Good/Outstanding schools from our pipeline. This is essential to our core principles and how we plan to deliver rapid and sustainable improvements.

### Funds Held as Custodian Trustee on Behalf of Others

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

### 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 Trustees has taken all steps that they ought to have 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.

### Auditor

The auditor, Crowe Clark Whitehill LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 4 December 2015 and signed on the board's behalf by:



**Ms Susan Jane Whyld**  
Trustee

# Derby Diocesan Academies Trust 2

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Derby Diocesan Academies Trust 2 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 Academies Trust 2 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 5 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Number of Meetings	Meetings Attended
The Right Reverend Dr. Alastair Redfern: Chair	4	3
Lisa Jane Bloor	5	2
Angelia Caulton	5	0
David John Channon chief executive and accounting officer	5	5
John Horwood	5	3
Jacqueline Claire Menzies-Conacher	5	4
Susan Jane Whyld	5	5

Governance reviews:

The Governors intend to undertake a Self Evaluation Review of their effectiveness during the next 12 months.

# Derby Diocesan Academies Trust 2

## 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- implementing the Trusts 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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Derby Diocesan Academies Trust 2 for the period 16 February 2015 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 16 February 2015 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes



## Derby Diocesan Academies Trust 2 Governance Statement (continued)

- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint an internal auditor (a tender for this work is currently being undertaken)

The internal auditor's role will include 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 a termly basis, the auditors reports will be considered by 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 Officer 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 internal and external reviews and 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 4 December 2015 and signed on its behalf by:



**Ms Susan Jane Whyld**  
Trustee



**Mr David Channon**  
Accounting Officer

## **Derby Diocesan Academies Trust 2 Statement of Regularity, Propriety and Compliance**

As accounting officer of Derby Diocesan Academies Trust 2 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.

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

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



**Mr David Channon**

Accounting Officer

**4 December 2015**



# Derby Diocesan Academies Trust 2

## Statement of Trustees' Responsibilities

The trustees (who act as governors of Derby Diocesan Academies Trust 2 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 published 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 in the Charities SORP 2015
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 4 December 2015 and signed on its behalf by:



**Ms Susan Jane Whyld**

Trustee

# Derby Diocesan Academies Trust 2

## Independent Auditor's Report on the Financial Statements to the Members of Derby Diocesan Academies Trust 2

We have audited the financial statements of Derby Diocesan Academy Trust for the period ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

### RESPECTIVE RESPONSIBILITIES OF TRUSTEE AND AUDITOR

As explained more fully in the Trustee's responsibilities statement, the Trustee (who are also the directors of the academy 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

# Derby Diocesan Academies Trust 2

## Independent Auditor's Report on the Financial Statements to the Members of Derby Diocesan Academies Trust 2

### 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 period for which the financial statements are prepared is consistent with the financial statements.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 22 December 2015

# Derby Diocesan Academies Trust 2

## Independent Reporting Accountant's Assurance Report on Regularity to Derby Diocesan Academies Trust 2 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 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Derby Diocesan Academies Trust 2 during the period 16 February 2015 to 31 August 2015 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 Academies Trust 2 and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Derby Diocesan Academies Trust 2 and 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 Academies Trust 2 and EFA, for our work, for this report, or for the conclusion we have formed.

### RESPECTIVE RESPONSIBILITIES OF DERBY DIOCESAN ACADEMIES TRUST 2'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Derby Diocesan Academies Trust 2's funding agreement with the Secretary of State for Education dated 26 February 2015, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 16 February 2015 to 31 August 2015 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 2014 to 2015 issued by 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's income and expenditure.



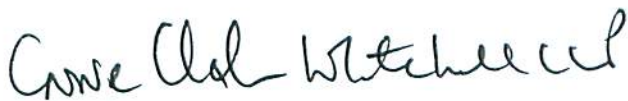
# Derby Diocesan Academies Trust 2

## Independent Reporting Accountant's Assurance Report on Regularity to Derby Diocesan Academies Trust 2 and the Education Funding Agency

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

### CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 16 February 2015 to 31 August 2015 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: 22 December 2015

