

Registered number: 08980079 (England and Wales)

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 19
Governance Statement	20 - 22
Statement on Regularity, Propriety and Compliance	23
Statement of Trustees' Responsibilities	24
Independent Auditor's Report on the Financial Statements	25 - 27
Independent Reporting Accountant's Assurance Report on Regularity	28 - 29
Statement of Financial Activities Incorporating Income and Expenditure Account	30
Balance Sheet	31
Statement of Cash Flows	32
Notes to the Financial Statements	33 - 61

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

The Bishop of Derby - Right Reverend Dr. Alastair Redfern (resigned 12 July 2018)
The Derby Diocesan Board of Education
Derby Diocesan Director of Education - Mr. David John Channon
The Diocesan Secretary Derby Diocesan Board of Finance (appointed 13 July 2018)
The Diocesan Bishop of Derby (appointed 13 July 2018)

Trustees

Right Reverend Dr. Alastair Redfern (resigned 12 July 2018)
Mrs. Lisa Jane Bloor
Ms. Alison Mary Brown
Mr. Michael John Ford
Mr. David John Channon, Chair of trustees
Mr. John Horwood
Mrs. Carol Coslett (appointed 13 July 2018)
Mr. Mark Mallender, CEO (appointed 13 July 2018)
Mr. Mark Titterton (appointed 13 July 2018)

Company registered number

08980079

Company name

Derby Diocesan Academy Trust

Principal and registered office

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

Company secretary

Mr Jason Nicholas Hampton
Michelmores Secretaries Limited

Chief executive officer

Mr David John Channon (resigned 13 July 2018)
Mr Mark Mallender (appointed 13 July 2018)

Senior management team

Mr David John Channon, Chair of trustees (Accounting Officer until 27 September 2018)
Mr Mark Mallender, CEO
Richard Wetherall, Consultant Director of Finance (AMF (UK) Limited)
Declan McCauley, Accounting Officer (appointed 27 September 2018)

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditor

Crowe U.K. 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 ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of the Charitable Company for the year 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Multi Academy Trust operates nine primary academies for pupils aged up to 11 years old serving the Derbyshire catchment area. The nine academies are, Bishop Lonsdale CE Primary School and Nursery, Newbold CE Primary School, Walter Evans CE Primary School, Christ Church CE Primary School, and Darley Churchtown CE Primary School, St Giles CE Primary School (Killamarsh), St George's CE Primary School, Firs Primary School and Hardwick Primary School. The Multi Academy Trust has a pupil capacity of 2545 and had a roll of 2405 in the school census on October 2017.

2017/18 has been a transitional year with the successful addition of 4 further academies in to the trust. In conjunction with this growth great progress has been made in partnership with the DfE regarding the future of DDAT and how the trust may best serve the schools in Derby City and Derbyshire. This communication has culminated in an agreed strategy for doubling the size of the trust in the next 2 years, with the strategic plan outlining the phased approach. The growth plan has been included in the plans for future periods section.

Key changes have been implemented to increase governance within the current and proposed structure and the inception of a 'regional hub directors' model will ensure appropriate levels of responsibility and accountability are maintained as the number of schools grow. This model has been aligned with an increase in board presence completed in the latter stages of the year.

Investment in resources has been undertaken with the addition of an in house HR manager and further school improvement officer, in addition finance support and training has been provided to all schools to assist on improving reporting and supporting the transition to a new consistent financial system.

A bid for further funding from the Mat Development Investment Fund (MDIF) was successful and has enabled the trust to appoint a school improvement officer with secondary schools experience. This role is to commence on 1st September 2018.

Operationally, the trust has equally made progress with some centralisation of information and activities. Examples of this are the application of Compliance Manager to have one central platform for local governors giving greater oversight at trust level and supporting the local governing bodies, as well as the execution of new compliant electronic folders for better transfer and holding of information. GDPR has been fully embedded and robust training and system set up has been completed.

After two years project work the Derby Cathedral School opened on 1st September 2018. This being a new secondary free school in Derby City. Applications for places exceeded expectations and 164 year 7 were due to start in September 2018.

The summer term did however bring some unexpected news following an accident where the CEO and recently appointed Chair of Trustees (David Channon) was left seriously ill and at time of writing is still under the care of a specialised trauma unit.

The forementioned structural changes have however enabled the trust to continue without too much operational disruption in this difficult period.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

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

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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

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 Clerk with appropriate training being arranged.

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

ORGANISATIONAL STRUCTURE

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

Management: The Trust's day to day operations are managed by the Accounting Officer/ CEO/Chairman, Deputy CEO, Chief Financial Officer and Academy Hub Lead.

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

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

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

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

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

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

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

OBJECTIVES, STRATEGIES AND ACTIVITIES

Vision and Values

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

Derby Diocesan Academy Trust (DDAT) is approved by the DFE as an academy sponsor. DDAT supports schools with an exceptional school improvement strategy, and looks after the business elements of running an academy, protecting the distinctively Christian nature of each school.

DDAT aims to:

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

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

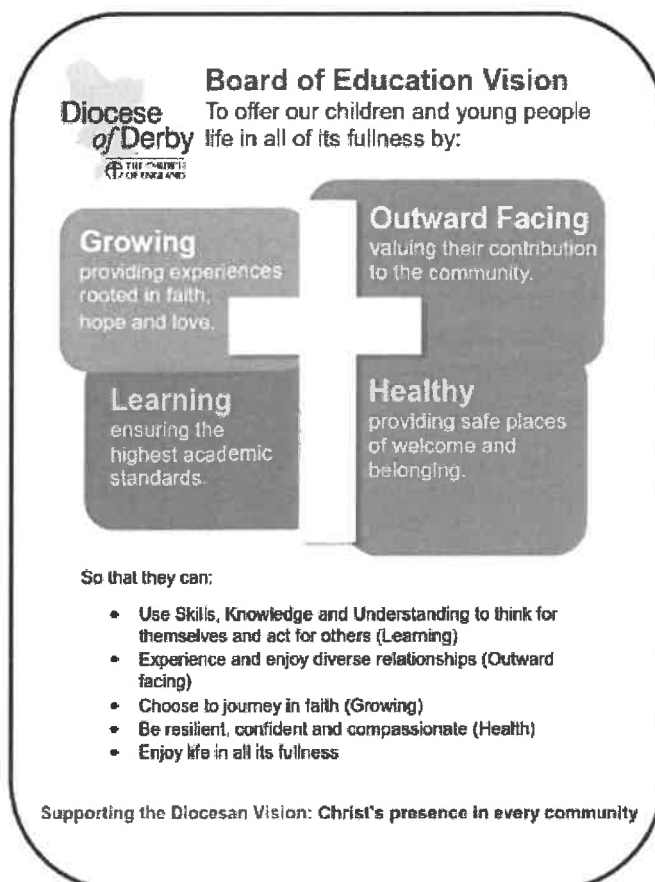
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DDAT follow a number of guiding principles:

- To promote an educational community based on love and inclusivity, providing a beacon 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.

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



DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

School Improvement Strategy

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

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

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

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

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

Future Challenges

- Ensuring that the DDAT brand continues to represent something that is distinctively Christian within this professional context and as community schools join the Trust.
- 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.
- Managing the vagaries of school demand to join DDAT in an ever changing and diverse local and national context.
- Building capacity of our own staff team so that DDAT are able to provide the high-quality services expected by schools on joining.
- 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 ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

As noted above, 2017/18 has been a year of both growth and improvement to systems and operations. The work has concentrated on providing a sustainable long term structure with enhanced governance arrangements and investment in personnel.

