

ESFA

Company Registration Number: 7664012

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Contents

Page

1-2

Reference and Administrative Details

3-4

Company's Statement

Diverse Academies Trust
(A Company Limited by Guarantee)

5

6-10

Trustees' Report

11-13

Governance Statement

14

Statement on Resourcing, Property and Compliance

15

Statement of Trustees' Responsibilities

16-18

Annual Report and Financial Statements

19-21

For the Year Ended 31 August 2018

22

Statement of Financial Activities (Incorporating Income and Expenditure Account)

23

Balance Sheet

24

Statement of Cash Flows

25-28

Notes to the Financial Statements

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Contents

	Page
Reference and Administrative Details	1 - 2
Chairman's Statement	3 - 4
Chief Executive's Statement	5
Trustees' Report	6 - 17
Governance Statement	18 - 21
Statement on Regularity, Propriety and Compliance	22
Statement of Trustees' Responsibilities	23
Independent Auditors' Report on the Financial Statements	24 - 26
Independent Reporting Accountant's Assurance Report on Regularity	27 - 28
Statement of Financial Activities Incorporating Income and Expenditure Account	29
Balance Sheet	30
Statement of Cash Flows	31
Notes to the Financial Statements	32 - 64

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details
For the Year Ended 31 August 2018

Members	JR Rolph M Blore IC Wiggins
Trustees	JR Rolph, Chair M Blore D Clinton, Acting Chief Executive Officer (ACEO) & Accounting Officer (resigned as Accounting Officer 15 June 2018) M Quigley S Hall (resigned 11 May 2018) S Jones (appointed 13 November 2017) E Warhurst (appointed 13 November 2017, resigned 18 April 2018) IR Storey (appointed 28 September 2018) C White (appointed 28 September 2018) PK Mabbott (appointed 28 September 2018)
Company registration number	7664012
Company name	Diverse Academies Trust
Principal and registered office	c/o Tuxford Academy Marnham Road Tuxford Newark Nottinghamshire NG22 OJH
Company secretary	A Elway
Senior management team	CB Pickering, Chief Executive Officer (Accounting Officer from June 2018) D Clinton, Acting Chief Executive Officer (ACEO) while CEO on secondment (resigned 31 August 2018) D Cotton, Executive Principal L Davidson, Executive Principal N Holmes, Executive Principal K Hardy, Academy Principal C Saxelby, Academy Principal G Corban, Chief Operating Officer (incorporating CFO from October 2017) L Mosley, Chief Financial Officer (resigned 1 October 2017)
Independent auditors	Smith Cooper Audit Limited 2 Lace Market Square Nottingham NG1 1PB
Bankers	Lloyds Bank 37 Castlegate Newark NG24 1BD

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details of the Trust, its Trustees and Advisers
For the Year Ended 31 August 2018

Advisers (continued)

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Chairman's Statement
For the Year Ended 31 August 2018

The Diverse Academies Trust ('DAT') is the legal vehicle which owns the Academies within the DALP Partnership, apart from The National Church of England Academy in Hucknall which is owned by The National Church of England Trust ('NCEAT') at the insistence of The Diocese of Nottingham & Southwell. The Partnership Board is made up of Trustees from both Trusts.

In April 2017 The Trust was approached by the Regional Schools Commissioner for agreement to second the CEO, Chris Pickering, to another MAT which was experiencing serious difficulties. The Trustees agreed to second the CEO for approximately 13 months and to promote the DCEO, Debbie Clinton, to Acting CEO in his absence. In June 2018 he returned to resume his position as CEO and Accounting Officer. In accordance with best practice he has declined re-joining the Board as a Trustee.

Under Debbie Clinton's leadership, 2017/18 saw the integration of five more academies that joined the group at the beginning of the financial year. Excellent progress has been made in many of the DALP academies, especially at Queen Elizabeth's Academy in Mansfield where we managed the transfer of more than 30 children from the failed Vision School, at very short notice, to support the Regional Schools Commissioner. Retford Oaks Academy had a full Ofsted inspection and was rated 'Good' for the first time. This was just reward for the time and effort put in by all the staff involved. Short Ofsted inspections at the National Church of England Academy and Tuxford Primary Academy confirmed their 'Good with Outstanding Features' ratings. Debbie has now left the Trust to take up the CEO position at ATT. We wish her well in her new challenge.

For some time now, the Trustees have been considering their skill base and their ability to challenge all areas of the Trust's activities. I am delighted to report that three more Trustees have joined the Board since the year end:

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

We welcome them all and look forward to them contributing to the work of the Board.

As mentioned last year, DALP has invested heavily in building its education capacity in order to take on, and transform, additional schools and academies. This has resulted in a deficit for the year of £1.3M before actuarial gains and losses. Many of our academies are experiencing significant pupil growth and this puts further pressure on finances due to the problems of 'Lagged Funding'. Many MATs are running in-year deficits as a result of reduced funding and we feel that DALP has responded more quickly than most; nevertheless, it seems that the ESFA want to see hard evidence of the improvement in our financial position before sanctioning further growth.

Meanwhile we have carried out a radical review of our cost base and have centralised the control and management of all areas other than education delivery. Further efficiencies will be made wherever possible, although it is becoming increasingly difficult to work within current funding levels. However, the 2018/19 budget shows a surplus position. One of the principal objectives of the current year is to resume growth and disseminate best practice to more academies.

Motivating and rewarding our staff is key to achieving our objectives, and it is good to see that pay rates have been increased and that most of the cost of this will be reflected in academy funding. Providing excellent education takes excellent teachers and support staff and we cannot afford to lose people through disaffection and low pay. Too many are leaving the profession due to workload issues and constant curriculum changes.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Chairman's Statement
For the Year Ended 31 August 2018

It goes without saying that DALP's continuing success is down to the quality, dedication and sheer hard work of the teaching staff and the support staff, who go out of their way to ensure the best education for every pupil. This is borne out by the excellent results achieved across the academies and the improvements made by the schools that have recently joined the group. I would like to thank all staff, governors and my fellow Trustees for all their efforts on behalf of the pupils in our academies.



John Rolph
Chair of DAT & DALP

Date: 13/12/2018

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Chief Executive Statement
For the Year Ended 31 August 2018

2017/18 was an important year for the Trust. Its financial consolidation strategy has placed it in a strong position to meet the challenges that lay ahead. The strategy has focused on two main areas:

1. The rationalisation of non-pay expenditure through the removal of non-essential spend
2. The centralisation of L&M of the business function

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

The Trust has continued to perform well in its core educational business. All the academies with current Ofsted Inspection grades are either good or outstanding. Recently sponsored academies are awaiting Ofsted inspection. All are improving in line with expectations, although the pupil performance outcomes in one did dip from the previous year. Significant improvement is expected in 2018/19.

The CEO returned to the Trust in June following a 13 month secondment. The Deputy CEO has moved to become the CEO of another Trust after three very valuable years' service. The Trust has not replaced this role. A new executive structure was put in place for 2018/19 as the first stage of a plan to introduce shared leadership where appropriate across the Trust.

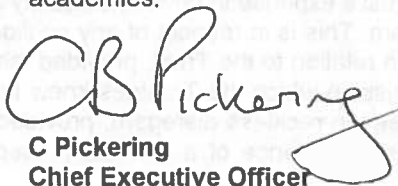
Five academies joined the Trust in September and October 2017/18:

- Yeoman Park Academy
- Redgate Primary Academy
- Thrumpton Primary Academy
- Bracken Lane Primary Academy
- Samuel Barlow Primary Academy

The main challenges for the Trust going forward are as follows:

1. To effectively manage the cost pressure facing the sector
2. Implement the next phase of the financial consolidation strategy
3. Ensuring that the newly sponsored academies continue to improve and that this is reflected in student performance outcomes as quickly as possible
4. To ensure that the many benefits of being a MAT are realised and impact on raising standards in all academies

The Trust is monitoring its growth very carefully and is committed to ensuring that future growth is tightly controlled and that improvement capacity remains commensurate with needs and requirements of all its academies.


C Pickering
Chief Executive Officer

Date:

13/12/18

DIVERSE ACADEMIES 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 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 Trust operates six secondary schools, five primary schools and two special schools in Nottinghamshire and Lincolnshire for the age range 2 to 19. The academies have a combined pupil capacity of 8,720, current pan of 8,080 and had a roll of 7,224 in the schools census at October 2017. During the year The Trust took over the operations of five academies in Nottinghamshire. Tuxford Academy leads the Trent Valley Teaching School Alliance which provides continuing professional development to teachers and support staff in approximately 30 schools. Tuxford and Holgate academies also provide delivery of alternative provision as part of the Trust's charitable objectives. There is also a wider provision of early years education, before and after school activity and community use of facilities.