## Derby Diocesan Academies Trust 2

### Statement of Financial Activities for the period ended 31 August 2015 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2015
	Note	£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	2	19,240	11,444	-	<b>30,684</b>
Transfer on conversion	24	269,874	(718,000)	7,684,700	<b>7,236,574</b>
Charitable activities:					
Funding for the academy trust's educational operations	4	68,254	1,558,728	-	<b>1,626,982</b>
Investments	3	155	-	-	<b>155</b>
<b>Total</b>		<b>357,523</b>	<b>852,172</b>	<b>7,684,700</b>	<b>8,894,395</b>
<b>Expenditure on:</b>					
Charitable activities:					
Academy trust educational operations	5,6	100,492	1,202,998	79,704	<b>1,383,194</b>
<b>Total</b>		<b>100,492</b>	<b>1,202,998</b>	<b>79,704</b>	<b>1,383,194</b>
<b>Net income / (expenditure)</b>		<b>257,031</b>	<b>(350,826)</b>	<b>7,604,996</b>	<b>7,511,201</b>
<b>Transfers between funds</b>	14	-	(9,137)	9,137	-
<b>Other recognised gains / (losses):</b>					
Actuarial (losses) / gains on defined benefit pension schemes	14,21	-	24,000	-	<b>24,000</b>
<b>Net movement in funds</b>		<b>257,031</b>	<b>(335,963)</b>	<b>7,614,133</b>	<b>7,535,201</b>
<b>Total funds carried forward</b>		<b>257,031</b>	<b>(335,963)</b>	<b>7,614,133</b>	<b>7,535,201</b>

All of the Academy Trust's activities derive from acquisitions in the current financial period.

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

The notes on pages 26 - 44 form part of these financial statements



# Derby Diocesan Academies Trust 2

Company Number 09442311

## Balance Sheet as at 31 August 2015

		2015	2015
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	11		7,614,133
<b>Current assets</b>			
Debtors	12	76,955	
Cash at bank and in hand		<u>952,008</u>	
		1,028,963	
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	13	<u>(378,895)</u>	
<b>Net current assets</b>			<u>650,068</u>
<b>Total assets less current liabilities</b>			8,264,201
<b>Net assets excluding pension liability</b>			<u>8,264,201</u>
Defined benefit pension scheme liability	21		(729,000)
<b>Total assets</b>			<u>7,535,201</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
. Fixed asset fund	14	7,614,133	
. General fund	14	393,037	
. Pension reserve	14	<u>(729,000)</u>	
<b>Total restricted funds</b>			7,278,170
<b>Unrestricted income funds</b>	14		<u>257,031</u>
<b>Total funds</b>			<u>7,535,201</u>

The financial statements were approved by the trustees, and authorised for issue on 4 December 2015 and are signed on their behalf by:

**Ms Susan Jane Whyld**

Trustee

The notes on pages 26 to 44 form part of these financial statements.

## Derby Diocesan Academies Trust 2

### Statement of Cash Flows for the period ended 31 August 2015

	Notes	2015 £
<b>Cash flows from operating activities</b>		
Net cash provided by (used in) operating activities	17	691,426
<b>Cash flows from investing activities</b>	18	(9,292)
<b>Cash flows from financing activities</b>		-
<b>Change in cash and cash equivalents in the reporting period</b>	19	<b>682,134</b>
Cash transferred on conversion to an academy trust		269,874
<b>Cash and cash equivalents at the end of the period</b>		<b>952,008</b>

The notes on pages 26 to 44 form part of these financial statements.

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

### 1 Statement of 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.

#### Basis of Preparation

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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements have been prepared for the period 16 February 2015 to 31 August 2015 which is a period of less than twelve months. This is because Academy Trusts are required by EFA to report annually to 31 August and because of the date of incorporation the Academy Trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

#### 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 company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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.

#### Income

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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.

## Derby Diocesan Academies Trust 2

### Notes to the Financial Statements for the period ended 31 August 2015 (continued)

#### Income (continued)

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

Donated facilities and services provided to the academy trust are recognised at their value to the academy trust in the period when it is probable that the economic benefits associated with the donated items will flow to the academy trust, provided they can be measured reliably. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Donated goods are recognised at fair value unless it is impractical to measure this reliably in which case a derived value, being the cost of the item to the donor (for example sponsor services), is used. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities except where the donated good is a fixed asset in which case 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.

