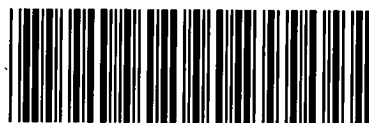


Company Registration Number: 08249250 (England and Wales)

**DISCOVER LEARNING TRUST**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

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**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Members**

C Bell  
L E Brown (appointed 4 July 2017)  
P Candon (resigned 16 September 2017)  
M W Foster (resigned 31 August 2017)  
L Nixon  
G Roberts (resigned 31 August 2017)  
L Simpson  
L Williams

**Trustees**

L Williams, Chair OCA and MAT<sup>1</sup>  
C Bell, Vice Chair OCA<sup>1</sup>  
L Nixon, Chair OPA<sup>1</sup>  
L Simpson, Vice Chair OPA<sup>1</sup>  
L Brown (appointed 4 July 2017)<sup>1</sup>  
K Burnikell (appointed 21 October 2016)  
J Chamberlain  
J Coxon (appointed 10 October 2017)  
A P Cunningham, Executive Headteacher and Accounting Officer<sup>1</sup>  
J Cuthbertson  
M W Foster (resigned 31 August 2017)<sup>1</sup>  
L MacKenzie  
P McAloon  
A J Parkes (resigned 20 October 2016)  
K Peverley  
J Quinn  
G Roberts (resigned 31 August 2017)<sup>1</sup>  
M A Simpson

<sup>1</sup> Members of Trust Board

**Company registered number**

08249250

**Company name**

Discover Learning Trust

**Principal and registered office**

Oxclose Community Academy  
Dilston Close  
Washington  
Tyne and Wear  
NE38 0LN

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**Company secretary**

K Atkinson

**Senior leadership team**

A P Cunningham, Executive Headteacher (OCA & OPA)  
P Hegarty, Head of School (OCA)  
A Bolam, Headteacher (OPA)  
A Butler, Deputy Headteacher (OPA)  
J Lumley, Assistant Headteacher (OCA)  
E Quinn, Assistant Headteacher (OCA)  
N Hardy, Assistant Headteacher (OCA)  
A J Parkes, Assistant Headteacher (OCA)  
K Atkinson, Business Manager (OCA & OPA)  
I Tully, Associate Member (OCA)  
C James, Associate Member (OCA)  
K Burkinell, Associate Member (OCA)

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
Statutory Auditors  
Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

**Bankers**

Lloyds Bank plc  
54 Fawcett Street  
Sunderland  
SR1 1SF

**Solicitors**

Womble Bond Dickinson LLP  
One Trinity  
Broad Chare  
Newcastle Upon Tyne  
NE1 2HF

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The trust operates a Multi-Academy Trust (MAT) with one secondary (Oxclose Community Academy) and one primary (Oxclose Primary Academy) for pupils aged 4-16 serving a catchment area in the City of Sunderland. It has a pupil capacity of 1,050 (OCA) and 240 (OPA) and had a roll of 1,049 (OCA) and 217 (OPA) in the most recent school census May 2017.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Discover Learning Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Discover Learning Trust.

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

**Members' liability**

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

**Trustees' indemnities**

The MAT has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business.

**Method of recruitment and appointment or election of Trustees**

The term of office for any Trustee shall be four years, this time limit shall not apply to the Executive Headteacher or any post held ex officio. The appointment of the Chair and Vice Chair will be every two years as set out in the articles of association. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

**Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Organisational structure**

During the year the academy trust continued to operate a unified management structure. The Structure consists of 5 levels: Members of the Trust Board, Trustees, Chief Executive Officer, Senior Leadership and Middle Management Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trust Board Members have fully delegated powers including all financial decisions and accountabilities for both academies. All other responsibilities have been delegated to the governing bodies of both academies, which include MAT members who act as advisory Governors to the Trust Board.

The Chief Executive Officer works closely with the Headteachers of Oxclose Community Academy and Oxclose Primary Academy who control the academies at a leadership level implementing the policies and reporting them back through a Trust agreed and approved organisational structure. Other leadership is provided through the Senior Leadership Team of both academies, including 4 Assistant Headteachers and 3 Associate Members Oxclose Community Academy, 1 Deputy Headteacher Oxclose Primary Academy and a Business Manager who work across both academies operating under the delegated responsibilities assigned by the Board of Trustees.

The Middle Management of the academy is centred on Heads of Department and Heads of Year Oxclose Community Academy and subject leaders Oxclose Primary Academy. These managers are responsible for the day to day operations of the academy, organising teaching staff, curriculum, students, supplies and services. Teachers in the primary academy assume middle management responsibilities for individual areas of the curriculum as curriculum leaders.

**Arrangements for setting pay and remuneration of key management personnel**

To comply with the STPCD, the Governing Body will only review the pay of leadership group posts appointed prior to 1 September 2014 in the following circumstances:

- individual responsibilities have significantly changed on or after 1 September 2014;
- to maintain consistency either with pay arrangements for new appointments to the leadership group made on or after 1 September 2014 or with pay arrangements for a member(s) of the leadership group whose responsibilities have significantly changed on or after that date.