Structure, governance and management

a. Constitution

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

The Trustees of Diverse Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Diverse Academies Trust (DAT).

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Trustees' indemnities

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

d. Method of recruitment and appointment or election of Trustees

New Articles of Association were adopted with effect from 1 May 2016. The adopted changes were to move to the DfE model Articles of Association. The Trust must have two elected Parent Trustees which was agreed to be done at a local level. Trustees are appointed by nomination and approved by the members. This change facilitated segregation of duties between Local Authority Board's (LABs) and the main Board.

The Trust can appoint an additional three co-optees if they feel this is appropriate. Current Trustees are shown on page 1. The Trust has been seeking to recruit additional Trustees with a broad spectrum of experience so it is better able to understand and challenge senior management decision making. Three new Trustees were appointed after the year end as shown on page 1. External advice is sought as and when necessary.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

e. Policies and procedures adopted for the induction and training of Trustees

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

f. Organisational structure

The Executive Group consisting of CEO, Acting CEO (until 31 August 2018), COO, Executive Principals and Principals, named the Senior Strategy Team (SST), are responsible for creating the vision, mission and key strategies. The CEO returned from secondment in July 2018 and the Acting CEO left her post on 31 August 2018 to be CEO in another Trust. The strategic reports are refined annually and presented to the DALP Board for approval. Monitoring the execution of the key strategies is then achieved through a series of Board meetings and Audit and Risk committee meetings. The educational monitoring is achieved through a series of meetings called Challenge Support Intervention (CSI) meetings (6 times per annum) and Full Academy Reviews (FAR) which are completed once a year. Both processes monitor progress.

The Diverse Academies Trust is the main decision making body but has delegated authority as below:

The Trust has pooled a number of key education and business support functions with National Church of England Academy Trust (NCEAT) through the Diverse Academies Learning Partnership (DALP). This has a joint Board of DAT and NCEAT Trustees. This manages shared staffing and services which is part of the 3.9% management charge. Additionally, it manages a number of shared support services in Marketing, Property, IT, MIS, Finance and HR.

Each Local Academy Board is free to spend their allocated budget and recruit in the framework of the annual budget, which is expected to at least break even. All budgets are approved by the Trust board.

Each Local Academy Board operates a pay and performance committee to review annual incremental increases and other additional awards for staff. The DALP Board operate a senior staff pay and performance committee to review senior executive, principal and corporate staff salaries. A subcommittee reviews the CEO's performance.

The Trust also has a 'Chairs of Governors' group, and the chair of this group is a non-voting Trustee. This group is consulted concerning major strategic decisions and acts as a means of feeding Local Academy Board views into the main board.

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

The DALP and Academy Boards operate Pay and Personnel committees which review the senior executive, principal and corporate staff salaries. Salaries are reviewed and aligned with nationally agreed terms and conditions as well as comparing to norms within the sector. Support staff salaries are reviewed in the context of national job evaluation framework.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	8
Full-time equivalent employee number	7

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£000
Total cost of facility time	11
Total pay bill	33,347
Percentage of total pay bill spent on facility time	0.033 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	2.000 %
---	----------------

i. Connected organisations, including related party relationships

Whilst the Trust is a Multi Academy Trust (MAT) responsible for its own affairs, it has entered into a partnership arrangement with The National Church of England Academy Trust Limited (NCEAT) with whom it has had a long standing collaboration agreement since 2007. The Trust shares a CEO, ACEO, Chief Financial Officer, Chief Operating Officer and Company Secretary with NCEAT as it seeks to make on-going improvements to the efficiencies of its operations across both academic and support functions.

The relationship is detailed within a formal partnership agreement, the 'Diverse Academies Learning Partnership' and this outlines the way that the two Trusts will work together. This involves the contribution to agreed central services including the staff highlighted above and the creation of a partnership board to oversee a variety of partnership activities covering both academic and support functions. Further information on transactions with related parties can be found in note 26.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

Objectives and Activities

a. Principal activities

The Trust's principal activities are the provision of education of pupils between the ages of 2 and 19, currently across the following academies:

- Tuxford Academy
- Retford Oaks Academy
- East Leake Academy
- Tuxford Primary Academy
- Holgate Academy
- Walton Girls High School and Sixth Form
- Queen Elizabeth's Academy
- Wainwright Primary Academy
- Bracken Lane Primary Academy
- Samuel Barlow Primary Academy
- Yeoman Park Academy
- Redgate Primary Academy
- Thrumpton Primary Academy

Additionally the Trust supports the development of teaching and learning through leading Trent Valley Teaching School Alliance, supporting other schools on improvement initiatives and the sharing of working with other schools in delivering alternative education.

b. Objects and aims

The Trust's primary objective is the delivery of high quality teaching and learning to every child that attends one of its academies. This is articulated through the objective for every academy to be rated as "Good" or better within three years after its next inspection.

The Trust is committed to achieving this through the dissemination of best practice wherever that might be found within the academies and the Teaching School Alliance.

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

c. Objectives, strategies and activities

The Trust's objectives, strategies and activities are set as follows:

The CEO recommends the key objectives for the forthcoming 3 years which are revised annually, from which comes the Annual Delivery Plan (ADP) to meet the milestones in the overall 3 year plan. This sets the overall position for the Trust and the wider DALP partnership. The overall strategy and ADP are agreed by both the Trust and DALP boards. The two boards then monitor and evaluate progress against the plan as the year progresses.

The individual academies set out their own individual priorities within this overall framework which are agreed and monitored by their own individual delegated governing bodies.

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

To grow the Trust and impact the lives of more children

Three primary academies and two special schools joined the Trust during September 2017 and October 2017; Bracken Lane Primary Academy, Thrumpton Primary Academy, Samuel Barlow Primary Academy, Yeoman Park Academy, Redgate Primary Academy. DALP has development plans to grow to 30 schools in the next two years.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

Ensure all academies have academic progress tracking processes that are fit for purpose

Secure systems are in place for all academies.

To raise the profile of DALP locally, regionally and nationally

All staff, governors, pupils and parents understand the DALP model, the CEO and the ACEO continue to work closely with the Regional Schools Commissioner and the Executive works closely with the DfE on a national stage.

To ensure all Corporate Leadership and Management Structures were fit for purpose

This has been successful, as the Trust has managed to incorporate five new schools in the year. It is still being developed for its next phase of growth.

Raise standards in maths across the Trust

Successful outcomes in 2017 and 2018 (see KPIs), this is achieved through an effective challenge, support and intervention methodology and Full Academy Reviews. This focuses on key data which is outcome based and completion of the strategic actions.

Ensure all academies provision for disadvantaged pupils is high quality and effective

The improvement gap closure has improved in all academies.

d. Public benefit

The Trustees have complied with the duty in Part 3 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role. Where the Trust has full control of its facilities it seeks to ensure a broad community use is made of the school facilities outside of the school day and within the school day where this is practical.

In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

a. Achievements and performance

During the 2017/18 financial year, DAT academies performed exceptionally well.

On current DfE 2018 MAT performance data (unvalidated), we rank as significantly above the national average with regard to our secondary and primary performance. As ever, overall general improvements mask some disappointments and some spectacular successes.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

b. Financial review

This set of accounts shows the financial performance of the Academy Trust for the year ended 31 August 2018. The statement of financial activities shows the Academy Trust incurred a deficit before other recognised gains and losses of £1,306k in the year ended 31 August 2018 (2017: surplus of £1,434k).

The Trust held fund balances at 31 August 2018 of £51,453k (2017: £46,634k) comprising a deficit of £829k (2017: surplus of £198k) of restricted general funds (excluding pension reserve) and a surplus of £288k (2017: £494k) of unrestricted general funds and a pension reserve deficit of £20,415k (2017: £17,032k). The majority of the net assets relate to fixed asset funds (land and buildings) being £72,409k (2017: £62,974k (as restated)).

The Trust has cash balances of £994k at the end of 2018.

The plan during 2017/18 is to structure the organisation in a way to break even in 2018/19. In September 2017 and October 2017 the transfer of Bracken Lane Primary Academy, Thrumpton Primary Academy, Samuel Barlow Primary Academy, Yeoman Park Academy and Redgate Primary Academy occurred with a transfer of cash of £263k which has boosted cash balances.

Cost reductions for 2018/19 have been identified and further work is ongoing to review the organisational structure.