The key areas are highlighted below:

- Increased numbers of board members and directors.
- Change in CEO to chair of trustees for better accountability.
- Partnership agreement defining arrangements of support from the Diocese Board of Education.
- Implementation of consistent financial systems across trust and all schools.
- DfE approval for continued growth
- Employment of full time HR Manager and new School Improvement officer.
- Full budget forecast review across each school and provision of Key Performance Indicators to integrate financial and curriculum planning.

Summary of 2018 outcomes for DDAT Schools:

School	DDAT		
	Average Scaled Score	Combined (R,W,M) percentage achieving Expected Standard	Average Progress Score
National	104.7	64%	0
Bishop Lonsdale	102.6	48%	-0.1
Newbold	105.5	73%	+2.8
Walter Evans	107.9	84%	+1.2
Christ Church	103.7	53%	-0.3
Darley Church Town	104.8	50%	-1.0
Firs	94.0	30%	-0.95
Hardwick	103.6	64%	-0.56
St George's	104.5	71%	-0.6
St Giles (K)	107.6	79%	+2.7

There were 9 schools in DDAT at the time of the Key stage 2 tests.

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Summary of outcomes for DDAT

Attainment across DDAT is in line with the national average, although this is not actually marked on the above chart. Progress is above the national average (although statistically broadly in line with the national average) but significantly above the benchmark group of for all church schools in Derby diocese for whom progress is statistically significantly below the national average. The majority of schools who have been in DDAT for over a year have demonstrated strong results. The lower scoring schools represent the sponsored academies joining this year, where progress on previous years has been prevalent, albeit that these remain below national average standards.

Academy Reports

Bishop Lonsdale

- A good solid year with strong improvement in middle leadership. Mathematics and English leaders well supported by DDAT.
- HT gives generously of his time to support other DDAT schools.
- Staffing restructure complete and skilfully handled by HT and DDAT.

Christ Church

- A difficult year with regards to staffing and absence management. Staffing issues dealt with by DDAT HR and the HT. Restructure completed and due to commence September 2018
- Much DDAT support put into school has strengthened L&M. Y6 outcomes better than last year.
- Governance strengthened by a new governor put in by DDAT.

Darley Churchtown

- Staffing difficulties in early years have been dealt with effectively by the school and DDAT. This has ensured there has been no impact to outcomes.
- Key stage 1 outcomes strong due to effective teaching.
- Leadership of mathematics in school strengthened by DDAT and showing impact.

Firs Primary

- Key stage 1 and 2 outcomes have improved on 2017. This is impressive and reassuring given the high mobility within the school.
- Staffing issues continue to be managed well and a stable team is in place for September 2018.
- School Improvement planning has been heavily supported by DDAT to ensure rigour and focus for 2018.

Hardwick Primary

- Strong outcomes, particularly in key stage 2 where figures are in better than national in combined (when 6 discounted pupils are removed.)
- The key focus on reading has impacted well across the school.
- Systems developed by leaders have been shared with other DDAT schools to improve school improvement planning, self-evaluation and reading.

Newbold Primary

- Strong outcomes in Key stage 2.
- Leadership and improved outcomes within key stage 1 is a priority for the school. The head and deputy headteacher have managed weak teaching effectively in this key stage.
- Reasoning and problem solving, and cross curricular writing are key areas for improvement for 2018-19 which are linked to the development of the whole school curriculum.

St Georges New Mills

- A rapidly improving school. DDAT support weekly/fortnightly for most of the year since school joined the trust in September 2017.
- Inadequate teaching tackled quickly and robustly by HT and barriers to learning removed.
- Leadership at all levels strengthened. Vastly improved attainment generally around national. Good capacity to improve further.

St Giles (Killamarsh)

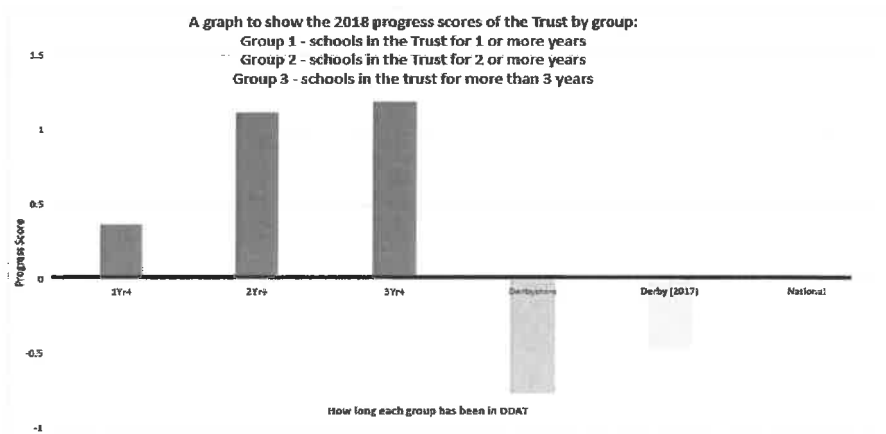
- All DDAT advice acted on immediately which has supported very strong outcomes.
- Robust monitoring resulted in virtually 100% in the quality of teaching across school.
- Difficult staffing decisions made and carried through diligently by skilled HT.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

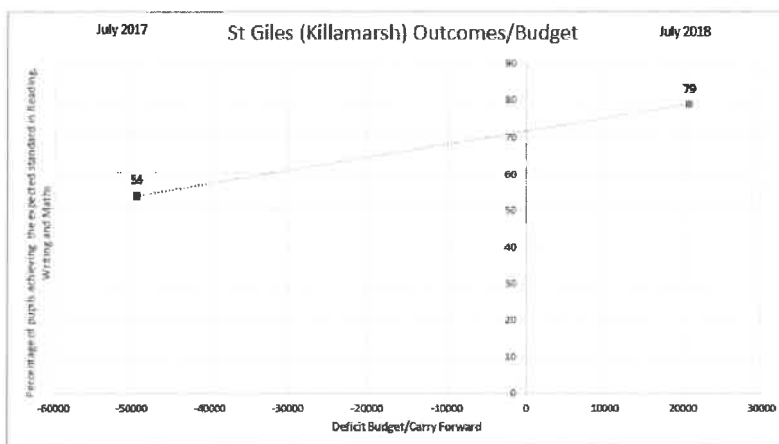
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Walter Evans

- Pupil outcomes continue to improve well. They have been brought about by strong and reliable leadership.
- School leaders aware of areas they need to improve from detailed data analysis.
- Some inconsistency apparent in pupils' books – marking, presentation and high expectations. This has been recognised and addressed by the leadership team and DDAT school improvement officers.