Any such review will be done so in accordance with the provisions of the STPCD. For new appointments, the Governing Body will comply with paragraphs 5 to 9 of the STPCD.

When determining a pay range, the Governing Body will allow at least 5 reference points for performance related progression. In this school, the Governing Body will use reference points to determine Leadership Group salaries.

**Pay Progression – Leadership Group**

The Governing Body will annually review the salaries of the members of the Leadership Group in accordance with paragraph 11 of the STCPD. All decisions regarding pay progression will be related to the individual's performance and appraisal reports.

Where the evidence demonstrates sustained high quality of performance, the Governing Body will consider the award of one point. Where the evidence shows exceptional performance, the Governing Body may consider the use of its flexibilities to pay enhanced pay progression up to the maximum of two additional points.

If a member of the leadership group reaches the top of their pay range, they will continue to be paid at the top of that range until such time as the Governing Body is able to reassess the pay range using the new method stipulated in paragraph 9 of this policy and part 2 of the STPCD.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Connected organisations, including related party relationships**

Additional educational challenge is accessed through a number of sources; such as partnership working with other schools and organisations external review/audit processes, plus buying educational consultancy services recognised as providing consistently good and effective challenge.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal activity is the operation of Discover Learning Trust, to provide free education for young people of all abilities, based on an inclusive, balanced and broad curriculum.

The principal object and activity of the charitable company is the operation of their academies to provide education for students of different abilities between the ages of 4 and 16.

The Governing Body and Staff of the academy are committed to providing an outstanding education, which will support children's particular needs and encourage the development of their academic, social and intellectual understanding.

We strive to make our motto "Value Diversity Strive for Excellence" a reality in order that the young people of our academies are given the best possible opportunity to succeed in life. We pride ourselves in nurturing confident, responsible, kind young people who are well equipped to take on the challenges of further education and employment and to achieve a fulfilling life.

The academies have a unique ethos, which encapsulates that which we seek to provide for our pupils. This is ingrained in our Ethos Statement; in accordance with the articles of association the Charitable Company has adopted a "Scheme of Government"; approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Objectives, strategies and activities**

**Strategic Aim 1 - Improve Outcomes**

**Strategies:**

- a) Develop effective strategies to engage and challenge High Ability Students
- b) Raise attainment in High Ability Disadvantaged pupils
- c) Raise attainment and consistency in Core and Additional Science, History, French
- d) Raise standards in English and Maths in Early Years, KS1 & KS2
- e) Close gap between girls and boys achieving good level development

**Strategic Aim 2 - Quality of Teaching and Learning**

**Strategies:**

- a) Develop effective strategies to support staff with consistent teaching
- b) Enhance Literacy and Numeracy support in KS3
- c) Develop systems for assessing progress in Years 7, 8 and 9 beyond national curriculum levels
- d) Develop and enhance use of SISRA to support Lesson Observations
- e) Develop use of questioning to challenge pupils working towards greater depth and mystery
- f) Developing further opportunities for Reading

**Strategic Aim 3 - Personal Development, Welfare and Behaviour**

**Strategies:**

- a) Reduce persistent absense with particular emphasis on disadvantaged pupils
- b) Develop use of Class Charts to include reward system
- c) Further develop provision with the Discover Learning Centre and monitor impact on progress
- d) Develop primary PSHE curriculum to include worth of Anti Bullying Team

**Strategic Aim 4 - Leadership and Management**

**Strategies:**

- a) Submit proposal for establishing a Sixth Form
- b) Develop middle leaders through professional development and accountability
- c) Challenge leadership in Science and History to improve standards of attainment
- d) Review and enhance curriculum and 2017 options with aim of personalising curriculum and improving outcomes
- e) Improve medium and short term planning for Foundation subjects, RE and PSHE in primary curriculum
- f) Develop assessment procedures in Primary Science and Foundation Subjects.

**Activities in support**

The aims and objectives are supported by an extensive range of CPD programmes and opportunities. This is further enhanced by rigorous internal and external monitoring, including use of the School Improvement Services of Gateshead L.A and other external partners. All activities are funded to be cost effective from public funds and are planned to provide the best, most challenging and appropriate educational opportunities and provision for children between the ages of 4-16.

**Public benefit**

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the trust should undertake.



**DISCOVER LEARNING TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**ACHIEVEMENTS AND PERFORMANCE**

**Key performance indicators**

Oxclose Community Academy and Oxclose Primary Academy continued to produce good pupil outcomes in public examinations in an environment of change and turbulence. Many key performance indicators were at or above national average and progress measures for most cohorts of pupils being above the national average.

