

Registered number: 08249250

DISCOVER LEARNING TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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DISCOVER LEARNING TRUST
(A company limited by guarantee)

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DISCOVER LEARNING TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members

L Williams
C Bell
L Nixon
L Simpson
M W Foster
G Ray (resigned 29 November 2014)
G Roberts
P Candon

Trustees

L Williams, Chair OCA and MAT¹
C Bell, Vice Chair OCA and MAT¹
L Nixon, Chair OPA¹
L Simpson, Vice Chair OPA¹
A P Cunningham, Executive Headteacher and Accounting Officer¹
M W Foster, Trust Appointed Director¹
L MacKenzie, Staff Governor
P McAloon, Trust Appointed Director
S E McKitterick, Parent Director (resigned 22 January 2015)
A J Parkes, Staff Governor
J Quinn, Parent Director
G Ray, Trust Appointed Director (resigned 29 November 2014)¹
G Roberts, Partnership Director
M A Simpson, Parent Director

¹ Members of Trust Board

Company registered number

08249250

Principal and registered office

Dilston Close
Washington
Tyne and Wear
NE38 0LN

DISCOVER LEARNING TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Company secretary

Prima Secretary Limited

Senior management team

A P Cunningham, Executive Headteacher (OCA & OPA)
P Hegarty, Head of School (OCA)
A Bolam, Headteacher (OPA)
D Haw, Deputy Headteacher (OCA)
A Butler, Acting Deputy Headteacher (OPA)
S Allison, Assistant Headteacher (OCA)
J Lumley, Assistant Headteacher (OCA)
E Quinn, Assistant Headteacher (OCA)
M Megahy, Assistant Headteacher (OCA)
N Hardy, Assistant Headteacher (OCA)
A Parkes, Assistant Headteacher (OCA)
K Atkinson, Business Manager (OCA & OPA)
S Nugent, Academy Manager (OCA & OPA)

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

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

DISCOVER LEARNING TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees present their annual report together with the audited financial statements of Discover Learning Trust (the academy trust) for the year ended 31 August 2015. The Trustees confirm that the Annual report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy's trust governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

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 Sunderland. It has a pupil capacity of 1050 (OCA) & 240 (OPA) and had a roll of 1038 (OCA) & 211 (OPA) in the most recent school census on 21 May 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The MAT is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the MAT. The Trustees of Discover Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Discover Learning Trust.

Details of the Trustees who served during the year 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. Further details are provided in note 13.

Method of recruitment and appointment or election of Trustees

The term of office for any Trustee shall be 4 years with the exception of the Chair and Vice Chair which is 2 years as set out in the articles of association; this time limit shall not apply to the Executive Headteacher or any post held ex officio. 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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, Trustee Directors and Governors, the Executive Group, Senior Leadership Team and the Middle Management Team. 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 for both academies. Currently, (OPA) have limited powers of delegation through a Local Advisory Board (LAB) which is made up of 3 MAT members, 3 parents, 1 staff and 2 trust appointees who currently act as advisory Governors to the Trust Board.

The Executive Group consists of an Executive Headteacher, Head of School, Deputy Headteacher (OCA); Headteacher and Deputy Headteacher (OPA) who control the academies at an executive level implementing the policies and reporting them back through an agreed and approved organisational structure.

The Senior Leadership Team includes 6 Assistant Headteachers, (OCA) and a Business Manager and Academy Manager who work across both academies operating under the delegated responsibilities assigned by the Board of Trustees. In the primary academy the senior leadership team consists of the Headteacher, Deputy Headteacher and two teachers with additional TLR responsibilities.

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

Connected organisations, including related party relationships

Discover Learning Trust sponsors Oxclose Primary Academy and is legally responsible for all aspects of the primary academy's governance, funding and educational challenge. 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.

Additional educational challenge is accessed through a number of sources; such as partnership working with other schools and organisations, external review/audit processes and buying educational consultancy services recognised as providing consistently good and effective challenge (for which we hold a related party relationship). More information on this and any other related party can be obtained from the academy trust website and further details are also stated in Note 26 to the Financial Statements.