Financial policies

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

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

c. Key performance indicators

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

Achievement – detailed performance targets are set which reflect the entry position of cohorts within each academy. In 2017/18 the majority of academies achieved the targets set and many made improvements from the previous academic year.

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

Recruitment – total roll as of 1 October 2017 was 7,224.

Financial Health – each academy set an in year budget which reflected their in year income and historic reserves. In addition, each academy was required to make additional savings during the year. The majority of these additional savings were made with further savings being found for the beginning of the 2018/19 academic year.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

Academy Performance - Primary Academies

Bracken Lane Primary Academy saw positive progress measures in all areas at key stage 2. Key stage 2 attainment scores were broadly in line with national averages for reading and writing but well above for maths. Attainment at key stage 1 was above the national average in all measures. Intervention and support during the year halved the number of pupils not reaching expected progress in reading.

Samuel Barlow Primary Academy had a disappointing year and achieved below national average progress and attainment at key stage 2. Performance at key stage 1 was closer to the national averages indicating the positive education pupils are now receiving. The legacy of poor education of the key stage 2 students led to the not fully unexpected outcomes and an extensive school improvement plan is currently in place.

Thrumpton Primary Academy's progress and attainment figures were almost exactly at the national average for key stage 2 in all measures. At key stage 1, attainment is particularly strong in writing and in line with national averages for other measures. Implementation of Reciprocal Reading and EAL support for reading impacted positively on reading progress during the year.

Tuxford Primary Academy's progress and attainment figures were almost exactly at the national average for key stage 2 in all measures. The academy maintained its significant gains in reading attainment from 2016. Again, at key stage 1 the academy performed in line with national average attainment in all measures. Maths support during the year contributed to over a 10% increase in the maths key stage 2 attainment outcomes.

Wainwright Primary Academy continued to improve in 2017/18 and saw its key stage 2 attainment outcomes almost double. Whilst key stage 2 progress and attainment remains below the national average, significant improvements were seen in all areas. Intensive specialist support led to particularly strong gains in reading and maths. At key stage 1, attainment improved compared to the previous year, however these outcomes remain below the national average.

Academy Performance - Secondary Academies

East Leake Academy maintained its significant improvement for 2016 and achieved a P8 score of -0.16 (in line with national average). Progress at key stage 5 was significantly positive again and represented a 7 year increase in progress outcomes. The progress of middle ability students will remain a priority for 2018/19.

Queen Elizabeth's Academy made improvements in almost all areas despite agreeing to take in almost 40 students in year 11 at the request of the DfE. Whilst overall progress remains significantly below average, the positive impact of the work taking place at the academy can be clearly identified. At key stage 5 student numbers were very small but this post 16 setting now works in collaboration with two other academies within DALP.

Retford Oaks Academy achieved much greater consistency across all areas of the academy compared to 2017 and achieved an in line progress 8 score of -0.12. Notable success was seen for low ability students and gaps closed in all areas compared to 2016/17. At key stage 5, provision was reviewed as outcomes remained consistently in line, and courses will now be taught back on site at ROA.

Tuxford Academy has continued to achieve positive progress scores in almost all areas of the academy and ended with a progress 8 score of +0.13. Consistency of outcomes between faculty areas remains a strength. Performance at key stage 5 improved slightly for academic qualifications and this again remains a strength.

The Holgate Academy's progress was significantly affected by a group of disengaged students and some disappointing performances in maths. Overall the academy achieved a progress 8 of -0.42 which was below that expected. Significant support is in place for the recently appointed maths faculty to improve outcomes for 2018/19. At key stage 5, academic attainment improved and the academy continues to work in close collaboration with two other academies at Post 16.

Walton Girls High School had a tremendous year and delivered outcomes that were both consistent between each area of the academy and very strong overall. Progress at key stage 4 was significantly positive at +0.63, and will represent one of the highest progress scores in this geographical area. Performance at key stage 4 has now risen for 3 consecutive years in almost all areas and is predicted to be strong again in 2019. At key stage 5

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

the academy broadly maintained its outcomes compared to 2017.

Academy Performance – Special Academies

Redgate Primary Academy and **Yeoman Park Academy** are both special schools and as such, progress is very specialised. Both academies made significant developments in identifying and implementing school improvement. Outcomes for students remain very individualised and positive.

d. Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. These matters constitute material uncertainties. The Trustees have concluded that these outcomes are sufficiently likely to be able to conclude that the Trust will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial review

a. Reserves policy

Total useable reserves, defined as Restricted general reserves (excluding the pension reserves) and unrestricted reserves were in a deficit position of £541k (2017: £692k surplus (as restated)).

The Trust holds reserves to achieve the following objectives:

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

The target for total reserves is between 2.5% to 3% of GAG income. This would mean holding approximately £1m-£1.5m of reserves.

The Trust currently falls well short of this target, it incurred a large operating deficit in 2016/17 and has only been repaid £0.4m of £2.3m relating to the capacity grant from the S106 Housing Development in Hucknall.

The Trust has implemented a cost saving strategy to ensure that a surplus of at least £1.5m is achieved during 2018/19.

Like many academies and Trust's in England, DAT is finding it difficult to breakeven and deliver outstanding outcomes for children.

b. Investment policy

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

c. Principal risks and uncertainties

The Trustees have adopted the statement of recommended practice (SORP) approach to identifying and

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

managing the risks of the Trust. The schedule of risks is tabled at all Finance and Resources portfolio meetings of each academy and at the DALP Audit and Risk Committee, and mitigating actions agreed as required. The full Trustee group will review the risk register on an annual basis.

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

Changes to Education Funding

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

d. Financial risk management objectives and policies

The Trust considers any risk as an intrinsic part of any decisions it makes. The Trust operates a risk register that reviews both strategic, financial and operational risks, including the key ways of mitigating these risks. The overarching Trust register is presented to the Audit & Risk Committee to scrutinise. All academies have their own risk register which is scrutinised by governors on Local Academy Boards.

e. Pension deficit

The Trustees recognise that there is a significant pension deficit of £20,415k (2017: £17,032k) which can vary from time to time depending on economic circumstance. The Trustees concern themselves with the overall level of contribution necessary to meet its cash payments to the schemes.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

f. Principal funding

Donations and capital grants – see note 2.

The note includes capital grants from the ESFA.

Funding for the Academy Trust educational operations - see note 3.

The main funding the Trust receives is the General Annual Grant of £32,923k (2017: £29,217k) for provision of education within its academies. This is funded by a formula based on pupil numbers, an element of small fixed payment per school and also recognises the level of deprivation. The ESFA pays this funding.

Other trading activities - see note 4.

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

Conversions of Academy Trusts - see note 22.

On the 1 September 2017 Bracken Lane Primary Academy transferred from the Local Authority, the assets values transferred were £1,600k and are recognised as donated assets. The pension liability of £558k was also transferred to the Trust.

On the 1 September 2017 Samuel Barlow Primary Academy transferred from the Local Authority, the assets values transferred were £2,447k and are recognised as donated assets. The pension liability of £827k was also transferred to the Trust.

On the 1 October 2017 Yeoman Park Primary Academy transferred from the Local Authority, the assets values transferred were £2,787k and are recognised as donated assets. The pension liability of £3,020k was also transferred to the Trust.

On the 1 October 2017 Redgate Primary Academy transferred from the Local Authority, the assets values transferred were £1,541k and are recognised as donated assets. The pension liability of £1,422k was also transferred to the Trust.

On the 1 October 2017 Thrumpton Primary Academy transferred from the Local Authority, the assets values transferred were £2,966k and are recognised as donated assets. The pension liability of £1,118k was also transferred to the Trust.

The Trust makes additional charges on a no profit basis for the provision of other education provision, this includes providing early years' places, before and after school clubs, and places within alternative provision.

g. Fundraising

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

Plans for future periods

a. Future developments

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

Partnership

The Trust is seeking to further develop shared activity across DALP in HR, IT, MIS, Marketing, Finance, Estates and Facilities Management.

Quality of Provision

The Trust is committed to exceptional academic performance across its academies. It also expects all of its academies to be graded as Ofsted Good or better within 2 years of joining the Trust.

Expansion of the Trust

The Trust has built capacity to support new academies in the following manner:

1. Enabling the integration of any feeder primary school into the group
2. Through school to school support which then leads to conversion
3. Through proximity to existing schools to bring additional expertise into the Trust
4. Working with the Regional School Commissioner (RSC) to support the sponsored conversion of schools or transfer of existing academies.