**Key Stage 4**

			Gender Breakdown					
	All Pupils	%	Boys	%	Girls	%	Disadvantaged pupils	%
Number on Roll end of Key Stage 4	207	100%	99	47.8%	108	52.2%	66	31.9%
Attainment 8 Average Attainment 8 point score (divided by 10 per child then average for the cohort)	46.21		45.91		46.48		39.11	
EBacc Entries Number of students entered for a complete set of English Baccalaureate qualifications.	89	43.0%	38	38.4%	51	47.2%	17	8.2%
Achieving EBacc - Accountability Measure Number of students attaining Lvl 5+ E&M and A*-C in a complete set of English Baccalaureate qualifications.	43	20.8%	15	15.2%	28	25.9%	9	4.3%
Achieving EBacc - Comparability Measure Number of students attaining Lvl 4+ E&M and A*-C in a complete set of English Baccalaureate qualifications.	57	27.5%	20	20.2%	37	34.3%	10	4.8%
Basics - Accountability Measure Number of students achieving the Basics measure (Lvl 5+ in both English and Maths GCSEs).	69	33.3%	32	32.3%	37	34.3%	15	7.2%
Basics - Comparability Measure Number of students achieving the Basics measure (Lvl 4+ in both English and Maths GCSEs).	120	58.0%	57	57.6%	63	58.3%	26	12.6%
English - Accountability Measure Number of students with Lvl 5+ GCSE English.	119	57.5%	51	51.5%	68	63.0%	24	11.6%
English - Comparability Measure Number of students with Lvl 4+ GCSE English.	154	74.4%	71	71.7%	83	76.9%	36	17.4%
Mathematics - Accountability Measure Number of students with Lvl 5+ GCSE maths.	77	37.2%	39	39.4%	38	35.2%	17	8.2%
Mathematics - Comparability Measure Number of students with Lvl 4+ GCSE maths.	131	63.3%	66	66.7%	65	60.2%	30	14.5%
Attainment 8 - English Average English Attainment 8.	9.77		9.29		10.2		8.21	
Attainment 8 - Maths Average Maths Attainment 8.	8.59		8.89		8.31		6.94	

**DISCOVER LEARNING TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Key performance indicators (continued)**

**Oxclose Community Academy, Summary of Results 2017**

- Good progress score 8, 0.01 above national average
- Good results in English Language – 9-4 68% Nat 65% / 9-5 51% Nat 48%
- Overall combined a healthy 74.4% students achieving Level 4 or above in GCSE English
- Ebacc improving to 21% 5+ and 27% 4+
- Big improvement in MFL all three languages on or well above National
- History improved but still work to achieve National – Oxclose A\*-C 55% Nat 65%
- Improving picture for Focus groups in 2016-2017 – High disadvantaged, boys, high attaining and brilliant boys
- Huge increase in grade A\*-A students with 1 A\*-A increased from 44% to 63%
- Big increase students leaving with 5A\*-G increased from 87% to 99%

KS1 and KS2 Results 2017					
Key Stage 1	Oxclose	National	% reaching greater depth, Oxclose	pupils	% reaching greater depth, National
Reading	79	76	21		25
Writing	71	68	11		16
Maths	75	75	21		21
Key Stage 2	Oxclose	National	% reaching greater depth, Oxclose	pupils	% reaching greater depth, National
Reading	64	71	14		25
Writing	75	76	25		18
Maths	82	75	7		23
R, W, M (combined)	61	61	4		9
EGPS	64	77	21		31

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Key performance indicators (continued)**

**Oxclose Primary Academy, Summary of Results 2017**

**KS2**

- Reading, Writing, Maths, (Combined) Reading expected standard improved by 21%
- Reading at expected standard up by 17%
- Maths at expected standard up by 12%
- EGPS improved by 7%

**Reaching Greater Depth**

- Reading, Writing, Maths up by 1%
- Reading up by 11%
- Writing up by 18%
- Maths improved by 4%

**KS1**

**Reading Expected Standard**

- Reading up by 13% and above National Average
- Writing improved by 8%
- Maths improved by 4%

**Reaching Greater Depth**

- Reading, Writing, Maths (Combined) very small improvement (1%)
- Reading increase of 11%
- Writing improved by 18%
- Maths Increased by 4%

During the year Discover Learning Trust, as sponsors to Oxclose Primary Academy, have been responsible for all aspects of the primary academy's governance, funding and educational challenge. The MAT also acts as the admissions authority for both academies, for which there is an approved policy on our website, and as such will set the admissions criteria and manage all appeals through an independent panel. All other policies have been reviewed and ratified by the Trustees and are implemented across the Trust.

In terms of the funding, the MAT holds the funding agreements for both academies and takes full responsibility for the delegation and retention for funds for joint usage. Following the Primary Academy's recent OfSTED inspection, where the academy was rated good, more responsibility will be delegated to the Primary academy from September 2017.

**Going concern**

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

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**FINANCIAL REVIEW**

**Principal funding**

Most of the academy's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The multi-academy trust also receives grants for fixed assets from the DfE/ESFA. In accordance with The Charities SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. The most significant fixed asset addition in the year has been the replacement roof to Oxclose Community Academy. The academy has been successful in securing a Condition Improvement Bid for £572,000 for a partial replacement roof. The work commenced in May 2017 and was completed in October 2017.

In addition, the MAT receives a significant amount of Pupil Premium from the ESFA, totalling £459,000, (£126,000 Oxclose Primary Academy and £332,980 Oxclose Community Academy). The funding is received on a termly basis, based on student free school meal eligibility at any point over the last six years. A separate report detailing the expenditure and outcomes are detailed in a separate report via the academy's website.