#### Transfer on conversion to 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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the previous schools to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out in the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

#### 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.

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

### Expenditure (continued)

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

### Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Long leasehold land and buildings 0.8% - 2%
- Fixtures, fittings and equipment 15%

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

The long leasehold land and buildings at Turnditch CofE Primary School and St Laurence CofE VA Primary School are owned by The Derby Diocesan Board of Education. The Trustees of The Derby Diocesan Board of Education have granted the Academy, 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 long leasehold land and buildings at William Gilbert Endowed CofE Primary school are owned by The Duffield Endowed School Foundation. There is a 125 year lease agreement and the land is being depreciated over this period.

Land adjoining the site at St Laurence CofE VA Primary School is owned by Derbyshire County Council. There is a 125 year lease agreement and the land is being depreciated over this period.

Land to the rear of Turnditch CofE Primary School is owned by Mr. D R Fearn and is being leased to the school via Derbyshire County Council. There is a 5 year lease and the land has therefore not been capitalised. This is included in the operating lease commitment shown in Note 17.

## **Derby Diocesan Academies Trust 2**

### **Notes to the Financial Statements for the period ended 31 August 2015 (continued)**

#### **Liabilities**

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

#### **Provisions**

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 can be estimated reliably.

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.

#### **Leased Assets**

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

#### **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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). 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 21, 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.

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 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.

# **Derby Diocesan Academies Trust 2**

## **Notes to the Financial Statements for the period ended 31 August 2015 (continued)**

### **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 funders where the asset acquired or created is held for a specific purpose.

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

### **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 21, will impact the carrying amount of the pensions 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 2015. 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.

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

**Derby Diocesan Academies Trust 2**  
**Notes to the Financial Statements for the period ended 31 August 2015**  
**(continued)**

**2 Donations and capital grants**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2015</b>
	£	£	£
Transfer on conversion			
Land and buildings	-	7,684,700	7,684,700
Pension deficit	-	(718,000)	(718,000)
Budget surplus on LA and School Funds	269,874	-	269,874
Other donations	19,240	11,444	30,684
	<u>289,114</u>	<u>6,978,144</u>	<u>7,267,258</u>

**3 Investment Income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2015</b>
	£	£	£
Short term deposits	155	-	155
	<u>155</u>	<u>-</u>	<u>155</u>

**4 Funding for the Academy Trust's Educational Operations**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2015</b>
	£	£	£
<b>DfE / EFA grants</b>			
General Annual Grant (GAG)	-	961,434	961,434
Other DfE/EFA grants	-	533,008	533,008
	<u>-</u>	<u>1,494,442</u>	<u>1,494,442</u>
<b>Other Government grants</b>			
Local authority grants	-	64,286	64,286
	<u>-</u>	<u>64,286</u>	<u>64,286</u>
<b>Other income from the academy trust's educational operations</b>	68,254	-	68,254
	<u>68,254</u>	<u>1,558,728</u>	<u>1,626,982</u>



**Derby Diocesan Academies Trust 2**  
**Notes to the Financial Statements for the period ended 31 August 2015**  
**(continued)**

5 Expenditure	Staff Costs	Non Pay Expenditure		Total
	£	Premises £	Other £	2015 £
Academy's educational operations:				
. Direct costs	763,422	79,704	33,741	876,867
. Allocated support costs	136,515	-	369,812	506,327
	<u>899,937</u>	<u>79,704</u>	<u>403,553</u>	<u>1,383,194</u>

	2015 £
Operating lease rentals	3,152
Depreciation	79,704
Fees payable to auditor for:	
- audit	6,995
- other services	3,050
	<u>3,050</u>

6 Charitable Activities	Restricted Total 2015 £
<b>Direct costs – educational operations</b>	
Teaching and educational support staff costs	763,422
Depreciation	79,704
Technology costs	1,916
Educational supplies	17,093
Staff development	5,257
Educational consultancy	2,438
Other direct costs	7,037
	<u>876,867</u>

	Restricted 2015 £	Unrestricted 2015 £	Total 2015 £
<b>Support costs – educational operations</b>			
Support staff costs	136,515	-	136,515
Technology costs	33,709	-	33,709
Maintenance of premises and equipment	12,040	-	12,040
Cleaning	2,228	-	2,228
Rent & rates	13,012	-	13,012
Energy costs	17,915	-	17,915
Insurance	17,734	-	17,734
Security and transport	5,257	-	5,257
Catering	-	51,258	51,258
Other support costs	144,678	49,234	193,912
Legal and professional fees	12,702	-	12,702
Governance costs	10,045	-	10,045
	<u>405,835</u>	<u>100,492</u>	<u>506,327</u>
<b>Total direct and support costs</b>	<u>1,282,702</u>	<u>100,492</u>	<u>1,383,194</u>

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

### 7 Staff

#### a. Staff costs

	Total 2015 £
Staff costs during the period were:	
Wages and salaries	704,437
Social security costs	42,933
Operating costs of defined benefit pension schemes	135,316
	<u>882,686</u>
Supply staff costs	17,251
	<u>899,937</u>

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

During the year there were no non-statutory/non-contractual severance payments.