The MAT will also act 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 any appeals through an independent panel. All other policies have been reviewed and ratified by the Trustees and are implemented across the trust.

OBJECTIVES AND ACTIVITIES

As sponsor, Discover Learning Trust ensures compliance with all statutory and legal obligations as well as all funding arrangements.

The MAT is also responsible for establishing the ethos of Oxclose Primary Academy and challenging the Headteacher and SLT over the standards of educational provision. The MAT has established a Challenge Group who will meet half termly to review progress and challenge. The MAT will also commission additional professional support and/or challenge for either academy as required.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Objects and aims

The principal object and activity of the charitable company is the operation of Oxclose Community Academy and Oxclose Primary Academy to provide education for students of different abilities between the ages of 4-11 (OPA), and 11-16 (OCA) with an emphasis on offering a broad and balanced curriculum that meets the needs and aspirations of the local community.

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.

The main objectives of the academy during the year ended 31 August 2015 are summarised below:

- Improve outcomes for all pupils by improving value added measures to national and above.
- Reduce the gaps in attainment and achievement between disadvantage pupils and other pupils.
- Improve performance in currently under performing departments in 2014 including History and Science.
- Continue to improve attainment at KS1 and KS2 to nearer national average figures, particularly in Maths and Writing.
- Continue to improve and development leadership capacity in the primary academy to bring about required improvements.

Objectives, strategies and activities

The academy trust's main objectives are encompassed in its mission statement which is Value Diversity: Strive for Excellence. To this end the objectives and the strategies used to achieve them include:

- Continuing to improve consistency of teaching and learning at OCA across all curriculum areas with specific emphasis on History and Science. Focus on changing staffing structures and personnel during 2014-15 academic year.
- Focus on narrowing the gaps in progress and attainment between differing groups of pupils by offering differentiated and personalised support in both KS3 and KS4. Pupils to benefit from 1:1 intervention, small group targeted support, extension and revision classes, phonic teaching, and alternative and external curriculum provision.
- Continue to prioritise funding from pupil premium to provide continued professional development for both literacy and numeracy and to fund additional staffing to provide intervention classes.
- Create temporary leadership posts to enhance leadership capacity to undertake specific leadership improvement projects within the primary academy.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 4 and 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 multi-academy should undertake.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Review of activities

- Value added measure up to 998 in 2015 (2014: 986). This continues the improvement in value added since OCA began restructuring the curriculum in response to changes in exams and school performance indications.
- English expected progress and above expected progress measures continue to be above national average for the third year.
- Maths attainment continues to be above national average at KS4, continuing an eight year trend.
- 5 A-C GCSEs including English and Maths above national average continuing a 10 year trend.

Key performance indicators

Secondary Academy:

- Over the past 3 years, overall school attainment at KS4 has been above national expectations. In 2015, 56% of students achieved 5 or more A*-C grades (including English and Maths) at GCSE (55% nationally)
- English A*- C grades are above national at 74%, Maths grade in line with national at 63% (previous 3 years significantly above national)
- 100% of cohort achieved a qualification.
- Attainment gap between male and female has significantly reduced from capped 8 point's difference of 64 in 2014 to 13 in 2015.
- Value added score improved from 986 to 998.
- Value added score of 1001 indicating outstanding progress in English.
- Value added score of 1000 indicating good progress in Maths. Students arrived with below National KS2 expected progress of 76% compared to national figure of 85%.
- OCA received £5,256,082 GAG funding to support 1,013 students plus £120,000 Pre High Needs Block Funding to support 12 high needs pupils, achieving a pupil to teacher ratio of 14 based on 73 teaching staff.