The Trust remains in discussion with the RSC regarding other schools. The Trust carries out a due diligence process prior to Trustees agreeing to add an academy.

Funds held as custodian

The Trust holds funds as custodian on behalf of those post-16 students who are entitled to and in receipt of the Post-16 Bursary. For further details see note 27.

Employee consultation and disabled employees

The Trust has a number of formal and informal structures which supports employee engagement and involvement. Employee engagement/involvement is explicit in the vision and strategy of the Trust and its academies. In addition to this there is a formal collective bargaining arrangement with recognised trade unions which provides a vehicle to formally consult and engage with employees' trade unions in respect of all people management practices.

The Trust ensures through its recruitment, development and through the course of employment that all people management practices support disabled persons, in addition all reasonable adjustments are considered and reviewed to ensure the recruitment and retention of disabled persons.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2018

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all 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 auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12/12/18 and signed on its behalf by:



JR Rolph
Chair of Trustees

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement

Scope of Responsibility

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

The Board of Trustees delegates the day-to-day responsibility of the Accounting Officer to the Acting CEO during the CEO secondment in 2017/18. As such the Accounting Officer was responsible for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Diverse Academies Trust and the Secretary of State for Education. The ACEO was also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
JR Rolph, Chair	6	6
M Blore	6	6
D Clinton, Acting Chief Executive Officer (ACEO) & Accounting Officer (resigned 15 June 2018)	5	5
M Quigley	5	6
S Hall (resigned 11 May 2018)	3	4
S Jones (appointed 13 November 2017)	2	4
E Warhurst (appointed 13 November 2017 and resigned 18 April 2018)	2	2
IR Storey (appointed 28 September 2018)	0	0
C White (appointed 28 September 2018)	0	0
PK Mabbott (appointed 28 September 2018)	0	0

During the year three Trustees resigned however, since the start of the 2018/19 academic year three new Trustees have been appointed.

In addition to the meetings listed above, Trustees attended two Trustee Workshops to discuss the group strategy, annual delivery plans and growth strategy as well as presentations from senior leaders in the organisation. There have also been two Trustee and Governor Conferences that governors on Local Academy Boards and Trustees and Senior Leaders from other Multi Academy Trusts were invited to.

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

The Board appointed an external advisor to assist with the CEO performance management and to ensure that they were being strategic thinkers and fulfilling their critical friend/strategic role. The external advisor attended the Trustee Workshops.

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. The Audit and Risk Committee provides an overview of controls in both Trusts within the DALP partnership. The joint committee acts as the Audit and Risk Committee to Diverse Academies Trust and National Church of England Academy Trust. The purpose of the committee is to review the internal controls of the Trust, recommending an annual programme of work to test the controls and receive all reports on internal controls. The Committee makes recommendations to the Board on improvements and areas of concern.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Monkhouse (resigned November 2017)	2	2
S Hall (resigned May 2018)	2	3
M Mays (resigned November 2017)	1	1
T Hill	2	4
J Eastwood (resigned October 2017)	0	1
M Quigley	3	4
S Odabashy (resigned October 2017)	0	1
K Mitford (appointed October 2017)	2	3
S Jones (appointed November 2017)	1	4
G Gadie	3	4
P Bryn-Jones	3	4

Review of Value for Money

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

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

- Working with the leadership team of each academy to further review the deployment of educational and support staff. The academies use modelling tools which allow allocations by year group to be compared to best practice - across the Early Years to Sixth Form. As a result, all academies have made savings in 2017/18 and plan further savings over the next 3 years.
- Ensuring academies have been able to prioritise resources. Thus we have seen excellent 2018 outcomes in both exam results and, more importantly, in the levels of progress made by pupils. Areas of weakness have been identified and appropriate improvement plans put in place.
- Ensuring academies' improvement plans identify the right areas for development, and that budgetary provision is then made to enable leaders to carry out the necessary actions.
- Significant collaborative activity through the Diverse Academies Learning Partnership (DALP) in the development of curriculum, CPD and leadership. The Trust has made significant contributions to collaborative work and received support from the other partners in delivering its provision to achieve enhanced pupil outcomes. The Trust believes this collaborative working is a vital aspect of its commitment to deliver Outstanding education to the very large numbers of children and young people in its academies.
- The DALP partnership has provided specialist input in Maths and English and it has also undertaken reviews of the effectiveness of school leadership, behaviour management, safeguarding and SEND arrangements.
- Sharing the Chief Executive, Accounting Officer, Chief Operating Officer and Company Secretary roles across the DALP partnership which lowers overall costs for the Trust.
- During the year, the Trust has further developed its shared services in IT, Finance, Estates, FM, Marketing, and HR to lower the cost of providing this support across our academies.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Diverse Academies Trust for the year 1 September 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 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.

The Risk and Control Framework

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

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

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

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

The role of the Audit and Risk Committee is to provide the Trust's Board with an on-going independent oversight of the Trust's financial affairs. Specifically, it falls to the Audit and Risk Committee to provide the Trust's Board with independent assurance that:

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

The Internal Auditor carried out a number of pre-agreed series of detailed tests to confirm the operation of the main financial systems.

In December 2017, the auditors undertook key control testing covering the following core financial systems, processes, and controls established at selected academies:

- Fixed assets;
- Purchasing;
- Payroll;
- Expense claims;

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

- Credit card transactions;
- Bank & cash;
- Petty cash;
- Grant income;
- Other income;
- School Fund transactions;
- Connected party transactions; and,
- Financial Reporting and control account reconciliations.

Three groupings of DALP Academies were selected for financial control audit visits to take place during December 2017. The following academies were included:

- Queen Elizabeth's Academy;
- Northern Cluster Academies; and,
- Primary Cluster Academies.

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

Review of Effectiveness

As Accounting Officer, he 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 auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee 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 12/12/18 and signed on their behalf, by:



JR Rolph
Chair of Trustees



C Pickering
Chief Executive & Accounting Officer

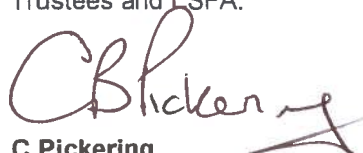
DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

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



C Pickering
Chief Executive & Accounting Officer

Date: - 13/12/18

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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:

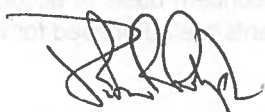
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 and signed on its behalf by:



JR Rolph
Chair of Trustees

Date: 13/12/2018

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Diverse Academies Trust (the 'Trust') for the year ended 31 August 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 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Diverse Academies 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 Auditors' 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Smith Cooper Audit Limited

Sarah Flear (Senior Statutory Auditor)
for and on behalf of
Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB
Date: *7/12/18*

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 8 August 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 Diverse Academies 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 Diverse Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Diverse Academies Trust and 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 Diverse Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Diverse Academies Trust's and the reporting accountant

The Trust is responsible, under the requirements of Diverse Academies Trust's funding agreement with the Secretary of State for Education dated 1 July 2011, and the Academies Financial Handbook extant from 1 September 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- a review of the outcome of the 2017 regularity audit
- a review of the evidence used to support the Accounting Officer's conclusions on the Regularity Statement
- a review of the adequacy of the internal audit function and the adequacy of the program of work
- a review of the internal audit reports during the year ended 31 August 2018
- a review of the internal control environment and whether the environment has regard to regularity of transactions. Consideration to significant changes in the control environment and whether this has led to potential weaknesses
- confirmation through enquiry and sample testing that gifts and hospitality are given and received in line with the Trust's policies
- confirmation through enquiry and sample testing that the use of expense claims or credit cards and petty cash adheres to internal control principles and that items are not for personal benefit

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Diverse Academies Trust and the Education & Skills Funding Agency (continued)

- confirmation through enquiry and sample testing that expenditure does not contravene the funding agreement
- confirmation through enquiry and sample testing that the lines of delegation and limits set both internally and by the ESFA have been adhered to
- consideration to procurement and tendering procedures ensuring these have been correctly adhered to and administered
- consideration to the compliance of the Trust's delegated authorities over financial transactions and evidence of prior approval from the Secretary of State where applicable
- a review of declarations of business interests for all governors/directors and key staff
- a review of transactions with connected parties ensuring these have been completed following correct procurement and tendering procedures
- a review of contracts entered into or renewed after 7 November 2013, ensuring they are in accordance with the not for profit principles and relevant statements of assurance have been obtained
- a review of meeting minutes of the various committees
- consideration of executive pay ensuring that the Board follow a robust evidence-based process and that these decisions are documented
- consideration to the distribution of ESFA letters received by the Trust and that these are shared with members, trustees, CFO and other members of the senior leadership team and that this distribution is evidenced within board minutes
- a review of any excessive purchases of gifts and alcohol
- consideration of timely responses to findings by auditors.