Case Studies



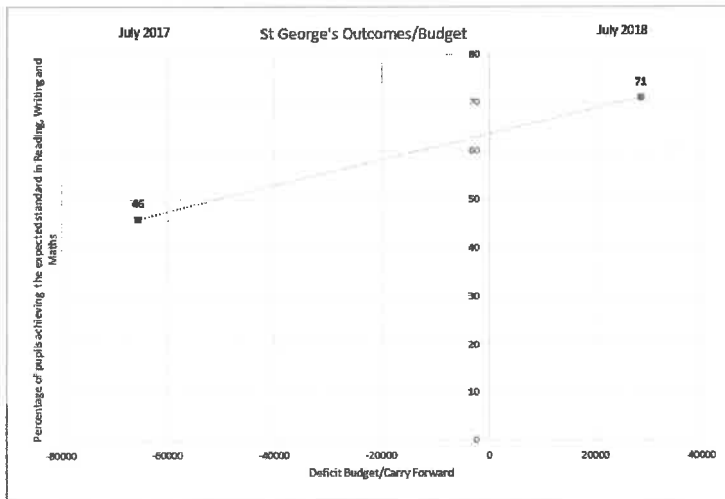
Graph to show action taken in St Giles CE (A) Primary School to move from:

An in-year deficit budget position of £49506 in July 2017 with combined Reading, Writing and Maths outcomes of 54% and a progress score of -2.63 to:

A surplus budget in July 2018 of £20801 with combined Reading, Writing and Maths outcomes of 79% and a progress score of +1.98.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018



A Graph to show action taken in St George's CE (A) Primary School to move from:

An in-year deficit budget position of £65626 in July 2017 with combined Reading, Writing and Maths outcomes of 46% with predicted outcomes for 2018 being 40% combined to:

A surplus budget in July 2018 of £28489 with combined Reading, Writing and Maths outcomes of 71%.

KEY PERFORMANCE INDICATORS

Financial and education performance KPI's are produced for each school and the central trust. These are reviewed and analysed by the operations team, finance sub committee and board.

Key measures include expenditure costs against income and progress and attainment in each school.

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 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

During the period ended 31 August 2018, total expenditure of £12,954,273 (2017: £5,463,863) 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 £2,657,986 (2017: £200,774). These figures exclude the deficit on the Local Government Pension Scheme (see note 23 to the accounts). At 31 August 2018 the net book value of fixed assets was £14,789,703 (2017: £9,191,701) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

RESERVES POLICY

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

The Academy is holding reserves at 31 August 2018 of £13,627,195 (2017: £8,597,257).

This comprises:

Restricted Funds deficit of £2,672,821 (2017: £1,446,500)
Unrestricted Funds of £1,169,891 (2017: £585,704)
Restricted Fixed Asset Funds of £15,130,125 (2017: £9,458,053)

Restricted Funds comprises:

£147,179 (2017: £67,500) general funds to support the academy's budget in 2018-19 .
£2,820,000 (2017: £1,514,000) is the deficit on the defined benefit pension scheme.

The Academy Trust is not yet in a position to determine what level of reserves are required and this will be reviewed in the upcoming years. The free reserves of the Academy Trust are £1,317,070 (2017: £653,204) at 31 August 2018.

The Trustees have reviewed these reserves and believes they are adequate to provide sufficient working capital for the Academy Trust to continue to operate within its financial resources, and to cover unexpected urgent work. Specific use to which the respective funds can be applied are detailed in note 17.

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.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDRAISING

The Academy Trust's approach to fundraising is confirmed as conforming to recognised standards.

This includes Protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

No fundraising work is undertaken with any commercial participators/professional fundraisers.
No fundraising complaints have been received.

The basis of fundraising is undertaken at the individual schools and takes the form of three specific models. These being, Parents and Teachers Association (PTA) fundraising through separate bodies from the trust, school based fundraising for the academy's benefit and fundraising for charities.

All funds raised by the school are recorded as unrestricted income and expenditure is recorded similarly. Funds raised for external charities are collected and sent onwards in their entirety.

PLANS FOR FUTURE PERIODS

FUTURE DEVELOPMENTS

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

Derby Diocesan Academy Trust (DDAT) Growth Plan

Context

This narrative sets out the strategic plan for a 24-month period. Growth is matched to strengthened capacity and there is a deliberate focus on improved accountability and governance and implementation of Trust wide systems that become essential for the successful management of a larger number of schools.

Growth Rationale and Context 1: Small School Solutions

Derby Diocese supports 33 Voluntary Aided (VA) Church of England (CE) Primary Schools and 77 Voluntary Controlled (VC) CE Primary Schools representing approximately 15,000 children. The diocese has many small schools, 53% with fewer than 110 pupils and 82% with fewer than 210 pupils. Some have fewer than 10 pupils! Many of our small schools will not be viable, especially after the Minimum Funding Guarantee and other protection built into the National Funding Formula in Derbyshire dissipates over time. Many of our schools work in supportive clusters, often including community schools, but few schools and governing bodies have tackled the requirement to embrace alternative models of leadership with adequate vigour, although many are beginning to be challenged by financial realities and changes to the LA offer.

DDAT has a huge pipeline of schools wanting to join the Trust but is unwilling to take on schools that do not have a viable financial future. DDAT is also unwilling to prop up schools in existing organisational structures that are unable to provide 21st Century Education sustainably due to their size. We need schools within structures that have the authority to remodel educational resource across groups of schools. The diocese is working with other MATs to facilitate this, but our own MAT (DDAT) must also model this approach and be part of the solution. Our experience is that demand is by far exceeding supply within Derbyshire.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

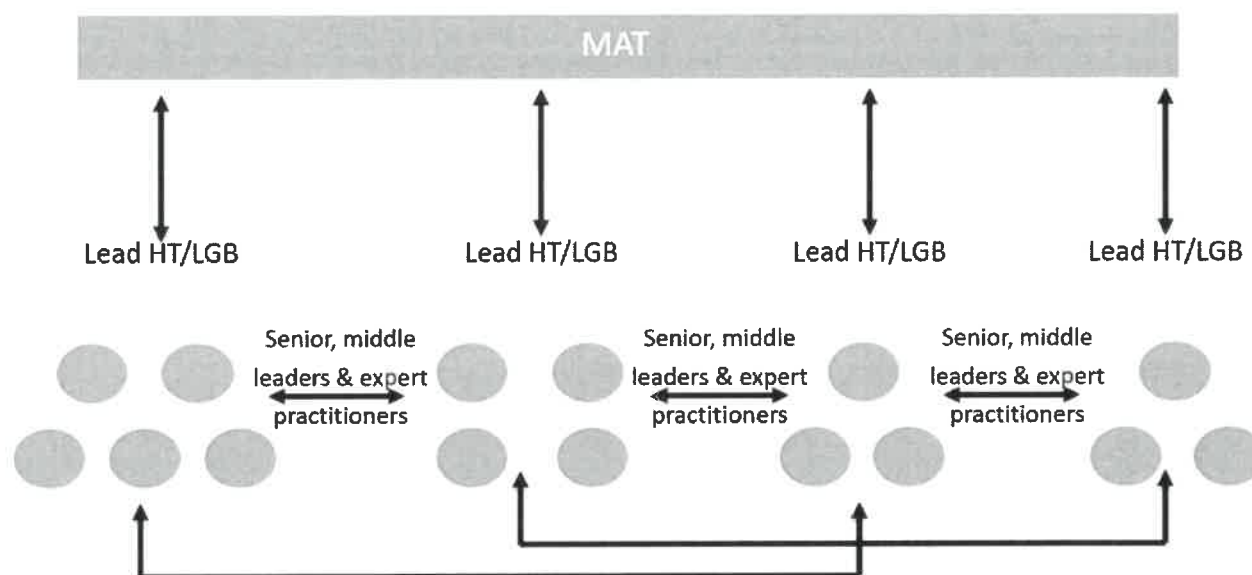
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DDAT can provide a sustainable solution for many of the smaller schools, providing that they are brought into the MAT with other schools within the same geographical location. In this way DDAT can create sustainable “units of school” within a regional hub of 6-8 schools. The geographic importance is critical to ensure that staffing can be restructured across the group of schools to provide shared expertise from staff with the requisite skills.