#### c. Staff numbers

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

	2015 No.
Teachers	11
Administration and support	13
Management	1
	<u>25</u>

#### d. Higher paid staff

There were no employees whose employee benefits (excluding employer pension costs) exceeded £60,000.

#### e. Key management personnel

The key management personnel of the academy trust comprise the CEO and school improvement officer as listed on page 1 . They donated their time to Derby Diocesan Academies Trust 2 as they are employed by Derby Diocese.

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015

### (continued)

#### 8 Central Services

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

- Mangement 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 (6%)

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

The actual amounts charged during the year were as follows:

	<b>2015</b>
	<b>£</b>
Turnditch Church of England Primary School	7,532
William Gilbert Endowed Church of England Primary School	16,966
St Laurence CofE VA Primary School	17,373
	<b><u>41,871</u></b>

#### 9 Related Party Transactions - Trustees' Remuneration and Expenses

During the year, no Governors received any remuneration.

During the year, no Governors received any benefits in kind.

During the year, no Governors received any reimbursement of expenses.

#### 10 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of the policy which includes this cover for the period ended 31 August 2015 was £597. The cost of this insurance is included in the total insurance cost.

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

11 Tangible Fixed Assets	Leasehold Land and Buildings	Furniture and Equipment	Total
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 16 February 2015	-	-	-
Transfer on conversion	7,684,700		7,684,700
Additions		9,137	9,137
Disposals	-	-	-
At 31 August 2015	<u>7,684,700</u>	<u>9,137</u>	<u>7,693,837</u>
<b>Depreciation</b>			
At 16 February 2015	-	-	-
Charged in year	79,704		79,704
Disposals	-	-	-
At 31 August 2015	<u>79,704</u>	<u>-</u>	<u>79,704</u>
<b>Net book values</b>			
At 31 August 2015	<u>7,604,996</u>	<u>9,137</u>	<u>7,614,133</u>

Included in land and buildings is leasehold land at valuation of £732,000 which is not depreciated.

12 Debtors	2015
	£
VAT recoverable	47,778
Prepayments and accrued income	29,177
	<u>76,955</u>

13 Creditors: Amounts Falling due within one Year	2015
	£
Trade creditors	44,395
Taxation and social security	26,524
Other creditors	206,739
Accruals and deferred income	101,237
	<u>378,895</u>

Deferred income	2015
	£
Resources deferred in the year	55,834
Deferred Income at 31 August 2015	<u>55,834</u>

At the balance sheet date the academy trust was holding grants for the provision of free schools meals received in advance for the autumn term 2015.

**Derby Diocesan Academies Trust 2**  
**Notes to the Financial Statements for the period ended 31 August 2015**  
**(continued)**

14 Funds	Incoming Resources £	Resources Expended £	Gains, losses, and Transfers £	Balance at 31 August 2015 £
<b>Restricted general funds</b>				
General Annual Grant (GAG)	961,434	(934,260)	(9,137)	18,037
Other DfE/EFA grants	533,008	(158,008)	-	375,000
LA Grants	64,286	(64,286)	-	-
Pension reserve	(718,000)	(35,000)	24,000	(729,000)
Donations	11,444	(11,444)	-	-
	<b>852,172</b>	<b>(1,202,998)</b>	<b>14,863</b>	<b>(335,963)</b>
<b>Restricted fixed asset funds</b>				
Transfer on conversion	7,684,700	(79,704)	-	7,604,996
Capital expenditure from GAG	-	-	9,137	9,137
	<b>7,684,700</b>	<b>(79,704)</b>	<b>9,137</b>	<b>7,614,133</b>
<b>Total restricted funds</b>	<b>8,536,872</b>	<b>(1,282,702)</b>	<b>24,000</b>	<b>7,278,170</b>
<b>Total unrestricted funds</b>	<b>357,523</b>	<b>(100,492)</b>	<b>-</b>	<b>257,031</b>
<b>Total funds</b>	<b>8,894,395</b>	<b>(1,383,194)</b>	<b>24,000</b>	<b>7,535,201</b>