Primary Academy:

- The number of children exiting Reception with a good level of development (GLD) is 61% which is an increase of 4% (57%) from 2014. This is in line with 2014 National (61%).
- Year 1 phonics screening check (July 2015) - 77% of pupils achieved the required standard. This is a significant increase compared to 2014 (60%) and is above national 2014 (74%).
- Key Stage 1 reading – level 2b+ (55%) is below national 2014 (81%) and school 2014 (55%). However this increases to 65% with pupils with a statement/EHC plan removed from the data. This increases further to 77% and closes the gap on national 2014 if those pupils who are assessed using PIVATS rather than the NC are removed from the data.
- Key Stage 2 – there is a four year trend of KS2 performance which is significantly below national expectations in all subjects combined (reading, writing and maths) from 2010 to 2013, however 2014 shows there was a significant upward trend in all subjects combines, Maths and Reading. This has remained consistent in 2015 in all subjects combined.
- All pupils (2 levels of expected progress) – progress in all three subjects is above national 2014. This increases further with pupils with a statement/EHC plan, who were assessed using PIVATS, removed from the data.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Key performance indicators (continued)

- All pupils (3 levels of expected progress) – progress in all three subjects, reading writing and maths is well above national 2014.
- Disadvantaged pupils (2 levels of expected progress) – reading 84% compared with 92% national 2014, writing 89% compared with 94% national 2014 and maths 89% compared with 91% national 2014.
- Disadvantaged pupils (3 levels of expected progress) – reading 42% compared with 34% national 2014, writing 47% compared with 34% national 2014 and maths 26% compared with 38% national 2014.
- The expected progress of our disadvantaged pupils from KS1 to KS2 is good in Maths with pupils above other pupils nationally. More than expected progress of our disadvantaged pupils is very good with reading and writing with pupils above other pupils nationally.
- OPA received £918, 307 GAG funding to support 209 students plus £70,000 Pre High Needs Block Funding to support 7 high needs pupils, achieving a pupil to teacher ratio of 19 based on 11 teachers.

Going concern

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

FINANCIAL REVIEW

Principal funding

Most of the multi-academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The multi-academy also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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.

In addition, the MAT receives a significant amount of Pupil Premium funding from the EFA, approximately £557,000 in total for this financial year, which includes Catch-Up Funding for Year 7s, Summer School Grant and additional funding for looked after students. 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 educational or physical need. 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 lettings programme. Other funding includes, income received from an extensive partnership programme with other education providers such as City of Sunderland College, Durham and Newcastle University for pre and post 16 students.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Principal risks and uncertainties

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

The Trustees have assessed the major risks to which the multi-academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academies, and its finances.

The Trustees have implemented a number of systems to assess risks that the schools face, 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 multi-academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

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

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

Financial report for the year

During the year ended 31 August 2015, total expenditure of £8,577,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £341,000.

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

At 31 August 2015 the net book value of fixed assets was £10,621,000 and movements in tangible fixed assets are shown in note 14 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 No.17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,043,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2015 of £10,956,000 comprising £9,819,000 of restricted funds and £1,137,000 of unrestricted funds.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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, trips/events and 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 trust 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 £1,137,000 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 academy trust invests surplus funds in higher rate deposit accounts following advice from the Customer Relations Manager from our Trustee appointed bankers. Interest rates are reviewed and agreed by Trustees 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.

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 continue 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 school in the MAT.
- Investment in leadership development will remain a high priority for the MAT in the coming years and high quality continued professional development will continue to be commissioned for existing aspirant leaders.
- External verification of standards.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Disclosure of information to auditors

Insofar as the Trustees are aware:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees, as the company directors, on 8 December 2015 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'L Williams', with a stylized, flowing script.