Other restricted and unrestricted funds are received from the Local Authority (LA). Restricted funds include Music Hub funding to support the music development, and High Needs funding to support students with a statement of education or physical needs. Funds from the LA include income to support the management of the Partnership for physical and medically disabled students, a specialist resourced provision based at Oxclose Community Academy. The MAT also receives a number of unrestricted funds to support other academy operations such as, an extensive community and letting programme. Other funding is received from other education providers, through a range of post 16 partnership programmes and teacher training programmes.

During the year ended 31 August 2017, total expenditure of £8,523,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £223,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2017 the net book value of fixed assets was £10,147,000 and movements in tangible fixed assets are shown in note 11 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of the Local Government Pension Scheme, resulting in a deficit of £1,626,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2017 of £9,722,000 comprising £8,533,000 of restricted funds and £1,189,000 of unrestricted funds.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Reserves policy**

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas as identified by the academy trust's improvement plan which is updated and reviewed on a regular basis.
- To cover ongoing costs in relation to the running of the academy trust including catering provisions, school trips and to act as a contingency for any other unforeseen costs.

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £500,000. This is considered sufficient to cover any short-term cash flow interruption, such as a delay in the receipt of grant funding or a sudden unforeseen increase in expenditure.

The academy's current level of free reserves are in surplus by £1,189,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including, additional capital expenditure items.

**Investments policy**

The trust invests surplus funds in higher rate deposit accounts, following advice from the Trustee appointed bankers, customer relations manager. Accounts and interest rates are reviewed and agreed by the Trust Members prior to each investment and continue to be reviewed, along with any surplus balances. This policy maximises investment return whilst minimising risks to the principal sum.

**Principal risks and uncertainties**

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/ESFA. In addition, the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Trustees have assessed the major risks to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**PLANS FOR FUTURE PERIODS**

**Future developments**

The aims and key objectives for the future as identified in the academy trust's improvement plan include:

- The trust is continuing to explore its options relating to expanding the number of schools who form part of the Multi-Academy Trust.
- At this point the trust would consider approaches from good or outstanding schools (OfSTED gradings) rather than seek to support or sponsor schools that were currently Requires Improvement or Inadequate (OfSTED judgements).
- The trust continues to plan for leadership development and succession planning across both schools in the MAT.
- The trust is committed to ensuring Post 16 progression from Oxclose Community Academy continues to offer the best possible opportunities for our Post 16 learners.
- Governance arrangements for Oxclose Primary Academy will be reviewed following its first OfSTED inspection since being under the sponsorship of the Trust.

**STRATEGIC REPORT**

**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 21 November 2017 and signed on its behalf by:



**L Williams**  
**Chair of Trustees**

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

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

**Governance**

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

Trustee	Meetings attended	Out of a possible
L Williams, Chair OCA and MAT	6	6
C Bell, Vice Chair OCA	5	6
L Nixon, Chair OPA	5	6
L Simpson, Vice Chair OPA	5	6
L Brown	5	5
K Burnikell	0	0
J Chamberlain	6	6
J Coxon	6	6
A P Cunningham	4	6
J Cuthbertson	6	6
M W Foster	5	6
L MacKenzie	1	6
P McAloon	1	1
A J Parkes	4	6
K Peverley	5	6
J Quinn	1	6
G Roberts	3	6
M A Simpson	0	0

The trust conducts an annual self-assessment of financial management and governance in compliance with ESFA guidelines. The latest external review was conducted through our School Improvement Partner and OfSTED inspection (May 2015). OfSTED reviewed and rated Oxclose Community Academy governance as good and reported that Trustees knew the school very well and worked effectively with the senior leadership of the school. They also commented that they were well informed about the performance of the school and held leaders to account.

Governance in Oxclose Primary Academy was found to be "effective" by Ofsted also in 2016 and that Governors from the Discover Learning Trust Challenge Board robustly hold leaders to account. The Governing Body of Oxclose Primary Academy is an amalgamation of the members of the Discover Learning Trust and the local advisory board. They share a wide spectrum of skills to support and challenge leaders. Governors celebrate the strengths of the school and know where the areas for improvement are. They have helped to oversee improvements in the vast majority of areas.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**Trust Board**

The Trust Board is fully accountable for the finances of both academies and reviews and monitors all financial information on a termly basis. They also have a number of other responsibilities, such as budget preparation and approval of services and supplies as identified in the Financial Procedures Policy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Williams (Chair)	4	4
C Bell (Vice Chair)	3	4
P Candon	0	0
M W Foster	4	4
G Roberts	2	4
L Nixon	4	4
L Simpson	2	4
L Brown	0	0

**Review of Value for Money**

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the MAT 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 MAT'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 MAT has delivered improved value for money during the year by:

- Continuing to review staffing requirements and all purchasing/procurements of supplies and services across both academies to identify areas for achieving greater efficiencies and economies of scale.

One of the most significant areas for efficiencies this year has been within our premises costs. We have continued to reduce energy costs across both academies, through further improvements in our monitoring and management systems. We have extended and improved the use of computer software to identify areas for improvement and minimise the usage of energy, resulting in a further reduction of £12,466 for Oxclose Community Academy and £2,657 Oxclose Primary Academy. Another area of efficiency has been with premises maintenance and service costs, which has achieved a £32,000 greater efficiency than anticipated across both academies, as a result of more efficient practices in staffing and management.