Our experience is that a federation of two schools of 100 pupils might save £10k from each budget (including second tier leadership) using an Executive Headteacher model, but this does not go far enough to improve provision or meet fiscal responsibilities beyond two years. A federation might however, be a stepping stone to a larger collaborative model. DDAT estimate that approximately 400 pupils are needed to sustain an effective Executive Headteacher role. However, the model for urban and rural communities will need to be context sensitive and second tier leadership is critical. In a small school rural context, leadership may be a teacher on a TLR with responsibilities as DSO. Effective leadership, previously provided by the headteacher, can be provided within units of school and overseen by a regional hub lead headteacher effectively held to account by the wider DDAT team.

Six to eight schools in rural Derbyshire are unlikely to offer enough pupils to form a viable MAT that adds value. DDAT modelling suggest that a MAT with resource to add value requires approximately 3000 pupils with an average top-slice of 5%; a geographical collaboration of this nature is unavailable in large parts of rural Derbyshire. However, a regional hub with fewer pupils could be viable if the economies of scale are within a larger Trust. In this context smaller schools can deliver high quality provision as part of a larger Trust if they also work with other hubs that are effectively collaborating.

Scale and spans of control in a growing MAT



Growth Rationale and Context 2: Delivering in Derby

Derby Diocese serves schools within Derby City LA as well as Derbyshire LA. DDAT have been working to deliver key priorities to support Derby as an opportunity area through two key projects.

DDAT have a funding agreement for Derby Cathedral School, an 11-18 CE secondary school opening in September 2018 with planned admission allowing for 1200+ pupils over time. This school is not a faith school for the faithful but a church school for the community and has already received and accepted applications from students from a diverse range of communities within the city.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DDAT have also received a significant grant from the DfE through the Regional Academy Growth Fund (RAGF) with a specific requirement to build and develop a regional hub in Derby City. Whilst some aspects of this hub have been delayed in formal execution, due to problems with CTAs, Single Status, PFI contracts and changing priorities nationally... the ground work has been laid for this hub to develop to a scale where it will become the model for new governance arrangements, Trust wide systems and hub leadership accountability. DDAT fully intend to deliver against the work supported by this fund, but new schools will be required for this to be achieved. Some schools (e.g. Hardwick, St James & St Chads...) already have Executive Headteacher arrangements and shared staffing in place in readiness for schools to convert and formalise new governance and accountability arrangements within DDAT. Serious damage could be done were we to step back from these collaborations.

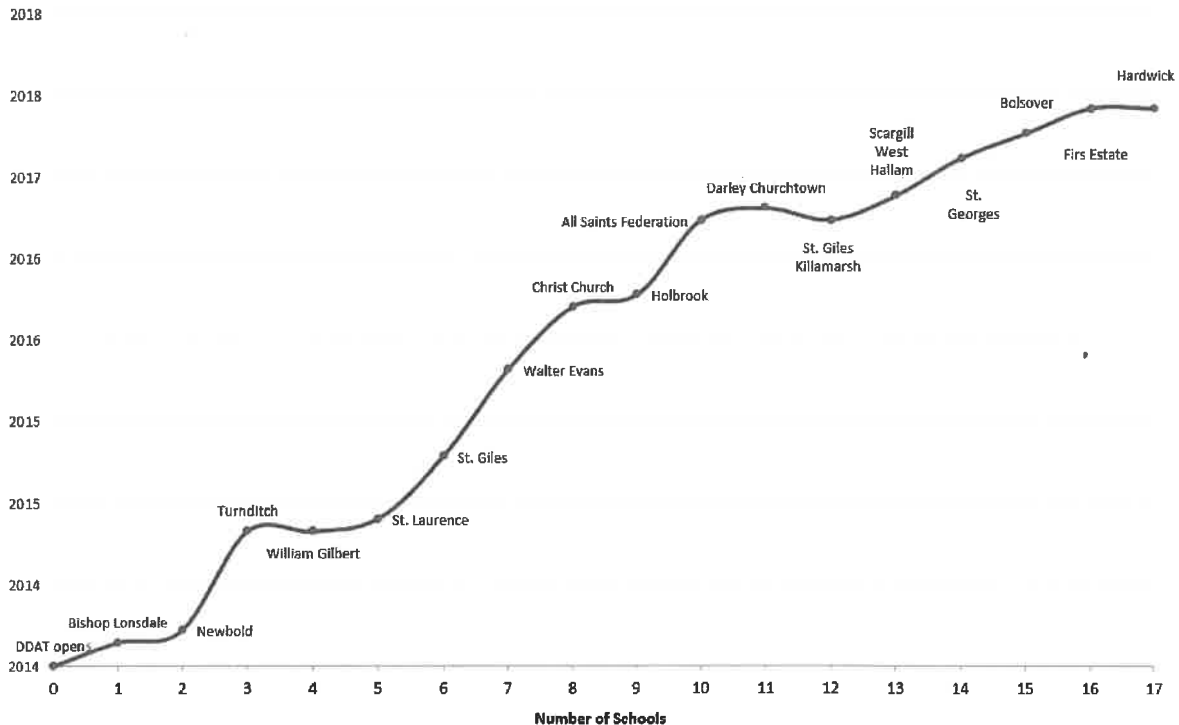
Growth priorities

Growth has always had to be managed carefully and the DDAT Board prioritise schools not on a first come first served basis, but in a manner, that should promote secure and stable growth. Schools joining the Trust must add value in terms of their contribution to viable regional hubs. All schools must embrace the "stick of rock" values for our Trust.

Priority order:

- Church of England schools that are "eligible for intervention"
- Strong schools (at least two thirds good or better) to ensure sustained capacity of Trust.
- A blend of small and larger schools

DDAT Schools Growth Chart



DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Developing capacity for the next phase

Significant capacity building activity is already recorded within the DDAT Strategic Development Plan. However, DDAT are cognisant that the new scale of operation will require key capacity building activity in the following areas.

1. School improvement within the central team, our schools and our partners.
2. Financial security over time, whilst providing an increased level of core service efficiently from the centre,
3. Strengthened Governance at all levels,
4. Increased alignment of Trust wide systems and accountability from CEO and core team through the new regional lead headteachers, to school leaders and staff.

Growing Cautiously

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

The DDAT board recognise the value of becoming a cross phase MAT. The new Derby Cathedral Secondary Free school opened on 1st September 2018. Trustees have a vision for this secondary school to be fed by a hub of DDAT feeder primary schools to offer high quality educational provision to the city of Derby for pupils from 3-18 years of age. It should be noted that this hub and secondary school will offer education to some significantly disadvantaged pupils. Derby has been highlighted as one of six areas nationally where social mobility has been extremely limited.

TRADE UNION FACILITY TIME

The trust employs no trade union officials and therefore had no time or costs spent on union activities during the year.