L Williams
Chair

DISCOVER LEARNING TRUST
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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 Trustees' responsibilities statement. 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	6	6
C Bell *	2	6
L Nixon	5	6
L Simpson	3	6
M W Foster	6	6
G Roberts *	0	6
A P Cunningham	6	6
L MacKenzie	6	6
P McAloon	4	6
S E McKitterick	1	2
A J Parkes	4	6
J Quinn	3	6
G Ray	0	1
M A Simpson	3	6

*Temporary leave approved by Trust Board

This year the Finance and General Purposes Committee was replaced by the members of the Trust Board who now assume full financial responsibility and accountability for the MAT. OCA have maintained their Governing Body who have full delegated responsibility for all other areas of governance. OPA have maintained their Local Advisory Board (LAB), who continue to function in an advisory capacity only, the Chair and Vice-Chair of the LAB are appointed Trust Members along with another appointed trust member.

In addition, every half term a Scrutiny Committee continues to meet to review and challenge the leadership of the secondary academy and a Challenge Board on behalf of the primary. Both committees focus on standards and pupil outcomes and the leadership in both schools evaluate progress towards expected targets.

The trust initiated an external review of governance of OCA in October 2014 with the purpose of providing an external, objective evaluation and offer suggestions on how to improve effectiveness. The review was undertaken through NCTL and conducted by a National Leader in school governance. The review concluded that governance was ambitious for the students and had an accurate understanding of the academies performance. A number of suggestions were identified to improve effectiveness. These included having an alternative Chair for some of the sub-committees. This was put into effect and the Chair of scrutiny committee was taken over by Trust Member, M Foster.

A further suggestion was made to undertake a skills audit of existing Trustees which was subsequently undertaken. This identified a need to increase financial experience and expertise amongst the current Trustee skills set and the Trust is currently actively seeking to appoint a Trustee with financial experience and background.

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GOVERNANCE STATEMENT (continued)

Trust Board

The Trust Board's purpose is to review and monitor all financial information relating to both academies on a termly basis. They also have a number of other responsibilities, such as budget preparation and approval of goods and services 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	5	5
C Bell	2	5
L Nixon	4	5
L Simpson	5	5
A P Cunningham	5	5
M W Foster	5	5
G Roberts	1	5
P Candon	2	5
G Ray	0	1
A J Parkes	4	6

Review of Value for Money

As Accounting Officer the Executive Headteacher has responsibility for ensuring that the academy trust delivers good value in 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 taxpayers resources received.

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

- Continuing to identify and embed collaborative practices across both academies, particularly through the sharing of staff and skills in leadership, teaching and key business areas. Not only has this continued to reduce supply and staffing costs, a further improvement has been achieved in educational outcomes particularly in the primary sector with KS2 results.
- Reviewing all purchasing across both academies to identify and achieve greater efficiencies and continuing to encourage all staff, particularly budget holders to seek best value for all purchasing requirements to maximise funding.
- One of the most significant areas for efficiencies this year has been a significant reduction in energy usage and cost. Following a whole school review, conducted by SLT, premises, business and IT staff, a number of areas were identified for improvement, resulting in changes to lighting and computer systems. Promoting a greater awareness amongst staff also became a priority to encourage greater savings. As a result both academies have experienced savings, the secondary academy on a significant scale. In addition, a procurement exercise was conducted into the cost of energy supplies (gas and electricity), taking into account the need for a service supported by expert advice in the complexities of the energy market. After careful consideration the Trust Board selected Crown Commercial Services, a government appointed specialist for procuring energy for the public sector. The new contracts began in June and July and already we are beginning to experience even more savings across both academies.

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GOVERNANCE STATEMENT (continued)

Review of Value for Money (continued)