Future planned efficiencies, following our annual review of all service level agreements include payroll, which we are switching to another provider from September 2017, and should effectively save £6,000 across both academies.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MAT 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 Discover Learning Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.



**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the MAT 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 MAT's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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 MAT'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 Trust Board 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of petty cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced; and
- Review of Trustee appointments/resignations and declarations of interest.

In all cases the external auditors have delivered their schedule of work and a full report was submitted to the next immediate Trust Board meeting for consideration and agreement for any further remedial work for which an action plan would be produced.

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

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

As Accounting Officer, the Executive Headteacher 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 external auditors;
- the work of the executive managers within the MAT 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 Trust Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Trust Board and a plan to address any identified weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 21 November 2017 and signed on their behalf, by:



**L Williams**  
**Chair of Trustees**



**A P Cunningham**  
**Accounting Officer**

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Discover Learning Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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.



**A P Cunningham**  
**Accounting Officer**

Date: 21 November 2017

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 21 November 2017 and signed on its behalf by:



**L Williams**  
**Chair**

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVER LEARNING TRUST**

**Opinion**

We have audited the financial statements of Discover Learning Trust for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of opinion**

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

**Conclusions relating to going concern**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

**Other information**

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

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVER LEARNING TRUST**

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

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the academy 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

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

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

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DISCOVER LEARNING TRUST**

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Gary Ellis BA FCA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditors

Kepier House  
Belmont Business Park  
Durham  
DH1 1TW  
21 November 2017

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DISCOVER  
LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Discover Learning Trust during the year 1 September 2016 to 31 August 2017 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 Discover Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Discover Learning 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 Discover Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Discover Learning Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Discover Learning Trust's funding agreement with the Secretary of State for Education dated 24 March 2014, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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



**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DISCOVER  
LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**


**Approach (continued)**

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of annual Responsible Officer reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

**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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Clive Owen LLP**

Reporting Accountant

Kepier House  
Belmont Business Park  
Durham  
DH1 1TW

21 November 2017

**DISCOVER LEARNING TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	489	489	28
Charitable activities	5	-	6,966	-	6,966	7,061
Other trading activities	3	703	-	-	703	703
Investments	4	6	-	-	6	9
<b>TOTAL INCOME</b>		<u>709</u>	<u>6,966</u>	<u>489</u>	<u>8,164</u>	<u>7,801</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		861	7,037	625	8,523	8,310
<b>TOTAL EXPENDITURE</b>	6	<u>861</u>	<u>7,037</u>	<u>625</u>	<u>8,523</u>	<u>8,310</u>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>						
Transfers between Funds	15	(152)	(71)	(136)	(359)	(509)
		<u>-</u>	<u>(138)</u>	<u>138</u>	<u>-</u>	<u>-</u>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(152)	(209)	2	(359)	(509)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	1,240	-	1,240	(1,606)
<b>NET MOVEMENT IN FUNDS</b>		<u>(152)</u>	<u>1,031</u>	<u>2</u>	<u>881</u>	<u>(2,115)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,341	(2,657)	10,157	8,841	10,956
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,189</u>	<u>(1,626)</u>	<u>10,159</u>	<u>9,722</u>	<u>8,841</u>

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08249250**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	2016 £000
<b>FIXED ASSETS</b>				
Tangible assets	11		10,147	10,157
<b>CURRENT ASSETS</b>				
Debtors	12	301		218
Cash at bank and in hand		1,406		1,392
		<u>1,707</u>		<u>1,610</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(426)		(267)
<b>NET CURRENT ASSETS</b>			1,281	1,343
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,428</u>	<u>11,500</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		(80)	-
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			11,348	11,500
Defined benefit pension scheme liability	20		<u>(1,626)</u>	<u>(2,659)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>9,722</u>	<u>8,841</u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	15	-		2
Restricted fixed asset funds	15	10,159		10,157
Restricted income funds excluding pension liability		<u>10,159</u>		<u>10,159</u>
Pension reserve		<u>(1,626)</u>		<u>(2,659)</u>
Total restricted income funds			8,533	7,500
Unrestricted income funds	15		<u>1,189</u>	<u>1,341</u>
<b>TOTAL FUNDS</b>			<u>9,722</u>	<u>8,841</u>

The financial statements on pages 24 to 48 were approved by the Trustees, and authorised for issue, on 21 November 2017 and are signed on their behalf, by:



**L Williams**  
**Chair of Trustees**

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	49	184
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		6	9
Purchase of tangible fixed assets		(615)	(152)
Capital grants from DfE/ESFA		489	28
<b>Net cash used in investing activities</b>		(120)	(115)
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		85	-
<b>Net cash provided by financing activities</b>		85	-
<b>Change in cash and cash equivalents in the year</b>		14	69
Cash and cash equivalents brought forward		1,392	1,323
<b>Cash and cash equivalents carried forward</b>	18	1,406	1,392

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Discover Learning Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 FUND ACCOUNTING**

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

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

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

**1.3 INCOME**

All income is recognised once the academy 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.