FUNDS HELD AS CUSTODIAN

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' Report was approved by order of the Board of Trustees,, as the company directors, on 14 December 2018 and signed on its behalf by:



Mrs. Lisa Jane Bloor
Trustee

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Right Reverend Dr. Alastair Redfern	4	5
Mrs. Lisa Jane Bloor	4	5
Ms. Alison Mary Brown	4	5
Mr. Michael John Ford	3	5
Mr. David John Channon	5	5
Mr. John Horwood	4	5
Mrs. Carol Coslett	0	0
Mr. Mark Mallender, CEO	0	0
Mr. Mark Titterton	0	0

Governance reviews

A Governance Health Check was carried out in May 2017 by the company's appointed solicitors (Michelmores) with a view to reviewing the current governance structures and highlighting any areas of weakness or risk. A full report was issued to the Board of Trustees. The following is a list of the actions implemented following this review.

- The CEO is no longer Director/Secretary of DBE.
- The nature of the relationship between DDAT and DBE in relation to the CEO. A written partnership agreement is now in place which covers the points set out above.
- The Directors undertook a review to ensure that all staff have job descriptions.
- The Directors undertook a review of all current contracts with consultants to ensure that there are adequate written agreements in place and that they are aware of and can demonstrate that the use of a consultant represents value for money.

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. David John Channon	4	5
Mrs. Lisa Jane Bloor	5	5
Mr. Michael Ford	5	5

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Derby Diocesan Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

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

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

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

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

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 14 December 2018 and signed on their behalf, by:



Mrs. Lisa Jane Bloor
Trustee



Mr. Declan McCauley
Accounting Officer

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Derby Diocesan Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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



Mr. Declan McCauley
Accounting Officer

Date: 14 December 2018

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 14 December 2018 and signed on its behalf by:



Mrs. Lisa Jane Bloor
Trustee

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

OPINION

We have audited the financial statements of Derby Diocesan Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the 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 opinions we have formed.



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
14 December 2018

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 12 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Derby Diocesan Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Derby Diocesan Academy Trust's funding agreement with the Secretary of State for Education dated 1 June 2014, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe U.K. LLP

Reporting Accountant

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

14 December 2018

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £	
Note						
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	306,484	(1,868,000)	5,800,000	4,238,484	2,250,990
Other donations and capital grants	2	-	136,330	1,079,023	1,215,353	431,372
Charitable activities: Funding for the academy trust's educational operations	3	364,648	10,581,158	-	10,945,806	4,843,257
Other trading activities	4	520,960	820	-	521,780	256,592
Investments	5	788	-	-	788	273
TOTAL INCOME		1,192,880	8,850,308	6,879,023	16,922,211	7,782,484
EXPENDITURE ON:						
Charitable activities: Academy Trust educational operations		314,976	12,386,198	253,099	12,954,273	5,463,863
TOTAL EXPENDITURE	6	314,976	12,386,198	253,099	12,954,273	5,463,863
NET INCOME/EXPENDITURE BEFORE TRANSFERS		877,904	(3,535,890)	6,625,924	3,967,938	2,318,621
Transfers between Funds	17	(293,717)	1,247,569	(953,852)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		584,187	(2,288,321)	5,672,072	3,967,938	2,318,621
Actuarial gains on defined benefit pension schemes	23	-	1,062,000	-	1,062,000	516,000
NET MOVEMENT IN FUNDS		584,187	(1,226,321)	5,672,072	5,029,938	2,834,621
RECONCILIATION OF FUNDS:						
Total funds brought forward		585,704	(1,446,500)	9,458,053	8,597,257	5,762,636
TOTAL FUNDS CARRIED FORWARD		1,169,891	(2,672,821)	15,130,125	13,627,195	8,597,257

The notes on pages 33 to 61 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		14,789,703		9,191,701
CURRENT ASSETS					
Debtors	14	836,388		463,465	
Cash at bank and in hand		2,180,541		953,777	
			<u>3,016,929</u>	<u>1,417,242</u>	
CREDITORS: amounts falling due within one year	15	(1,356,530)		(494,133)	
NET CURRENT ASSETS			<u>1,660,399</u>		<u>923,109</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,450,102</u>		<u>10,114,810</u>
CREDITORS: amounts falling due after more than one year	16		(2,907)		(3,553)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>16,447,195</u>		<u>10,111,257</u>
Defined benefit pension scheme liability	23		(2,820,000)		(1,514,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>13,627,195</u>		<u>8,597,257</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	147,179		67,500	
Restricted fixed asset funds	17	15,130,125		9,458,053	
Restricted income funds excluding pension liability		15,277,304		9,525,553	
Pension reserve		(2,820,000)		(1,514,000)	
Total restricted income funds			<u>12,457,304</u>		<u>8,011,553</u>
Unrestricted income funds	17		1,169,891		585,704
TOTAL FUNDS			<u>13,627,195</u>		<u>8,597,257</u>

The financial statements on pages 30 to 61 were approved by the Trustees, and authorised for issue, on 14 December 2018 and are signed on their behalf, by:



Mrs. Lisa Jane Bloor
Trustee

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(102,965)</u>	<u>172,071</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(56,566)	(82,425)
Capital grants from DfE Group		1,079,023	218,275
Interest received		788	273
Net cash provided by investing activities		<u>1,023,245</u>	<u>136,123</u>
Cash flows from financing activities:			
Surplus received on LA funds		306,484	209,138
Net cash provided by financing activities		<u>306,484</u>	<u>209,138</u>
Change in cash and cash equivalents in the year		1,226,764	517,332
Cash and cash equivalents brought forward		<u>953,777</u>	<u>436,445</u>
Cash and cash equivalents carried forward	20	<u><u>2,180,541</u></u>	<u><u>953,777</u></u>

The notes on pages 33 to 61 form part of these financial statements.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 COMPANY STATUS

The Academy Trust is a company limited by guarantee. The Academy Trust is incorporated in England & Wales, registered number 08980079. The registered office is Church House, Full Street, Derby, Derbyshire, DE1 3DR. The members of the company are named on page 1. In the event of The Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of The Academy Trust.

1.3 GOING CONCERN

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

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

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

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

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

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

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

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

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £5,000 are capitalised 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 incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold Land	-	Over the term of the lease
Leasehold Property	-	2% (straight line)
Leasehold Improvements	-	2% (straight line)
Furniture and fixtures	-	20% (straight line)
Computer equipment	-	25% (straight line)

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

The leasehold land and buildings at Newbold CfE VA Primary School, Bishop Lonsdale CfE Primary School, Walter Evans Church of England Aided Primary School, Christ Church CE Primary School, Darley Churchtown Church of England Primary School, St Giles CofE Primary School, St George's CofE Primary School and Firs Primary School are owned by The Derby Diocesan Board of Education. The Trustees of The Derby Diocesan Board of Education have granted the Academies, via a supplemental agreement, the right to use the land and buildings for educational purposes indefinitely. The buildings have therefore been treated as long leasehold property. The land has not been depreciated as there is no cessation date for occupancy and the agreement is for indefinite use. This policy also applies to the land only at Hardwick Primary School, the school building was granted under an existing PFI scheme.