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.

Smith Cooper Audit Limited

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

Date: *11/12/18*

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	As restated Total funds 2017 £000
Income from:						
Donations and capital grants	2	272	(6,939)	12,565	5,898	7,615
Charitable activities: funding for the academy trust's education operations	3	-	39,618	-	39,618	33,406
Other trading activities	4	1,321	226	-	1,547	1,214
Investments	5	1	-	-	1	2
Teaching School	6	-	338	-	338	247
Total income		1,594	33,243	12,565	47,402	42,484
Expenditure on:						
Raising funds	7	854	-	-	854	817
Charitable activities: Academy Trust educational operations	8	946	43,694	2,905	47,545	39,960
Teaching School	8	-	309	-	309	273
Total expenditure	7	1,800	44,003	2,905	48,708	41,050
Net expenditure before transfers		(206)	(10,760)	9,660	(1,306)	1,434
Transfers between Funds	18	-	225	(225)	-	-
Net income / (expenditure) before other recognised gains and losses		(206)	(10,535)	9,435	(1,306)	1,434
Actuarial gains on defined benefit pension schemes	23	-	6,125	-	6,125	2,434
Net movement in funds		(206)	(4,410)	9,435	4,819	3,868
Reconciliation of funds:						
Total funds brought forward	18	494	(16,834)	62,974	46,634	42,766
Total funds carried forward		288	(21,244)	72,409	51,453	46,634

The notes on pages 32 to 64 form part of these financial statements.

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

Balance Sheet
As at 31 August 2018

	Note	£000	2018 £000	£000	As restated 2017 £000
Fixed assets					
Tangible assets	14		72,883		64,294
Current assets					
Debtors	15	1,633		1,765	
Cash at bank and in hand		994		357	
		<u>2,627</u>		<u>2,122</u>	
Creditors: amounts falling due within one year	16	<u>(3,436)</u>		<u>(2,701)</u>	
Net current liabilities			<u>(809)</u>		<u>(579)</u>
Total assets less current liabilities			<u>72,074</u>		<u>63,715</u>
Creditors: amounts falling due after more than one year	17		<u>(206)</u>		<u>(49)</u>
Net assets excluding pension scheme liabilities			<u>71,868</u>		<u>63,666</u>
Defined benefit pension scheme liability	23		<u>(20,415)</u>		<u>(17,032)</u>
Net assets including pension scheme liabilities			<u><u>51,453</u></u>		<u><u>46,634</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	(829)		198	
Restricted fixed asset funds	18	72,409		62,974	
Restricted income funds excluding pension liability		<u>71,580</u>		<u>63,172</u>	
Pension reserve		<u>(20,415)</u>		<u>(17,032)</u>	
Total restricted income funds			<u>51,165</u>		<u>46,140</u>
Unrestricted income funds	18		<u>288</u>		<u>494</u>
Total funds			<u><u>51,453</u></u>		<u><u>46,634</u></u>

The financial statements on pages 29 to 64 were approved by the Trustees, and authorised for issue, on 12/12/18 and are signed on their behalf, by:



J R Rolph
Chair of Trustees

The notes on pages 32 to 64 form part of these financial statements.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash used in operating activities	20	(545)	(3,036)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1	2
Purchase of tangible fixed assets		(414)	(1,298)
Capital grants from DfE Group		1,142	1,451
Cash transferred on conversion to the Academy Trust		263	-
Cash transferred on transfer in of Academies		-	1,418
Net cash provided by investing activities		992	1,573
Cash flows from financing activities:			
Net receipt/(payment) of loans		190	(22)
Net cash provided by/(used in) financing activities		190	(22)
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		357	1,842
Cash and cash equivalents carried forward	21	994	357

The notes on pages 32 to 64 form part of these financial statements.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies

Diverse Academies Trust is a charitable company limited by guarantee. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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.

Diverse Academies Trust constitutes a public benefit entity as defined by FRS 102.

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

The Trustees have reviewed the way in which income and expenditure for the Teaching School are reported. This has necessitated the restatement of certain prior year reported amounts.

A further restatement has been made relating to certain capital and repair costs which have been met out of capital grants. This has resulted in a cumulative reclassification of £524k between the restricted funds and restricted fixed asset funds for the years ended 31 August 2016 and 2017.

1.2 Going concern

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the transfer of an existing Academy into the Trust within income and donations and capital grants.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 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:

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

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.6 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.

1.7 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.8 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

1.9 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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.

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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.10 Interest receivable

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

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 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 schools 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 acquired on conversion from Bracken Lane Primary School, Samuel Barlow Primary Academy, Yeoman Park Primary Academy, Redgate Primary Academy and Thrumpton Lane Primary School to the 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 and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

1.13 PFI arrangements

The Trust has Private Finance Initiative (PFI) arrangements in place at 3 schools. These arrangements cover maintenance and facility management/caretaking arrangements. The academies make a contribution which was determined at the start of the contract and is increased by RPI annually. Payments are accounted for in the period to which they relate.

1.14 Agency arrangements

The Academy Trust acts as an agent in the administering and distributing of 16-19 bursary funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included in the Balance Sheet as amounts due to the ESFA. The funds received and paid and any balances held are disclosed in note 27.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.15 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement 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 15. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 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.

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (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.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to the Statement of Financial Activities based on the useful economic life selected, which requires an estimation of the period and profile over which the academy Trust expects to consume the future economic benefits embodied in the assets.

Critical areas of judgment:

Transfer in of academies to the Trust

During the year a number of schools were transferred into the Trust from Local Authority control. Significant balances transferred included the LGPS pension scheme deficit and leasehold land and buildings. Whilst valuations have been received in respect of these assets and liabilities, there is an inherent level of judgment and estimation involved in their recognition. The Trust relies on the work of an independent and suitably qualified valuer to undertake the valuations.

DIVERSE ACADEMIES 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 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Donations	9	6	344	359	279
Capital Grants	-	-	1,142	1,142	1,451
Transfer from existing academy joining the the trust	-	-	-	-	5,885
Transfer from local authority on conversion	263	(6,945)	11,079	4,397	-
	<u>272</u>	<u>(6,939)</u>	<u>12,565</u>	<u>5,898</u>	<u>7,615</u>
<i>Total 2017</i>	<u>311</u>	<u>(2,385)</u>	<u>9,689</u>	<u>7,615</u>	

3. Funding for Academy Trust's educational operations

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	<i>As restated</i> Total funds 2017 £000
DfE/ESFA grants				
General annual grant (GAG)	-	32,923	32,923	29,217
Start up grants	-	23	23	10
Other DfE Group grants	-	2,780	2,780	2,750
	<u>-</u>	<u>35,726</u>	<u>35,726</u>	<u>31,977</u>
Other government grants				
Special educational projects	-	790	790	515
Local authority grants	-	2,369	2,369	115
	<u>-</u>	<u>3,159</u>	<u>3,159</u>	<u>630</u>
Other income from the Academy Trust's educational operations				
School trip income	-	733	733	799
	<u>-</u>	<u>733</u>	<u>733</u>	<u>799</u>
Total funding	<u>-</u>	<u>39,618</u>	<u>39,618</u>	<u>33,406</u>

In 2017, of the total income from funding for academies educational operations, £nil was to unrestricted funds and £33,406,000 was to restricted funds.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

4. Other trading activities

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Hire of facilities	43	-	43	42
Other income	882	226	1,108	884
Management charges	396	-	396	288
	<u>1,321</u>	<u>226</u>	<u>1,547</u>	<u>1,214</u>
Total 2017	<u>995</u>	<u>219</u>	<u>1,214</u>	

5. Investment income

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Short term deposits	1	-	1	2
Total 2017	<u>2</u>	<u>-</u>	<u>2</u>	

6. Other incoming resources

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	As restated Total funds 2017 £000
Teaching school	-	338	338	247
Total 2017	<u>-</u>	<u>247</u>	<u>247</u>	