- Another area for improvement, particularly for the primary has been improvements to the telephone system. Not only has this created greater efficiencies we now have a more effective system covering both schools within the MAT. Following a procurement process including existing and potential providers we were able to negotiate a better contract for both schools. The decision was also taken to upgrade the primary's telephone system and merge with the secondary. This achieved more efficiencies in terms of cost per calls internally and externally, maintenance costs provided by in-house technicians, and overall, created a more efficient and effective system which now provides better telephone access and coverage across the academies. It also provided the ability to continue to manage and maintain the system more efficiently and effectively by existing in-house IT technicians.
- An annual review was also conducted on all the MATs SLA contracts and the main areas identified for improvement was HR, Payroll and Educational Psychology Service. Again, following a procurement process conducted into the costs of existing HR and payroll alongside other potential providers, we were able to re-negotiate greater efficiencies in terms of costs and implement further improvements to existing practices. With regard to the Educational Psychology service, which was once offered by the Local Authority before the decision was taken to remove the service to schools, the Trust took the decision to take this service in-house. The Trust decided to employ their own Educational Psychologist and in order to recoup the cost the service has offered this to other partner schools. Overall, we have achieved a more effective and financially efficient service.
- Future Planned Savings: In March of this year the Trust Board took the decision to switch from our existing insurance provider, which is up for renewal on the 31 October 2015, to the EFA Risk Protection Scheme across the MAT. This will not only create significant savings for next year, it has had a positive impact on next year's budgets.

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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

DISCOVER LEARNING TRUST
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GOVERNANCE STATEMENT (continued)

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;
- 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 through Responsible Officer and external audit.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the MAT's financial systems.

The external auditor's role is to conduct an extensive annual audit, reporting to the Trust Board on the operation of the systems of control, and on the discharge of the board of trustees' financial responsibilities. Checks were conducted on the following areas of risk:

- 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 governor appointments/resignations and declarations of interest.

In addition, the external auditor was also appointed to perform an annual audit the MAT's Teacher's Pension Contributions and report their findings to the Board.

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

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.

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 financial management and governance self-assessment process;
- 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.

Approved by order of the members of the Board of Trustees on 8 December 2015 and signed on its behalf, by:



L Williams
Chair



A P Cunningham
Executive Headteacher and 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 MAT Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the MAT and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the MAT Board of Trustees are able to identify any material, irregular or improper use of funds by the MAT, or material non-compliance with the terms and conditions of funding under the MAT's funding agreement and the Academies Financial Handbook (2014).

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



A P Cunningham
Accounting Officer

8 December 2015

DISCOVER LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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 (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from DfE/EFA 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 8 December 2015 and signed on its behalf by:



L Williams, Chair

DISCOVER LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DISCOVER LEARNING TRUST

We have audited the financial statements of Discover Learning Trust for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy'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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

DISCOVER LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DISCOVER LEARNING TRUST

Matters on which we are required to report by exception

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

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



Gary Ellis BA FCA
Clive Owen LLP

Chartered Accountants
Statutory Auditors

Kepier House
Belmont Business Park
Durham
DH1 1TW
8 December 2015

DISCOVER LEARNING TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Discover Learning Trust during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Discover Learning Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Discover Learning Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Discover Learning Trust and EFA, 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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Gary Ellis BA FCA

Clive Owen LLP

Reporting Accountant

Kepier House
Belmont Business Park
Durham
DH1 1TW

8 December 2015

DISCOVER LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Transfer from Local Authority on conversion	2	-	-	-	-	2,249
Other voluntary income	2	-	-	-	-	2
Activities for generating funds	3	621	-	-	621	601
Investment income	4	10	37	-	47	7
Incoming resources from charitable activities	5	-	7,136	28	7,164	6,799
TOTAL INCOMING RESOURCES		631	7,173	28	7,832	9,658
RESOURCES EXPENDED						
Charitable activities	8	552	6,822	1,114	8,488	7,383
Governance costs	6	-	89	-	89	113
Transfer on conversion	7	-	-	-	-	248
TOTAL RESOURCES EXPENDED	9	552	6,911	1,114	8,577	7,744
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		79	262	(1,086)	(745)	1,914
Transfers between Funds	17	-	(169)	169	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		79	93	(917)	(745)	1,914
Actuarial gains and losses on defined benefit pension schemes		-	(1)	-	(1)	53
NET MOVEMENT IN FUNDS FOR THE YEAR		79	92	(917)	(746)	1,967
Total funds at 1 September 2014		1,058	(894)	11,538	11,702	9,735
TOTAL FUNDS AT 31 AUGUST 2015		1,137	(802)	10,621	10,956	11,702

All activities relate to continuing operations.