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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

**1.6 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:

Long term leasehold property	-	over 20 years
Long term leasehold land	-	over 125 years
Motor vehicles	-	over 4 years
Fixtures and fittings	-	over 5 years
Computer equipment	-	over 3 years

**DISCOVER LEARNING TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.7 OPERATING LEASES**

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

**1.8 INTEREST RECEIVABLE**

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

**1.9 TAXATION**

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

**1.10 DEBTORS**

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

**1.11 CASH AT BANK AND IN HAND**

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

**1.12 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 academy 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.

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

**1.13 FINANCIAL INSTRUMENTS**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 12 and 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.14 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 20, 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.

**1.15 CONCESSIONARY LOANS**

The academy has opted to initially recognise and measure concessionary loans at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment



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

**1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £625,000.

Land – Land is held under a 125 year lease from Sunderland City Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Capital Grants	-	489	489	28
<i>Total 2016</i>	-	28	28	

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**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Sundry income	236	-	236	229
Lettings	73	-	73	79
Uniform	-	-	-	1
School trips	85	-	85	58
Staff absence insurance	5	-	5	15
Catering	294	-	294	271
Maternity insurance	10	-	10	50
	<u>703</u>	<u>-</u>	<u>703</u>	<u>703</u>
<i>Total 2016</i>	<u>703</u>	<u>-</u>	<u>703</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest received	6	-	6	9
	<u>6</u>	<u>-</u>	<u>6</u>	<u>9</u>
<i>Total 2016</i>	<u>9</u>	<u>-</u>	<u>9</u>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	6,296	6,296	6,362
Pupil Premium	-	459	459	486
Other DfE/ESFA Grants	-	66	66	47
	-	6,821	6,821	6,895
<b>Other Government grants</b>				
SEN	-	128	128	115
Other Government Grants	-	17	17	37
	-	145	145	152
<b>Other funding</b>				
Other Grants	-	-	-	14
	-	-	-	14
	-	6,966	6,966	7,061
<b>Total 2016</b>	-	7,061	7,061	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**CHARITABLE ACTIVITIES**

	2017 £000	2016 £000
<b>DIRECT COSTS</b>		
Wages and salaries	4,119	4,344
National insurance	412	362
Pension cost	833	660
Educational supplies	188	270
Examination fees	107	77
Staff development	27	31
Educational consultancy	28	45
Other direct costs	109	23
Technology costs	21	20
	<hr/> 5,844	<hr/> 5,832
<b>SUPPORT COSTS</b>		
Wages and salaries	855	694
National insurance	57	48
Pension costs	162	151
Depreciation	625	616
Net interest cost on pension scheme	50	34
Technology costs	83	83
Travel and subsistence	3	1
Recruitment and support	3	7
Maintenance of premises and equipment	134	195
Cleaning	16	12
Rent	6	5
Rates	51	42
Energy	129	141
Insurance	66	51
Transport	83	81
Catering	192	171
Occupancy costs	11	13
Other support costs	75	71
Governance costs	78	62
	<hr/> 2,679	<hr/> 2,472
	<hr/> 8,523	<hr/> 8,310

**DISCOVER LEARNING TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. EXPENDITURE**

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Educational operations:					
Direct costs	5,364	-	480	5,844	5,838
Support costs	1,074	933	672	2,679	2,472
	<u>6,438</u>	<u>933</u>	<u>1,152</u>	<u>8,523</u>	<u>8,310</u>
<i>Total 2016</i>	<u>6,259</u>	<u>985</u>	<u>1,066</u>	<u>8,310</u>	

In 2017, of the total expenditure, £716,000 (2016 - £553,000) was to unrestricted funds and £7,806,000 (2016 - £7,757,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

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

There were no ex-gratia payments in the year.

**7. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the academy trust	625	616
Auditors' remuneration - audit	10	10
Auditors' non audit costs	2	2
Operating lease rentals	<u>4</u>	<u>4</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. STAFF COSTS**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	4,903	4,915
Social security costs	469	410
Operating costs of defined benefit pension schemes	995	811
	<u>6,367</u>	<u>6,136</u>
Apprenticeship levy	4	-
Supply staff costs	49	87
Staff restructuring costs	18	36
	<u>6,438</u>	<u>6,259</u>

Staff restructuring costs comprise:

	2017 £000	2016 £000
Severance payments	<u>18</u>	<u>36</u>

Included within operating costs of defined pension schemes is a change of £157,000 (2016: credit of £24,000) relating to the pension deficit actuarial adjustment.

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £18,000 (2016: £36,000). Individually the amounts were: £10,000 and £8,000.

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

	2017 No.	2016 No.
Teachers	70	78
Administration and support	107	111
Management	11	11
	<u>188</u>	<u>200</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £110,001 - £120,000	1	1

The above employees participated in the Teachers' Pension Scheme and the Local Government Pension Scheme.

The key management personnel of the academy trust comprise the directors and the headteacher and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the academy trust was £1,029,000 (2016: £1,018,000).