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

1.7 OPERATING LEASES

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

1.8 INTEREST RECEIVABLE

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

1.9 TAXATION

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

1.10 DEBTORS

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

1.11 CASH AT BANK AND IN HAND

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 LIABILITIES AND PROVISIONS

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

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

1.13 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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

1.14 PENSIONS

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.15 FUND ACCOUNTING

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

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

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

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

1.16 CONVERSION TO AN ACADEMY TRUST

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

The assets and liabilities transferred on conversion from St Giles CofE Primary School, St George's CofE Primary School, Firs Primary School and Hardwick Primary School to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 21.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

For valuation of the land and buildings in relation to converted academies, the Trust intended to use the desktop valuations provided by the Department for Education (DfE), however these are not available at the date of signing the audit report. Therefore, where an academy trust occupies premises on a long lease, in order to determine an appropriate fair value for the asset on acquisition an estimate is made using insurance values and other Local Authority school values on a £/sqm basis together with other factors such as condition of the building. The trust believes this method provides a reasonable and reliable estimate of the current value.

Critical areas of judgment:

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donated fixed assets	-	-	5,800,000	5,800,000	2,400,000
Budget surplus on LA and School funds	306,484	-	-	306,484	216,990
Defined benefit pension scheme deficit	-	(1,868,000)	-	(1,868,000)	(366,000)
Transfer from local authority on conversion	306,484	(1,868,000)	5,800,000	4,238,484	2,250,990
Other donations	-	136,330	-	136,330	134,260
Capital Grants	-	-	1,079,023	1,079,023	297,112
	-	136,330	1,079,023	1,215,353	431,372
	306,484	(1,731,670)	6,879,023	5,453,837	2,682,362
<i>Total 2017</i>	216,990	(231,740)	2,697,112	2,682,362	

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant	-	8,047,225	8,047,225	3,393,104
Start up grant	-	292,476	292,476	322,500
Other DfE/ESFA grants	-	1,378,746	1,378,746	502,063
	-	9,718,447	9,718,447	4,217,667
Other government grants				
Local authority grants	-	862,711	862,711	484,965
	-	862,711	862,711	484,965
Other funding				
School fund income	58,826	-	58,826	24,020
Parental contribution for educational visits	11,612	-	11,612	28,696
Catering income	176,238	-	176,238	81,069
Insurance income	117,972	-	117,972	6,840
	364,648	-	364,648	140,625
	364,648	10,581,158	10,945,806	4,843,257
<i>Total 2017</i>	140,625	4,702,632	4,843,257	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
School improvement service income	22,100	-	22,100	22,270
Day care income	68,226	-	68,226	50,791
Other income	78,895	820	79,715	14,736
Out of school club	219,064	-	219,064	168,795
Consultancy income	132,675	-	132,675	-
	520,960	820	521,780	256,592
<i>Total 2017</i>	256,592	-	256,592	

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest receivable	788	-	788	273
<i>Total 2017</i>	273	-	273	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Funding for educational operations:					
Direct costs	7,204,154	233,353	574,076	8,011,583	3,293,434
Support costs	2,053,666	1,615,265	959,036	4,627,967	1,960,434
Other incoming resources:					
Support costs	-	-	314,723	314,723	209,995
	9,257,820	1,848,618	1,847,835	12,954,273	5,463,863
<i>Total 2017</i>	4,016,152	532,933	914,778	5,463,863	

7. SUPPORT COSTS

	Funding for educational operations £	Other incoming resources £	Total 2018 £	Total 2017 £
Technology costs	90,952	-	90,952	48,811
Premises costs	1,615,265	-	1,615,265	330,220
Other support costs	847,596	314,723	1,162,319	665,554
Governance costs	20,488	-	20,488	26,296
Wages and salaries	1,242,980	-	1,242,980	703,731
National insurance	102,398	-	102,398	44,311
Pension cost	708,288	-	708,288	351,506
	4,627,967	314,723	4,942,690	2,170,429
<i>Total 2017</i>	1,960,434	209,995	2,170,429	

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. SUPPORT COSTS (continued)

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	253,098	177,717
Auditor's remuneration - audit	13,500	9,350
Auditor's remuneration - other services	3,500	2,250
Operating lease rentals	133,040	6,474
	<u> </u>	<u> </u>

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	6,628,404	2,962,114
Social security costs	586,363	240,938
Operating costs of defined benefit pension schemes	1,634,359	730,444
	8,849,126	3,933,496
Agency staff costs	375,762	82,656
Staff restructuring costs	32,932	-
	9,257,820	4,016,152

Staff restructuring costs comprise:

	2018	2017
	£	£
Redundancy payments	4,488	-
Severance payments	28,444	-
	32,932	-

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £28,444 (2017: £nil). Individually, the payments were: £8,000 made in September 2017, £8,000 made in November 2017, £2,000 in May 2018, £3,219 made in August 2018, £2,225 made in October 2018, £2,500 made in August 2018 and £2,500 made in August 2018.

c. Staff numbers

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

	2018	2017
	No.	No.
Management	3	3
Teachers	132	59
Support	281	125
	416	187

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	7	0
In the band £70,001 - £80,000	3	0
In the band £80,001 - £90,000	1	0

The employees included above have participated in the teachers pension scheme, employer contributions in the year totalled £96,426.

e. Key management personnel

The key management personnel of the Academy Trust are as listed on page 1. Three members of the senior management team donated their time to Derby Diocesan Academy Trust as their services are employed by Derby Diocesan Board of Education. The value of the donated services in the year was £81,503 (2017: £113,751). The value of the services recharged totalled £Nil (2017: £Nil).

Within the year the central trust management team also included consultancy operational management by Richard Wetherall. The cost for these services totalled £40,000 (2017: £48,670).

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. CENTRAL SERVICES

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

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

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

Flat percentage of GAG income (2 to 6%).

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

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Bishop Lonsdale Church of England Aided Primary School and Nursery	40,912	40,930
Newbold Church of England VA Primary School	36,605	42,379
Walter Evans Church of England Aided Primary School	54,373	51,910
Christ Church CE Primary School	36,982	33,429
Darley Churchtown Church of England Primary School	25,475	8,648
Firs Primary School	61,283	-
Hardwick Primary School	31,511	-
St George's Church of England Primary School	30,311	-
St Giles Church of England Primary School	57,123	-
	<u>374,575</u>	<u>177,296</u>
Total		

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2017 - £NIL).
During the year, no Trustees received any benefits in kind (2017 - £NIL).
During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Assets under construction £	Total £
COST						
At 1 September 2017	9,203,000	279,654	23,814	43,051	9,255	9,558,774
Additions	-	43,110	-	13,456	-	56,566
Disposals	-	(5,655)	-	-	-	(5,655)
Assets on conversion	5,800,000	-	-	-	-	5,800,000
Transfer between classes	-	9,255	-	-	(9,255)	-
At 31 August 2018	<u>15,003,000</u>	<u>326,364</u>	<u>23,814</u>	<u>56,507</u>	<u>-</u>	<u>5,409,685</u>
DEPRECIATION						
At 1 September 2017	338,497	8,001	4,961	15,614	-	367,073
Charge for the year	233,353	6,040	2,383	11,322	-	253,098
On disposals	-	(189)	-	-	-	(189)
At 31 August 2018	<u>571,850</u>	<u>13,852</u>	<u>7,344</u>	<u>26,936</u>	<u>-</u>	<u>619,982</u>
NET BOOK VALUE						
At 31 August 2018	<u>14,431,150</u>	<u>312,512</u>	<u>16,470</u>	<u>29,571</u>	<u>-</u>	<u>4,789,703</u>
At 31 August 2017	<u>8,864,503</u>	<u>271,653</u>	<u>18,853</u>	<u>27,437</u>	<u>9,255</u>	<u>9,191,701</u>

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. DEBTORS

	2018	2017
	£	£
Trade debtors	139,721	7,500
VAT recoverable	250,450	177,183
Other debtors	1,664	2,419
Prepayments and accrued income	444,553	276,363
	836,388	463,465

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Other loans	1,615	1,615
Trade creditors	364,800	128,313
Other taxation and social security	234,347	59,949
Other creditors	198,565	82,338
Accruals and deferred income	557,203	221,918
	1,356,530	494,133

	2018	2017
	£	£
DEFERRED INCOME		
Deferred income at beginning of the period	156,876	90,960
Resources deferred during the year	285,970	156,876
Amounts released from previous years	(156,876)	(90,960)
Deferred income at 31 August 2018	285,970	156,876

At the balance sheet date the Academy Trust is holding amounts totalling £76,325, £181,192, £12,315, £4,738 and £11,400 of grants received in advance for Nursery funding, universal free school meals, rates, trips and local authority funding respectively.