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

7. Expenditure

	Staff costs	Premises	Other costs	Total	<i>As restated</i>
	2018	2018	2018	2018	<i>Total</i>
	£000	£000	£000	£000	<i>2017</i>
					<i>£000</i>
Expenditure on raising funds					
Direct costs	762	-	92	854	817
Support costs	-	-	-	-	-
Academy's educational operations:					
Direct costs	26,865	-	2,253	29,118	26,118
Support costs	8,512	3,211	6,721	18,444	13,842
Teaching School	-	-	292	292	273
	<u>36,139</u>	<u>3,211</u>	<u>9,358</u>	<u>48,708</u>	<u>41,050</u>
<i>Total 2017</i>	<u>30,338</u>	<u>4,345</u>	<u>6,367</u>	<u>41,050</u>	

Net income/(expenditure) for the period includes:

	2018	2017
	£000	£000
Fees payable to the auditor for:		
- Audit (current year auditors)	39	39
- Other services (current year auditors)	6	10
- Audit (prior year auditors)	-	22
- Other services (prior year auditors)	-	1
Depreciation of tangible fixed assets	2,905	1,588
Operating lease rentals	61	62
	<u>3,011</u>	<u>1,722</u>
Total	<u>3,011</u>	<u>1,722</u>

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

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

TRUST DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

8. Analysis of expenditure by activities

	Direct costs	Support costs	Total	<i>As restated</i>
	2018	2018	2018	Total
	£000	£000	£000	2017
				£000
Academy's educational operations	29,118	18,444	47,562	39,960
Teaching School	292	-	292	273
Total 2018	29,410	18,444	47,854	40,233
Total 2017	26,390	13,843	40,233	

Analysis of support costs

	Total 2018	<i>As restated</i>
	£000	Total
		2017
		£000
Staff costs	8,512	5,821
Depreciation	2,905	1,588
Technology costs	496	485
Governance costs	58	100
Premises costs	3,172	2,882
Other support costs	3,301	2,967
	18,444	13,843
<i>At 31 August 2017</i>	13,843	

DIVERSE ACADEMIES 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	<i>As restated</i>
	£000	<i>2017</i>
		<i>£000</i>
Wages and salaries	26,231	21,980
Social security costs (including apprenticeship levy)	2,628	2,153
Operating costs of defined benefit pension schemes	6,285	5,014
	35,144	29,147
Agency staff costs	686	678
Staff restructuring costs	309	513
	36,139	30,338

Staff restructuring costs comprise:

	2018	<i>2017</i>
	£000	<i>£000</i>
Redundancy payments	150	399
Severance payments	164	114
	314	513

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

Included in staff restructuring costs are non-statutory/non-contractual payments totalling £25,138 (2017: £nil). Individually the payments were: £4,252, £1,434, £2,250, £1,146, £232, £1,743, £945, £323, £4,569, £1,844, £416, £3,681, £153, £656 and £1,494. All payments were made on 31 August 2018.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

9. Staff costs (continued)

c. Staff numbers

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

	2018	<i>As restated</i> 2017
	No.	No.
Teachers	514	451
Administration and support	585	508
Management	30	25
	1,129	984
	1,129	984

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	12	11
In the band £70,001 - £80,000	5	5
In the band £80,001 - £90,000	6	3
In the band £90,001 - £100,000	0	3
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	1	1
In the band £130,001 - £140,000	1	0
In the band £140,001 - £150,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprises the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance contributions and employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,096,225 (2017: £1,065,289).

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

10. Central services

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

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

The Trust charges for these services on the following basis:

The Trust estimates the cost of the services for the year and recharges these on a part lump sum and then a per pupil allocation.

The actual amounts charged during the year were as follows:

	2018	2017
	£000	£000
Tuxford Academy	280	279
Retford Oaks Academy	167	164
East Leake Academy	175	179
Holgate Academy	180	183
Tuxford Primary Academy	38	33
Walton Girls High School	136	80
Queen Elizabeth's Academy	111	121
Wainwright Primary Academy	57	60
Thrumpton Primary Academy	29	-
Bracken Lane Primary Academy	31	-
Samuel Barlow Primary Academy	39	-
Yeoman Park Primary Academy	30	-
Redgate Primary Academy	15	-
	1,288	1,099
Total	1,288	1,099

11. PFI charges

Maintenance of premises costs includes the following PFI charges:

	2018	2017
	£000	£000
Tuxford Academy	628	520
Retford Oaks Academy	541	459
East Leake Academy	323	312

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2018	2017
	£000	£000
CB Pickering (Chief Executive Officer) Remuneration	-	65-70
D Clinton (in role of Acting Chief Executive Officer) (resigned 15 June 2018) Remuneration	130-135	40-45
Pension contributions paid	20-25	5-10

CB Pickering historically accrued retirement benefits under the Teachers' Pension Scheme. CB Pickering left the Teachers' Pension Scheme on 1 April 2014.

During the year, no Trustees received any benefits in kind (2017: £nil).

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,591 (2017: £4,030) were reimbursed to 4 Trustees (2017: 2).

Other related party transactions involving the Trustees are set out in note 26.

13. Trustees' and Officers' Insurance

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

14. Tangible fixed assets

	Freehold property £000	Leasehold property £000	Long-term leasehold land £000	Furniture and fixtures £000	Motor vehicles £000
Cost					
At 1 September 2017	7,194	54,996	6,776	1,143	161
Additions	39	236	-	40	-
Transfers on conversion	-	10,501	538	12	-
At 31 August 2018	<u>7,233</u>	<u>65,733</u>	<u>7,314</u>	<u>1,195</u>	<u>161</u>
Depreciation					
At 1 September 2017	93	5,712	230	220	39
Charge for the year	326	2,194	58	147	22
At 31 August 2018	<u>419</u>	<u>7,906</u>	<u>288</u>	<u>367</u>	<u>61</u>
Net book value					
At 31 August 2018	<u>6,814</u>	<u>57,827</u>	<u>7,026</u>	<u>828</u>	<u>100</u>
At 31 August 2017	<u>7,101</u>	<u>49,284</u>	<u>6,546</u>	<u>923</u>	<u>122</u>
Computer equipment					
				Computer equipment £000	Total £000
At 1 September 2017				903	71,173
Additions				99	414
Transfers on conversion				29	11,080
At 31 August 2018				<u>1,031</u>	<u>82,667</u>
Depreciation					
At 1 September 2017				585	6,879
Charge for the year				158	2,905
At 31 August 2018				<u>743</u>	<u>9,784</u>
Net book value					
At 31 August 2018				<u>288</u>	<u>72,883</u>
At 31 August 2017				<u>318</u>	<u>64,294</u>

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

14. Tangible fixed assets (continued)

Included within freehold property is land with a value of £944,000 (2017: £944,000) which is not depreciated.

During the year, the ownership of existing school land, buildings and other assets was transferred to the Trust from the Local Education Authority at no cost and has been included in the Financial Statements using the Depreciated Replacement Cost (DRC) method.

The Trustees regard the value of land and buildings transferred to the Trust from the Local Education Authority to be significant enough to warrant an external valuation at the time of conversion to an academy trust.

The valuation was undertaken by White & Co Chartered Surveyors, an independent RICS qualified surveyor on a DRC basis. The DRC valuation includes all estimated costs of replacing assets including financial costs.

The DRC valuation of long leasehold land and buildings recognised in the Financial Statements is £11,039,000. The valuations have been obtained for the purpose of the opening balance sheet only. The assets will therefore be held at their opening value and depreciated over their useful economic life.

The DRC of furniture and fixtures, motor vehicles and computer equipment have been included in the Financial Statements with due regard to the expenditure made by the school in recent years.

15. Debtors

	2018	2017
	£000	£000
Trade debtors	229	248
VAT recoverable	275	431
Other debtors	92	86
Prepayments and accrued income	1,037	1,000
	1,633	1,765
	1,633	1,765

16. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Other loans	55	22
Trade creditors	757	983
Other taxation and social security	639	542
Other creditors	626	269
Accruals and deferred income	1,359	885
	3,436	2,701
	3,436	2,701

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

16. Creditors: Amounts falling due within one year (continued)

Included in other loans are amounts of £55,000 (2016: £22,000) payable to the ESFA in relation to Salix loan funding. These loans do not bear any interest and are not secured against any asset. £55,000 per annum is repayable. The age analysis for the loans can be seen in note 17.