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**9. 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:

		2017 £000	2016 £000
A P Cunningham, Executive Headteacher and Accounting Officer	Remuneration	110-115	110-115
	Pension contributions paid	15-20	15-20
A J Parkes, Staff Governor - Resigned 20 October 2016	Remuneration	-	50-55
	Pension contributions paid	-	5-10
L MacKenzie, Staff Governor	Remuneration	45-50	45-50
	Pension contributions paid	5-10	5-10
K Burnikell - Appointed 21 October 2016	Remuneration	45-50	-
	Pension contributions paid	5-10	-

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL to Trustees).

**10. TRUSTEES' AND OFFICERS' INSURANCE**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. TANGIBLE FIXED ASSETS**

	Leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>COST</b>					
At 1 September 2016	11,864	26	136	268	12,294
Additions	543	-	31	41	615
Disposals	-	-	-	(10)	(10)
At 31 August 2017	12,407	26	167	299	12,899
<b>DEPRECIATION</b>					
At 1 September 2016	1,879	22	58	178	2,137
Charge for the year	528	3	32	62	625
On disposals	-	-	-	(10)	(10)
At 31 August 2017	2,407	25	90	230	2,752
<b>NET BOOK VALUE</b>					
At 31 August 2017	10,000	1	77	69	10,147
At 31 August 2016	9,985	4	78	90	10,157

**12. DEBTORS**

	2017 £000	2016 £000
Trade debtors	-	5
VAT recoverable	132	44
Prepayments and accrued income	169	169
	301	218

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £000	2016 £000
Trade creditors	334	110
Other creditors	11	4
Accruals and deferred income	81	153
	426	267



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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	2017 £000	2016 £000
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2016	65	72
Resources deferred during the year	56	65
Amounts released from previous years	(65)	(72)
	<u>56</u>	<u>65</u>
Deferred income at 31 August 2017	<u>56</u>	<u>65</u>

As at the balance sheet date the academy trust was holding funds for Devolved Formula Capital, Free School Meals Academies income, Charities income, School Trips income, Insurance income, and Rates funding which straddle the academic year.

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

	2017 £000	2016 £000
Other creditors	<u>80</u>	<u>-</u>

Included in other creditors is a loan of £85,000 from Salix which is provided on the following terms:  
Interest free loan repayable through GAG in 6-monthly installments of £5,321 from March 2018.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>UNRESTRICTED FUNDS</b>						
General Funds - all funds	1,341	709	(861)	-	-	1,189
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	2	6,296	(6,160)	(138)	-	-
Pupil Premium	-	459	(459)	-	-	-
Other DfE/ESFA Grants	-	66	(66)	-	-	-
Other Government Grants	-	145	(145)	-	-	-
Pension reserve	(2,659)	-	(207)	-	1,240	(1,626)
	<u>(2,657)</u>	<u>6,966</u>	<u>(7,037)</u>	<u>(138)</u>	<u>1,240</u>	<u>(1,626)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Legacy assets	9,815	-	(520)	-	-	9,295
Devolved Formula Capital	46	27	(23)	-	-	50
Condition Improvement Fund	-	462	-	-	-	462
Capital expenditure from GAG	296	-	(82)	138	-	352
	<u>10,157</u>	<u>489</u>	<u>(625)</u>	<u>138</u>	<u>-</u>	<u>10,159</u>
Total restricted funds	<u>7,500</u>	<u>7,455</u>	<u>(7,662)</u>	<u>-</u>	<u>1,240</u>	<u>8,533</u>
Total of funds	<u>8,841</u>	<u>8,164</u>	<u>(8,523)</u>	<u>-</u>	<u>1,240</u>	<u>9,722</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	1,137	712	(508)	-	-	1,341
	<u>1,137</u>	<u>712</u>	<u>(508)</u>	<u>-</u>	<u>-</u>	<u>1,341</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

General Annual Grant (GAG)	241	6,362	(6,477)	(124)	-	2
Pupil Premium	-	486	(486)	-	-	-
Other DfE/ESFA Grants	-	47	(47)	-	-	-
SEN	-	115	(115)	-	-	-
Other Government Grants	-	37	(37)	-	-	-
Other Grants	-	14	(14)	-	-	-
Pension reserve	(1,043)	-	(10)	(1,606)	-	(2,659)
	<u>(802)</u>	<u>7,061</u>	<u>(7,186)</u>	<u>(1,730)</u>	<u>-</u>	<u>(2,657)</u>

**RESTRICTED FIXED ASSET FUNDS**

Legacy assets	10,340	-	(525)	-	-	9,815
Devolved Formula Capital	38	28	(20)	-	-	46
Capital expenditure from GAG	243	-	(71)	124	-	296
	<u>10,621</u>	<u>28</u>	<u>(616)</u>	<u>124</u>	<u>-</u>	<u>10,157</u>
Total restricted funds	<u>9,819</u>	<u>7,089</u>	<u>(7,802)</u>	<u>(1,606)</u>	<u>-</u>	<u>7,500</u>
Total of funds	<u>10,956</u>	<u>7,801</u>	<u>(8,310)</u>	<u>(1,606)</u>	<u>-</u>	<u>8,841</u>

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

General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants includes a PE Teacher Grant and Universal Free School Meals. The PE Teacher Grant is to be spent on the costs of a PE co-ordinator and Universal Free School Meal income is received to provide free school meals to infants.

SEN funding is received to cover Special Education Needs and salaries.