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

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

Transfers to the restricted fixed asset fund represent purchases from the GAG.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

## Derby Diocesan Academies Trust 2

### Notes to the Financial Statements for the period ended 31 August 2015

(continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Turnditch Church of England Primary School	147,687
William Gilbert Endowed Church of England Primary School	215,914
St Laurence CofA VA Primary School	111,009
Trust	<u>175,458</u>
Total before fixed assets and pension reserve	<u>650,068</u>
Restricted fixed asset fund	7,614,133
Pension reserve	<u>(729,000)</u>
	<u>7,535,201</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
	£	£	£	£	£
Turnditch Church of England Primary School	125,162	16,574	6,786	50,999	199,521
William Gilbert Endowed CofE Primary School	369,809	60,123	5,389	54,274	489,595
St Laurence CofA VA Primary School	268,451	24,818	4,918	70,201	368,388
Trust	-	35,000	-	210,986	245,986
<b>Academy Trust</b>	<u>763,422</u>	<u>136,515</u>	<u>17,093</u>	<u>386,460</u>	<u>1,303,490</u>

## Derby Diocesan Academies Trust 2

### Notes to the Financial Statements for the period ended 31 August 2015 (continued)

#### 15 Analysis of Net Assets between Funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	7,614,133	<b>7,614,133</b>
Current assets	257,031	771,932	-	<b>1,028,963</b>
Current liabilities	-	(378,895)	-	<b>(378,895)</b>
Pension scheme liability	-	(729,000)	-	<b>(729,000)</b>
<b>Total net assets</b>	<b>257,031</b>	<b>(335,963)</b>	<b>7,614,133</b>	<b>7,535,201</b>

#### 16 Commitments under operating leases

##### Operating Leases

At 31 August 2015 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2015
	£
Amounts due within one year	<b>621</b>
Amounts due between one and five years	<b>1,497</b>
Amounts due after five years	-
	<b>2,118</b>

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

<b>17 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities</b>	<b>2015</b>
	<b>£</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	7,511,201
Adjusted for:	
Depreciation charges (note 12)	79,704
Interest receivable (note 4)	155
Defined benefit pension scheme obligation inherited	718,000
Defined benefit pension scheme cost less contributions payable (note 28)	23,000
Defined benefit pension scheme finance cost (note 28)	12,000
Donations of fixed assets on conversion	(7,684,700)
Donations of budget surpluses on local authority and school funds on conversion	(269,874)
(Increase)/decrease in debtors	(76,955)
Increase/(decrease) in creditors	378,895
<b>Net cash provided by / (used in) Operating Activities</b>	<b>691,426</b>

<b>18 Cash Flows from Investing Activities</b>	<b>2015</b>
	<b>£</b>
Interest from investments	(155)
Purchase of tangible fixed assets	(9,137)
<b>Net cash provided by / (used in) investing activities</b>	<b>(9,292)</b>

<b>19 Analysis cash and cash equivalents</b>	<b>At 31 August</b>
	<b>2015</b>
	<b>£</b>
Cash in hand and at bank	952,008
<b>Total cash and cash equivalents</b>	<b>(952,008)</b>

### 20 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.



# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

### 21 Pension and Similar Obligations

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

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £55,171.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015 (continued)

### 21 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2015 was £56,565, of which employer's contributions totalled £44,090 and employees' contributions totalled £12,475. The agreed contribution rates for future years are 20.8% per cent for employers and 5.5% - 11.4% per cent for employees.

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

Principal Actuarial Assumptions	At 31 August 2015
Rate of increase in salaries	3.60%
Rate of increase for pensions in payment/inflation	2.70%
Discount rate for scheme liabilities	3.80%

#### Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2015	Approximate % increase to Employer Liability	Approximate monetary amount  £000
0.5% decrease in real discount rate	12% - 15%	230
1 year increase in member life expectancy	3%	49
0.5% increase in the Salary Increase rate	6% -9%	132
0.5% increase in the Pension Increase rate	5% - 6%	89

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

	At 31 August 2015
<i>Retiring today</i>	
Males	22
Females	24.2
<i>Retiring in 20 years</i>	
Males	24.1
Females	26.6

## Derby Diocesan Academies Trust 2

### Notes to the Financial Statements for the period ended 31 August 2015 (continued)

#### 21 Pension and Similar Obligations (continued)

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2015 £000
Equities	601
Bonds	177
Property	53
Cash	53
<b>Total market value of assets</b>	<b>884</b>

The actual return on scheme assets was £35,000.