	2018	2017
	£000	£000
Deferred income		
Deferred income at 1 September 2017	468	385
Resources deferred during the year	573	468
Amounts released from previous years	(468)	(385)
	573	468
Deferred income at 31 August 2018	573	468

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

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

	2018	2017
	£000	£000
Other loans	206	49
	206	49

Included within the above are amounts falling due as follows:

	2018	2017
	£000	£000
Between one and two years		
Other loans	55	22
	55	22
Between two and five years		
Other loans	103	26
	103	26
Over five years		
Other loans	49	-
	49	-

Creditors include amounts not wholly repayable within 5 years as follows:

	2018	2017
	£000	£000
Repayable by instalments	49	-
	49	-

Included in other loans are amounts of £206,000 (2017: £49,000) payable to the ESFA in relation to Salix loan funding. These loans do not bear any interest and are not secured against any asset.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds

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

A transfer of funds of £225k has been made between restricted funds and restricted fixed asset funds to adjust for certain capital and repair costs which have been met out of capital grants received.

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

Restricted general funds

GAG, other DfE Group grants and local authority grants are to be applied for the primary purpose of the Trust in line with the master funding agreement and other specific funding letters. Other restricted funds represent amounts transferred donations, together with income derived from educational and nursery provision, school trips and the Teaching School. These funds are applied for the primary purpose of the Trust and for the provision of these services, and to the extent they relate to carried forward GAG funding, this has been transferred to the GAG reserve.

Restricted fixed asset funds

The restricted fixed asset funds are resources which are applied to a purpose imposed by the DfE where the specific capital asset acquired or created is held for a specific purpose.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

In the year ended 31 August 2016, the Trust extended the capacity at one of its academies through the purchase of a new building due to an increased demand for pupil places in the catchment area. An agreement was reached with the local authority to fund the build cost through grant income but on deferred s106 receipts. In the current financial year £344k (2017: £243k) has been received from s106 receipts, with the remainder of £1.7m to be received when certain milestones are met, based on the achievement of occupancy rates of a new housing development. Therefore there are £1.7m of funds yet to be received which have not been recognised in grant income in the Statement of Financial Activities under the Charity SORP, as entitlement to the income has not yet been fully achieved.

Unrestricted funds

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

Under the funding agreement with the Secretary of State, the 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	<i>As restated</i>
	2018	<i>Total</i>
	£000	<i>2017</i>
		<i>£000</i>
Tuxford Academy	(130)	(590)
Retford Oaks Academy	(476)	(301)
East Leake Academy	(251)	(317)
Holgate Academy	563	128
Tuxford Primary Academy	163	21
Walton Girls High School	437	546
Queen Elizabeth's Academy	749	694
Wainwright Primary Academy	419	232
Diverse Academies Trust (Central)	(2,485)	279
Bracken Lane Primary Academy	87	-
Samuel Barlow Primary Academy	135	-
Yeoman Park Academy	147	-
Redgate Primary Academy	79	-
Thrumpton Primary Academy	22	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	(541)	692
Restricted fixed asset fund	72,409	63,498
Pension reserve	(20,415)	(17,032)
	<hr/>	<hr/>
Total	51,453	47,158
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit
	£000
Tuxford Academy	(130)
Retford Oaks Academy	(476)
East Leake Academy	(251)
Diverse Academies Trust (Central)	(2,485)

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

East Leake Academy is carrying a deficit of £251k (2017: deficit £317k) due to inheriting a deficit balance on conversion, along with variety of issues relating to significant pupil growth, PFI costs and the need to review and share costs.

Tuxford Academy is carrying a deficit of £130k (2017: deficit £590k) due to a variety of issues relating to significant pupil growth, PFI costs and the need to review and share costs.

Retford Oaks Academy is carrying a deficit of £476k (2017: deficit £301k) due to a variety of issues relating to significant pupil growth, PFI costs and the need to review and share costs.

Diverse Academies Trust (Central) is carrying a deficit of £2,485k (2017: Surplus £279k) due to a variety of issues relating to significant pupil growth, PFI costs and the need to review and share costs, as well as the service and finance costs relating to the defined benefit pension liability which have been allocated against the central budget.

The Trust is taking the following action to return the Academies to surplus:

All academies will have a breakeven position with respect to historical reserves by the end of the 2018/19 financial year. We have reviewed the approach to budget setting and sharing costs which has resulted in the significant reductions which will deliver a surplus position for the trusts and its academies.

2,485	2,485	2,485	2,485	2,485	2,485
1,828	1,828	1,828	1,828	1,828	1,828
1,628	1,628	1,628	1,628	1,628	1,628
1,521	1,521	1,521	1,521	1,521	1,521
878	878	878	878	878	878
1,188	1,188	1,188	1,188	1,188	1,188
1,508	1,508	1,508	1,508	1,508	1,508
978	978	978	978	978	978
929	929	929	929	929	929
2,485	2,485	2,485	2,485	2,485	2,485

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. 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 £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciat- ion £000	Total 2018 £000	Total 2017 £000
Tuxford Academy	5,112	895	493	1,201	7,701	9,275
Retford Oaks Academy	2,851	683	432	898	4,864	5,395
East Leake Academy	3,240	437	277	844	4,798	5,090
Holgate Academy	3,209	662	302	721	4,894	5,504
Tuxford Primary Academy	796	121	70	191	1,178	1,187
Walton Girls High School	2,593	808	239	501	4,141	4,387
Queen Elizabeth's Academy	2,111	449	256	689	3,505	4,138
Wainwright Primary Academy	1,193	131	94	237	1,655	1,903
Diverse Academies Trust (Central)	1,583	4,243	136	1,159	7,121	2,581
Bracken Lane Primary Academy	458	338	36	143	975	-
Samuel Barlow Primary Academy	875	120	59	130	1,184	-
Yeoman Park Academy	1,211	416	40	241	1,908	-
Redgate Primary Academy	681	111	22	101	915	-
Thrumpton Primary Academy	709	103	45	107	964	-
	<u>26,622</u>	<u>9,517</u>	<u>2,501</u>	<u>7,163</u>	<u>45,803</u>	<u>39,460</u>

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

Statement of funds - prior year (as restated)

	Balance at 1 September 2016 As restated £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General funds						
General Funds	843	1,308	(1,657)	-	-	494
Restricted funds						
General Annual Grant (GAG)	839	29,217	(30,278)	282	-	60
Start up grants	-	10	(10)	-	-	-
Other DfE Group grants	-	2,750	(2,750)	-	-	-
Other government grants	-	630	(630)	-	-	-
Other restricted funds	-	2,454	(2,316)	-	-	138
Pension reserve	(14,071)	(3,574)	(1,821)	-	2,434	(17,032)
	<u>(13,232)</u>	<u>31,487</u>	<u>(37,805)</u>	<u>282</u>	<u>2,434</u>	<u>(16,834)</u>
Restricted fixed asset funds						
DfE Group capital grants	1,503	1,451	(296)	(282)	-	2,376
Transfer on conversion	53,450	7,995	(1,259)	-	-	60,186
Capital expenditure from GAG	202	-	(33)	-	-	169
Donations	-	243	-	-	-	243
	<u>55,155</u>	<u>9,689</u>	<u>(1,588)</u>	<u>(282)</u>	<u>-</u>	<u>62,974</u>
Total restricted funds	<u>41,923</u>	<u>41,176</u>	<u>(39,393)</u>	<u>-</u>	<u>2,434</u>	<u>46,140</u>
Total of funds	<u><u>42,766</u></u>	<u><u>42,484</u></u>	<u><u>(41,050)</u></u>	<u><u>-</u></u>	<u><u>2,434</u></u>	<u><u>46,634</u></u>

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 As restated £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds	843	2,902	(3,457)	-	-	288
Restricted funds						
General Annual Grant (GAG)	839	62,140	(64,511)	507	-	(1,025)
Start up grants	-	33	(33)	-	-	-
Other DfE Group grants	-	5,530	(5,530)	-	-	-
Other government grants	-	3,789	(3,752)	-	-	37
Other restricted funds	-	3,757	(3,598)	-	-	159
Pension reserve	(14,071)	(10,519)	(4,384)	-	8,559	(20,415)
	<u>(13,232)</u>	<u>64,730</u>	<u>(81,808)</u>	<u>507</u>	<u>8,559</u>	<u>(21,244)</u>
Restricted fixed asset funds						
DfE Group capital grants	1,503	2,593	(618)	(507)	-	2,971
Transfer on conversion	53,450	19,074	(3,842)	-	-	68,682
Capital expenditure from GAG	202	-	(33)	-	-	169
Donations	-	587	-	-	-	587
	<u>55,155</u>	<u>22,254</u>	<u>(4,493)</u>	<u>(507)</u>	<u>-</u>	<u>72,409</u>
	<u>41,923</u>	<u>86,984</u>	<u>(86,301)</u>	<u>-</u>	<u>8,559</u>	<u>51,165</u>
Total of funds	<u><u>42,766</u></u>	<u><u>89,886</u></u>	<u><u>(89,758)</u></u>	<u><u>-</u></u>	<u><u>8,559</u></u>	<u><u>51,453</u></u>