Other Government grants includes monies received for Looked After Children.

Other grants include music hub income which is to encourage pupils progress their music development.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 20.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation charged against each fund over the useful life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Transfers between funds represent fixed assets purchased out of GAG.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STATEMENT OF FUNDS (continued)**

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Oxclose Community Academy	919	1,071
Oxclose Primary Academy	270	272
Total before fixed asset fund and pension reserve	1,189	1,343
Restricted fixed asset fund	10,159	10,157
Pension reserve	(1,626)	(2,659)
Total	9,722	8,841

**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 depreciation £000	Total 2017 £000	Total 2016 £000
Oxclose Community Academy	4,514	913	158	1,093	6,678	6,479
Oxclose Primary Academy	850	161	30	179	1,220	1,215
	5,364	1,074	188	1,272	7,898	7,694

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	10,147	10,147
Current assets	1,548	147	12	1,707
Creditors due within one year	(279)	(147)	-	(426)
Creditors due in more than one year	(80)	-	-	(80)
Provisions for liabilities and charges	-	(1,626)	-	(1,626)
	1,189	(1,626)	10,159	9,722

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. 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
	2016 £000	2016 £000	2016 £000	2016 £000
Tangible fixed assets	-	-	10,157	10,157
Current assets	1,341	269	-	1,610
Creditors due within one year	-	(267)	-	(267)
Provisions for liabilities and charges	-	(2,659)	-	(2,659)
	<u>1,341</u>	<u>(2,657)</u>	<u>10,157</u>	<u>8,841</u>

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

	2017 £000	2016 £000
Net expenditure for the year (as per Statement of Financial Activities)	(359)	(509)
<b>Adjustment for:</b>		
Depreciation charges	625	616
Dividends, interest and rents from investments	(6)	(9)
(Increase)/decrease in debtors	(83)	21
Increase in creditors	239	83
Capital grants from DfE and other capital income	(489)	(28)
Defined benefit pension scheme cost less contributions payable	157	(24)
Defined benefit pension scheme finance cost	50	34
Salix loan received	(85)	-
<b>Net cash provided by operating activities</b>	<u>49</u>	<u>184</u>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £000	2016 £000
Cash in hand	1,406	1,392
<b>Total</b>	<u>1,406</u>	<u>1,392</u>

**19. CAPITAL COMMITMENTS**

At 31 August 2017 the academy had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	<u>123</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS**

The academy'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 South Tyneside Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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%.

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £515,000 (2016 - £529,000).

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](http://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

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**20. PENSION COMMITMENTS (continued)**

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 2017 was £405,000 (2016 - £386,000), of which employer's contributions totalled £323,000 (2016 - £306,000) and employees' contributions totalled £82,000 (2016 - £80,000). The agreed contribution rates for future years are 23.6% 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %
Commutation of pensions to lump sums	75.00 %	80.00 %

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

	2017	2016
Retiring today		
Males	22.8	23.2
Females	26.3	24.8
Retiring in 20 years		
Males	25.0	25.3
Females	28.6	27.1

	At 31 August 2017 £000	At 31 August 2016 £000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	6,309	6,351
Discount rate -0.1%	6,623	6,665
Mortality assumption - 1 year increase	6,274	6,592
Mortality assumption - 1 year decrease	6,655	6,718
CPI rate +0.1%	6,558	6,592
CPI rate -0.1%	6,371	6,421

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**20. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	3,198	2,551
Government bonds	189	146
Corporate bonds	556	442
Property	435	385
Cash and other liquid assets	189	115
Other	271	208
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Total market value of assets	4,838	3,847
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The actual return on scheme assets was £753,000 (2016 - £575,000).

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

	2017 £000	2016 £000
Current service cost	(480)	(282)
Interest income	79	119
Interest cost	(129)	(153)
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Total	(530)	(316)
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Movements in the present value of the defined benefit obligation were as follows:

	2017 £000	2016 £000
Opening defined benefit obligation	6,506	4,047
Current service cost	480	282
Interest cost	129	153
Employee contributions	82	80
Actuarial (gains)/losses	(566)	2,062
Benefits paid	(167)	(118)
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Closing defined benefit obligation	6,464	6,506
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**20. PENSION COMMITMENTS (continued)**

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

	2017 £000	2016 £000
Opening fair value of scheme assets	3,847	3,004
Interest income	79	119
Actuarial gains	674	456
Employer contributions	323	306
Employee contributions	82	80
Benefits paid	(167)	(118)
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Closing fair value of scheme assets	4,838	3,847
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**21. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

**AMOUNTS PAYABLE:**

	2017 £000	2016 £000
Within one year	3	3
Between one and five years	3	6
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Total	6	9
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**22. NET INTEREST COST ON PENSION SCHEME**

	2017 £000	2016 £000
Interest income on pension scheme assets	79	119
Interest on pension scheme liabilities	(129)	(153)
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	(50)	(34)
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**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the Board of Trustees being drawn with local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

P Candon, a member of the academy trust, is a director of Talk Education Limited. During the year purchases were made totalling £Nil (2016: £2,500) for educational consultancy. There were no amounts outstanding at 31 August 2017 (2016: £Nil).

In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.