#### Amounts recognised in the statement of financial activities

	2015 £000
Current service cost (net of employer contributions)	(23)
Net interest cost	(12)
Total operating charge	<b>(35)</b>

#### Analysis of pension finance income/(costs)

Expected return on pension scheme assets	(14)
Interest on pension liabilities	26
<b>Pension finance income/(costs)</b>	<b>12</b>

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

	2015 £000
Upon conversion	1,574
Current service cost	68
Interest cost	26
Employee contributions	12
Actuarial (gain)/loss	(67)
Benefits paid	
Plan introductions, benefit changes, curtailments and settlements	
<b>At 31 August 2015</b>	<b>1,613</b>

#### Changes in the fair value of academy's share of scheme assets:

	2015 £000
Upon conversion	856
Interest income	14
Actuarial gain/(loss)	(43)
Employer contributions	45
Employee contributions	12
Benefits paid	
<b>At 31 August 2015</b>	<b>884</b>

# Derby Diocesan Academies Trust 2

## Notes to the Financial Statements for the period ended 31 August 2015

### (continued)

#### 22 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 long leasehold land is held by the Derby Diocesan Trustees registered as custodians for the beneficial users of the land - Turnditch CofE Primary School and St Laurence CofE Primary School, constituent Academies in the Derby Diocesan Academies Trust 2. 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 £11,444 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 Academies Trust 2 and Derby Diocesan Academy Trust are related parties due to them having the same Members and Trustees. Amounts due to the Derby Diocesan Academy Trust at 31 August 2015 were £11,737. This amount relates to reimbursement of costs incurred by Derby Diocesan Academy Trust on behalf of Derby Diocesan Academies Trust 2.

#### 23 Conversion to an Academy Trust

On 1 March 2015 the Turnditch Church of England Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust 2 from the Derbyshire Local Authority 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 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 SOFA.

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets				
· Leasehold land and buildings	-	-	1,075,000	<b>1,075,000</b>
Budget surplus on LA funds	67,379	-	-	<b>67,379</b>
Budget surplus on other school funds	10,866	-	-	<b>10,866</b>
LGPS pension surplus / (deficit)	-	(38,000)	-	<b>(38,000)</b>
<b>Net assets</b>	<b>78,245</b>	<b>(38,000)</b>	<b>1,075,000</b>	<b>1,115,245</b>

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

## Derby Diocesan Academies Trust 2

### Notes to the Financial Statements for the period ended 31 August 2015

(continued)

#### 24 Conversion to an Academy Trust (continued)

On 1 March 2015 the William Gilbert Endowed Church of England Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust 2 from the Derbyshire Local Authority 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 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 SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets				
· Leasehold land and buildings	-	-	4,537,000	<b>4,537,000</b>
Budget surplus / (deficit) on LA funds	118,211	-	-	<b>118,211</b>
Budget surplus on other school funds	20,998	-	-	<b>20,998</b>
LGPS pension surplus / (deficit)	-	(462,000)	-	<b>(462,000)</b>
<b>Net assets</b>	<b>139,209</b>	<b>(462,000)</b>	<b>4,537,000</b>	<b>4,214,209</b>

The long leasehold land and buildings at William Gilbert Endowed CofE Primary school are owned by The Duffield Endowed School Foundation. There is a 125 year lease agreement and the land is being depreciated over this period.

On 1 April 2015 the St Laurence CofA VA Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academies Trust 2 from the Derbyshire Local Authority 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 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 SOFA.

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets				
· Leasehold land and buildings	-	-	2,072,700	<b>2,072,700</b>
Budget surplus / (deficit) on LA funds	47,838	-	-	<b>47,838</b>
Budget surplus on other school funds	4,582	-	-	<b>4,582</b>
LGPS pension surplus / (deficit)	-	(218,000)	-	<b>(218,000)</b>
<b>Net assets</b>	<b>52,420</b>	<b>(218,000)</b>	<b>2,072,700</b>	<b>1,907,120</b>

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

#### 25 Controlling party

The Derby Diocesan Academies Trust 2 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.