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

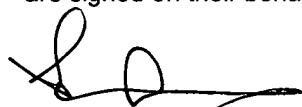
The notes on pages 25 to 44 form part of these financial statements.

DISCOVER LEARNING TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08249250

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	14		10,621	11,537
CURRENT ASSETS				
Debtors	15	239	277	
Cash at bank and in hand		1,323	1,860	
		<u>1,562</u>	<u>2,137</u>	
CREDITORS: amounts falling due within one year	16	(184)	(871)	
NET CURRENT ASSETS			<u>1,378</u>	<u>1,266</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,999</u>	<u>12,803</u>
Defined benefit pension scheme liability	24	(1,043)	(1,043)	(1,101)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>10,956</u></u>	<u><u>11,702</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	17	241	207	
Restricted fixed asset funds	17	10,621	11,538	
		<u>10,862</u>	<u>11,745</u>	
Restricted funds excluding pension liability		10,862	11,745	
Pension reserve		(1,043)	(1,101)	
		<u></u>	<u></u>	
Total restricted funds			9,819	10,644
Unrestricted funds	17		1,137	1,058
TOTAL FUNDS			<u><u>10,956</u></u>	<u><u>11,702</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2015 and are signed on their behalf, by:



L Williams
Chair

The notes on pages 25 to 44 form part of these financial statements.

DISCOVER LEARNING TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	.Note	2015 £000	2014 £000
Net cash flow from operating activities	20	(377)	902
Returns on investments and servicing of finance	21	10	2
Capital expenditure and financial investment	21	(170)	(96)
Cash transferred on conversion to an academy trust		-	6
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(537)</u>	<u>814</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £000	2014 £000
(Decrease)/Increase in cash in the year	<u>(537)</u>	<u>814</u>
MOVEMENT IN NET FUNDS IN THE YEAR	<u>(537)</u>	<u>814</u>
Net funds at 1 September 2014	1,860	1,046
NET FUNDS AT 31 AUGUST 2015	<u>1,323</u>	<u>1,860</u>

The notes on pages 25 to 44 form part of these financial statements.

DISCOVER LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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 2015

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are 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 one year from the date of approval of the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

The premises are held on 125 year leases from Sunderland City Council. As the risks and rewards have transferred to the academy, the asset has been recognised within tangible fixed assets. The initial acquisition of Oxclose Community Academy and Oxclose Primary Academy were recognised at existing use valuation by Mouchel on behalf of the Education Funding Agency. The trustees consider that the cost of obtaining an additional valuation would outweigh the benefit.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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 2015

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

1.8 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.

1.9 PENSIONS

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

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 quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

DISCOVER LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfer from Local Authority on conversion	-	-	-	2,249
Donations	-	-	-	2
Voluntary income	-	-	-	2,251

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Sundry income	166	-	166	135
Lettings	65	-	65	60
Uniform	2	-	2	28
School trips	82	-	82	95
Staff absence insurance	13	-	13	26
Catering	261	-	261	226
Maternity insurance	32	-	32	26
General insurance	-	-	-	5
	621	-	621	601

4. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest received	10	-	10	2
Net finance income on pension scheme	-	37	37	5
	10	37	47	7

DISCOVER LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
DfE/EFA grants				
Devolved Formula Capital	-	28	28	24
General Annual Grant (GAG)	-	6,417	6,417	6,111
Pupil Premium	-	557	557	458
Academy Conversion Grant	-	-	-	25
Universal Free School Meals	-	20	20	-
PE Teacher Grant	-	9	9	3
Pre Opening Grant	-	-	-	120
	-	7,031	7,031	6,741
Other Government grants				
SEN	-	106	106	56
	-	106	106	56
Other funding				
Other Grants	-	27	27	2
	-	27	27	2
	-	7,164	7,164	6,799

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Auditors' remuneration	-	8	8	9
Auditors' non audit costs	-	2	2	2
Legal and professional fees	-	72	72	95
Wages and salaries	-	6	6	6
Pension costs	-	1	1	1
	-	89	89	113