19. Analysis of net assets between funds

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	72,882	72,882
Current assets	2,630	-	-	2,630
Creditors due within one year	(2,342)	(829)	(267)	(3,438)
Creditors due in more than one year	-	-	(206)	(206)
Defined benefit pension liability	-	(20,415)	-	(20,415)
	<u>288</u>	<u>(21,244)</u>	<u>72,409</u>	<u>51,453</u>

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £000	2017 £000	2017 £000	2017 £000
Tangible fixed assets	-	-	64,294	64,294
Current assets	2,124	198	(201)	2,121
Creditors due within one year	(1,630)	-	(1,070)	(2,703)
Creditors due in more than one year	-	-	(49)	(49)
Provisions for liabilities and charges	-	(17,032)	-	(17,032)
	494	(16,834)	62,974	46,634
	494	(16,834)	62,974	46,634

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £000	2017 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,306)	1,434
Adjustment for:		
Depreciation	2,905	1,588
Interest receivable	(1)	(2)
(Increase)/decrease in debtors	132	(1,034)
Increase in creditors	702	444
Capital grants from DfE and other capital income	(1,142)	(1,451)
Defined benefit pension scheme cost less contributions payable	1,970	1,444
Defined benefit pension scheme finance cost	592	372
Net assets transferred into trust	(4,397)	(5,885)
Stocks, debtors and creditors transferred in	-	54
Net cash used in operating activities	(545)	(3,036)

21. Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash in hand	994	357
Total	994	357

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

22. Conversion to an academy trust

On 1 September 2017 Bracken Lane Primary Academy and Samuel Barlow Primary Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diverse Academies Trust from Nottinghamshire County Council for £NIL consideration.

On 1 October 2017 Yeoman Park Academy, Redgate Primary Academy and Thrumpton Primary Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diverse Academies Trust from Nottinghamshire County Council for £NIL consideration.

The transfers have 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 £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	11,039	11,039
- Other tangible fixed assets	-	-	41	41
Budget surplus/(deficit) on LA funds	263	-	-	263
LGPS pension surplus/(deficit)	-	(6,945)	-	(6,945)
Net assets/(liabilities)	<u>263</u>	<u>(6,945)</u>	<u>11,080</u>	<u>4,398</u>

The above net assets include £263,000 that was transferred as cash.

The tables below 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 for each convertor school.

Bracken Lane Primary Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,488	1,488
- Other tangible fixed assets	-	-	30	30
Budget surplus/(deficit) on LA funds	82	-	-	82
LGPS pension surplus/(deficit)	-	(558)	-	(558)
Total	<u>82</u>	<u>(558)</u>	<u>1,518</u>	<u>1,042</u>

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

Samuel Barlow Primary Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,403	2,403
- Other tangible fixed assets	-	-	-	-
Budget surplus/(deficit) on LA funds	44	-	-	44
LGPS pension surplus/(deficit)	-	(827)	-	(827)
Total	44	(827)	2,403	1,620

Yeoman Park Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,746	2,746
- Other tangible fixed assets	-	-	-	-
Budget surplus/(deficit) on LA funds	41	-	-	41
LGPS pension surplus/(deficit)	-	(3,020)	-	(3,020)
Total	41	(3,020)	2,746	(233)

Redgate Primary Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,494	1,494
- Other tangible fixed assets	-	-	-	-
Budget surplus/(deficit) on LA funds	47	-	-	47
LGPS pension surplus/(deficit)	-	(1,422)	-	(1,422)
Total	47	(1,422)	1,494	119

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

Thrumpton Primary Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,908	2,908
- Other tangible fixed assets	-	-	10	10
Budget surplus/(deficit) on LA funds	48	-	-	48
LGPS pension surplus/(deficit)	-	(1,118)	-	(1,118)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	48	(1,118)	2,918	1,848
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

23. Pension commitments

The 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 Nottinghamshire County Council and Lincolnshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

As described in note 22 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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 £540,652 were payable to the schemes at 31 August 2018 (2017 - £nil) 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.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

23. Pension commitments (continued)

The employer's pension costs paid to TPS in the period amounted to £2,714,000 (2017 - £2,331,000).

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 £2,087,000 (2017 - £1,596,000), of which employer's contributions totalled £1,571,000 (2017 - £1,199,000) and employees' contributions totalled £516,000 (2017 - £397,000). The agreed contribution rates for future years are 18.3% for employers and 5.5 - 12.5% 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.

Nottinghamshire County Council

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28	27.9

Lincolnshire County Council

Principal actuarial assumptions:

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

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

23. Pension commitments (continued)

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	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.6	26.6

	At 31 August	At 31 August
	2018	2017
	£000	£000
Sensitivity analysis		
Discount rate +0.1%	44,446	33,858
Discount rate -0.1%	46,257	35,167
Mortality assumption - 1 year increase	46,719	35,544
Mortality assumption - 1 year decrease	44,003	33,497

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

	Fair value at	Fair value at
	31 August	31 August
	2018	2017
	£000	£000
Equities	16,275	11,826
Gilts	620	485
Bonds	2,731	2,103
Property	3,369	1,977
Cash and other liquid assets	435	339
Other assets	1,493	741
Total market value of assets	24,923	17,471

The actual return on scheme assets was £1,504,000 (2017 - £2,368,000).

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

	2018	2017
	£000	£000
Current service cost net of employee contribution	(3,536)	(2,643)
Net interest cost	(592)	(372)
Admin expenses	(6)	(5)
Total	(4,134)	(3,020)

DIVERSE ACADEMIES 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 present value of the defined benefit obligation were as follows:

	2018 £000	2017 £000
Opening defined benefit obligation	34,504	24,996
Transferred in on existing academies joining the trust	-	6,248
Conversion of academy trusts	11,130	-
Current service cost	3,536	2,643
Interest cost	1,168	684
Employee contributions	516	397
Actuarial gains	(5,197)	(491)
Estimated benefits paid net of transfers in	(318)	26
Past service costs including curtailments	-	1
	<u>45,339</u>	<u>34,504</u>

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

	2018 £000	2017 £000
Opening fair value of scheme assets	17,471	10,925
Transferred in on existing academies joining the trust	-	2,674
Conversion of academy trusts	4,185	-
Interest income	576	312
Actuarial losses	928	1,943
Employer contributions	1,571	1,199
Employee contributions	516	397
Estimated benefits paid net of transfers in	(318)	26
Administration expenses	(6)	(5)
	<u>24,923</u>	<u>17,471</u>

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 £000	2017 £000
Amounts payable:		
Within 1 year	125	122
Between 1 and 5 years	157	225
	<u>282</u>	<u>347</u>
Total	<u><u>282</u></u>	<u><u>347</u></u>

DIVERSE ACADEMIES TRUST

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

25. 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.

26. 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 the Trust 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.

No such related party transactions took place during the year.

The Trust is related to The National Church of England Academy Trust by virtue of common executive directorship.

During the year, the Trust received services from The National Church of England Academy Trust totalling £217,917 (2017: £223,694) and in return provided services of £380,544 (2017: £458,126). At 31 August 2018 a balance of £77,041 (2017: £44,805) was due to Diverse Academies Trust and £22,841 (2017: £26,499) was owed to The National Church of England Academy Trust. There is a sharing agreement between National Church of England Academy Trust whereby staff are shared at £nil cost.

27. Agency Arrangements

The Trust administers the disbursement of the 16-19 bursary funds on behalf of the EFSA. During the year it received £81,406 (2017: £77,705) and disbursed £70,947 (2017: £59,185). An amount of £27,637 (2017: £17,729) was repayable to the ESFA as at 31 August 2018 and is included in other creditors. The Trust retained a beneficial interest in individual transactions such that £2,799 (2017: £2,065) has been recognised in income and expenditure in the statement of financial activities.

DIVERSE ACADEMIES TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

28. Teaching school trading account

	2018	2018	2017	2017
	£000	£000	£000	£000
Income				
Direct income				
Other income	338		247	
Total income		338		247
Expenditure				
Direct expenditure				
Direct staff costs	135		98	
Staff development	70		50	
Other expenditure				
Other staff costs	51		40	
Technology costs	4		-	
Other costs	32		85	
Total expenditure		292		273
Surplus / (Deficit) from all sources		46		(26)
Teaching school balances at 1 September 2017		(26)		-
Teaching school balances at 31 August 2018		20		(26)