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

	2018	2017
	£	£
Other loans	2,907	3,553

During 2015, Newbold C of E Primary School received a £5,168 Salix loan from the ESFA as part of funding for capital works. The loan is at 0% interest and will be repaid over an 8 year period in £323 instalments every 6 months from 1 March 2016.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds - all funds	585,704	1,192,880	(314,976)	(293,717)	-	1,169,891
RESTRICTED FUNDS						
General annual grant (GAG)	-	8,047,224	(9,294,793)	1,247,569	-	-
Other DfE/ESFA grants	-	1,379,567	(1,284,567)	-	-	95,000
Local authority grants	37,500	862,711	(900,211)	-	-	-
Start up grants	30,000	292,476	(270,297)	-	-	52,179
Donations	-	136,330	(136,330)	-	-	-
Pension reserve	(1,514,000)	(1,868,000)	(500,000)	-	1,062,000	(2,820,000)
	<u>(1,446,500)</u>	<u>8,850,308</u>	<u>(12,386,198)</u>	<u>1,247,569</u>	<u>1,062,000</u>	<u>(2,672,821)</u>
RESTRICTED FIXED ASSET FUNDS						
Transfer on conversion	9,191,701	5,800,000	(253,099)	51,101	-	14,789,703
DfE/ESFA capital grants	5,315	63,916	-	(69,231)	-	-
Conditional improvement fund	261,037	1,015,107	-	(935,722)	-	340,422
	<u>9,458,053</u>	<u>6,879,023</u>	<u>(253,099)</u>	<u>(953,852)</u>	<u>-</u>	<u>15,130,125</u>
Total restricted funds	<u>8,011,553</u>	<u>15,729,331</u>	<u>(12,639,297)</u>	<u>293,717</u>	<u>1,062,000</u>	<u>12,457,304</u>
Total of funds	<u><u>8,597,257</u></u>	<u><u>16,922,211</u></u>	<u><u>(12,954,273)</u></u>	<u><u>-</u></u>	<u><u>1,062,000</u></u>	<u><u>13,627,195</u></u>

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

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Bishop Lonsdale C of E Primary School	(9,930)	(10,131)
Newbold Church of England Primary School	90,623	79,449
Walter Evans Church of England Aided Primary School	149,018	108,449
Christ Church CE Primary School	147,065	110,433
Darley Churchtown Church of England Primary School	19,061	48,211
Firs Primary School	161,594	-
Hardwick Primary School	259,170	-
St George's Church of England Primary School	58,790	-
St Giles Church of England Primary School	32,557	-
Trust	409,122	316,793
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,317,070	653,204
Restricted fixed asset fund	15,130,125	9,458,053
Pension reserve	(2,820,000)	(1,514,000)
	<hr/>	<hr/>
Total	13,627,195	8,597,257
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Bishop Lonsdale C of E Primary School	9,930

Bishop Lonsdale has fund balance deficit of £9,930 as at 31/08/2018. This situation was discovered in February 2017 following a full school audit requested by the trust. The trust was aware that the school had challenges regarding the budget and given the pupil demographic further support was required to monitor SEN funding levels in conjunction with associated staffing costs. Measures were taken at this time to investigate the position and understand underlying reasons. At this point the trust provided financial support from central reserves which has been accounted for as an inter-academy liability. The school has set a balanced budget for 2018-19 which includes the repayment to the trust for this financial support and robust monitoring and support is in place to ensure the individual ongoing sustainability of the school.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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 2018 £	Total 2017 £
Bishop Lonsdale	757,268	209,248	17,777	136,980	1,121,273	1,125,841
Newbold	590,898	66,137	29,179	219,227	905,441	868,223
Walter Evans	1,027,282	304,765	18,907	221,587	1,572,541	1,371,357
Christ Church	564,210	74,510	12,760	219,640	871,120	854,161
Darley Churchtown Trust	372,875 616,659	44,407 268,002	7,797 -	117,219 1,452,735	542,298 2,337,396	194,622 871,942
St Giles	960,166	161,136	28,698	255,935	1,405,935	-
St George's	465,669	79,406	15,993	103,292	664,360	-
Firs	834,147	139,936	15,862	209,886	1,199,831	-
Hardwick	1,514,978	206,121	35,988	323,892	2,080,979	-
	<u>7,704,152</u>	<u>1,553,668</u>	<u>182,961</u>	<u>3,260,393</u>	<u>12,701,174</u>	<u>5,286,146</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General Funds - all funds	216,549	614,480	(209,995)	(35,330)	-	585,704
RESTRICTED FUNDS						
General annual grant (GAG)	53,093	3,393,104	(3,458,863)	12,666	-	-
Other DfE/ESFA grants	-	502,063	(502,063)	-	-	-
Local authority grants	-	484,965	(447,465)	-	-	37,500
Start up grants	-	322,500	(292,500)	-	-	30,000
Donations	-	134,260	(134,260)	-	-	-
Pension reserve	(1,423,000)	(366,000)	(241,000)	-	516,000	(1,514,000)
	<u>(1,369,907)</u>	<u>4,470,892</u>	<u>(5,076,151)</u>	<u>12,666</u>	<u>516,000</u>	<u>(1,446,500)</u>

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Transfer on conversion	6,886,993	2,400,000	(177,717)	82,425	-	9,191,701
DfE/ESFA capital grants	6,404	26,820	-	(27,909)	-	5,315
Conditional improvement fund	22,597	270,292	-	(31,852)	-	261,037
	<u>6,915,994</u>	<u>2,697,112</u>	<u>(177,717)</u>	<u>22,664</u>	<u>-</u>	<u>9,458,053</u>
Total restricted funds	<u>5,546,087</u>	<u>7,168,004</u>	<u>(5,253,868)</u>	<u>35,330</u>	<u>516,000</u>	<u>8,011,553</u>
Total of funds	<u>5,762,636</u>	<u>7,782,484</u>	<u>(5,463,863)</u>	<u>-</u>	<u>516,000</u>	<u>8,597,257</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	14,789,703	14,789,703
Current assets	2,529,328	147,179	340,422	3,016,929
Creditors due within one year	(1,356,530)	-	-	(1,356,530)
Creditors due in more than one year	(2,907)	-	-	(2,907)
Provisions for liabilities and charges	-	(2,820,000)	-	(2,820,000)
	<u>1,169,891</u>	<u>(2,672,821)</u>	<u>15,130,125</u>	<u>13,627,195</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	9,255	-	9,182,446	9,191,701
Current assets	632,618	509,017	275,607	1,417,242
Creditors due within one year	(56,169)	(437,964)	-	(494,133)
Creditors due in more than one year	-	(3,553)	-	(3,553)
Provisions for liabilities and charges	-	(1,514,000)	-	(1,514,000)
	<u>585,704</u>	<u>(1,446,500)</u>	<u>9,458,053</u>	<u>8,597,257</u>

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	3,967,938	2,318,621
Adjustment for:		
Depreciation charges	253,098	177,717
Loss on the disposal of fixed assets	5,466	-
Increase in debtors	(372,923)	(155,674)
Increase in creditors	861,751	130,930
Capital grants from DfE and other capital income	(1,079,023)	(297,112)
Defined benefit pension scheme obligation inherited on conversion	1,868,000	366,000
Defined benefit pension scheme cost less contributions payable	422,000	202,000
Defined benefit pension scheme finance cost	78,000	39,000
Donated fixed assets on conversion	(5,800,000)	(2,400,000)
Donations of budget surpluses on local authority and school funds on conversion	(306,484)	(209,138)
Interest receivable	(788)	(273)
Net cash (used in)/provided by operating activities	(102,965)	172,071

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	2,180,541	953,777
Total	2,180,541	953,777

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

21. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 St Giles Church of England Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust from Derby County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	1,700,000	1,700,000
Budget surplus on LA and School funds	37,134	-	-	37,134
LGPS pension deficit	-	(198,000)	-	(198,000)
Net assets/(liabilities)	<u>37,134</u>	<u>(198,000)</u>	<u>1,700,000</u>	<u>1,539,134</u>

The above net assets include £37,134 that were transferred as cash.

On 1 September 2017 St George's Church of England Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust from Derby County Council for £NIL consideration.

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

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

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	1,100,000	1,100,000
Budget surplus on LA and School funds	20,588	-	-	20,588
LGPS pension deficit	-	(168,000)	-	(168,000)
Total	20,588	(168,000)	1,100,000	952,588

The above net assets include £20,588 that were transferred as cash.

On 1 January 2018 Hardwick Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust from Derby County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restrcted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	1,200,000	1,200,000
Budget surplus on LA and School funds	167,971	-	-	167,971
LGPS pension deficit	-	(887,000)	-	(887,000)
Total	167,971	(887,000)	1,200,000	480,971

The above net assets include £167,971 that were transferred as cash.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

On 1 January 2017 Firs Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Derby Diocesan Academy Trust from Derby County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	1,800,000	1,800,000
Budget surplus on LA and School funds	80,790	-	-	73,054
LGPS pension deficit	-	(615,000)	-	(615,000)
Total	80,790	(615,000)	1,800,000	1,258,054

The above net assets include £80,790 that were transferred as cash.

22. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	340,422	261,037

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS

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

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

Contributions amounting to £193,658 were payable to the schemes at 31 August 2018 (2017 - 61,342) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £536,706 (2017 - £248,571).

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £656,000 (2017 - £284,000), of which employer's contributions totalled £517,000 (2017 - £224,000) and employees' contributions totalled £139,000 (2017 - £60,000). The agreed contribution rates for future years are 17.30% to 25.80% for employers and 5.50% to 12.50% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.80 %	2.90 %
Rate of increase for pensions in payment/inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	21.90	21.90
Females	24.40	24.40
Retiring in 20 years		
Males	23.90	23.90
Females	26.50	26.50

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis on scheme obligations		
Discount rate +0.5%	9,446,000	3,896,000
Discount rate -0.5%	7,038,000	2,952,000
Salary increase rate +0.5%	8,488,000	3,535,000
Salary increase rate -0.5%	7,996,000	3,313,000
Pension increase rate +0.5%	9,182,000	3,776,000
Pension increase rate -0.5%	7,302,000	3,072,000

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	3,633,000	<i>1,299,000</i>
Bonds	1,030,000	<i>363,000</i>
Property	380,000	<i>134,000</i>
Cash and other liquid assets	380,000	<i>114,000</i>
	<hr/>	<hr/>
Total market value of assets	5,423,000	<i>1,910,000</i>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £216,000 (2017 - £166,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	<i>2017 £</i>
Current service cost	939,000	<i>426,000</i>
Net interest cost	78,000	<i>39,000</i>
	<hr/>	<hr/>
Total	1,017,000	<i>465,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	3,424,000	<i>2,468,000</i>
Transferred in on academies joining the trust	4,511,000	<i>783,000</i>
Current service cost	939,000	<i>426,000</i>
Interest cost	186,000	<i>71,000</i>
Employee contributions	139,000	<i>60,000</i>
Actuarial gains	(954,000)	<i>(382,000)</i>
Benefits paid	(3,000)	<i>(2,000)</i>
	<hr/>	<hr/>
Closing defined benefit obligation	8,242,000	<i>3,424,000</i>
	<hr/> <hr/>	<hr/> <hr/>

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

23. PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Opening fair value of scheme assets	1,910,000	1,045,000
Transferred in on academies joining the trust	2,643,000	417,000
Interest income	108,000	32,000
Actuarial (gains)/losses	108,000	134,000
Employer contributions	517,000	224,000
Employee contributions	139,000	60,000
Benefits paid	(3,000)	(2,000)
	5,422,000	1,910,000
Closing fair value of scheme assets	5,422,000	1,910,000

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
AMOUNTS PAYABLE:		
Within 1 year	335,023	8,375
Between 1 and 5 years	1,364,561	11,177
After more than 5 years	2,318,940	-
	4,018,524	19,552
Total	4,018,524	19,552

The charitable company is committed to funding payments under the PFI Scheme for Hardwick Primary School. Separate funding is received from the ESFA towards these costs.

DERBY DIOCESAN ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Part of the leasehold land is held by the Derby Diocesan Trustees registered as custodians for the beneficial users of the land - Bishop Lonsdale Church of England Aided Primary School and Nursery, Newbold CofE VA Primary School, Walter Evans Church of England Aided Primary School, Christ Church CE Primary School, Darley Churchtown Church of England Primary School, St Giles Church of England Primary School, St George's CofE Primary School, Firs Primary School and Hardwick Primary School, constituent Academies in the Derby Diocesan Academy Trust. The Derby Diocesan Trustees have granted the Academies, via a supplemental agreement, the right to use the land for educational purposes indefinitely. However, The Derby Diocesan Trustees may give not less than two years written notice to the Company and the Secretary of State to terminate this supplemental agreement.

The Academy Trust has received donated services in the year amounting to £81,503 (2017: £113,751) relating to the time spent by Mr David John Channon (CEO), Mr Mark Mallender (Director of School Improvement) and Mr Shakher Khaliq (Deputy Director of Business) for managing the Academy Trust. All three are employees of Derby Diocesan Board of Education.

Derby Diocesan Academy Trust 2 and Derby Diocesan Academy Trust are a related parties due to them having the same Members and Trustees. Amounts due to the Derby Diocesan Academy Trust 2 at 31 August 2018 were £Nil (2017: £20,700).

26. POST BALANCE SHEET EVENTS

From 3 September 2018 the directors have agreed to expand the Trust by welcoming Derby Cathedral School into the Trust.

27. MEMBERS' LIABILITY

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

28. CONTROLLING PARTY

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

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