7. OTHER RESOURCES EXPENDED

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfer from Local Authority on conversion	-	-	-	248

DISCOVER LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. CHARITABLE ACTIVITIES

	Total funds 2015 £000	Total funds 2014 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,243	3,914
National insurance	325	302
Pension cost	572	542
Educational supplies	271	236
Examination fees	70	76
Staff development	24	31
Educational consultancy	65	64
Other direct costs	15	39
	<hr/> 5,585	<hr/> 5,204
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	689	589
National insurance	38	34
Pension cost	116	105
Depreciation	1,114	538
Technology costs	101	201
Travel and subsistence	12	1
Recruitment and support	5	13
Maintenance of premises and equipment	181	154
Cleaning	11	10
Rent	5	2
Rates	53	40
Energy	164	162
Insurance	78	68
Transport	80	14
Catering	172	164
Occupancy costs	11	10
Other support costs	73	74
	<hr/> 2,903	<hr/> 2,179
	<hr/> <hr/> 8,488	<hr/> <hr/> 7,383

DISCOVER LEARNING TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other costs		
	2015	2015	2015	2015	2014
	£000	£000	£000	£000	£000
Direct costs	5,140	-	445	5,585	5,204
Allocated support costs	843	1,081	979	2,903	2,179
CHARITABLE ACTIVITIES	5,983	1,081	1,424	8,488	7,383
GOVERNANCE	7	-	82	89	113
OTHER RESOURCES EXPENDED	-	-	-	-	248
	5,990	1,081	1,506	8,577	7,744

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

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

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the academy trust	1,114	538
Auditors' remuneration	8	9
Auditors' non audit costs	2	2

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	4,840	4,446
Social security costs	363	336
Other pension costs (Note 24)	689	648
	<hr/> 5,892	<hr/> 5,430
Supply teacher costs	62	42
Staff restructuring costs	36	21
	<hr/> 5,990	<hr/> 5,493
	<hr/> <hr/>	<hr/> <hr/>

Included within other pension costs is £22,000 (2014: £28,000) recognised in the Statement of Financial Activities in respect of movements in the LGPS deficit and described in Note 24 and a £10,000 credit (2014: £nil) in respect of prior service costs.

b. Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £36,000 (2014: £20,500). Three of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £16,000, £12,000 and £8,000.

c. Staff numbers

The average number of persons employed by the academy trust during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	73	75
Administration and support	70	78
Management	13	13
	<hr/> 156	<hr/> 166
	<hr/> <hr/>	<hr/> <hr/>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	1
	<hr/> 3	<hr/> 3
	<hr/> <hr/>	<hr/> <hr/>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2015, pension contributions for these staff amounted to £34,000 (2014: £34,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

12. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

A P Cunningham, Headteacher:

Remuneration £105,000 - £110,000 (2014: £100,000 - £105,000)

Employer's pension contributions £15,000 - £20,000 (2014: £10,000 - £15,000)

A J Parkes, Assistant Headteacher:

Remuneration £50,000 - £55,000 (2014: £50,000 - £55,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

L MacKenzie, Teacher:

Remuneration £40,000 - £45,000 (2014: £5,000 - £10,000)

Employer's pension contributions £5,000 - £10,000 (2014: £0 - £5,000)

During the year, no Trustees received any benefits in kind (2014 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

Other related party transactions involving the Trustees are set out in Note 27.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2015 was £2,024 (2014 - £1,875). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

14. TANGIBLE FIXED ASSETS

	Leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST					
At 1 September 2014	12,202	26	80	156	12,464
Additions	116	-	9	73	198
At 31 August 2015	12,318	26	89	229	12,662
DEPRECIATION					
At 1 September 2014	851	9	17	50	927
Charge for the year	1,026	7	18	63	1,114
At 31 August 2015	1,877	16	35	113	2,041
NET BOOK VALUE					
At 31 August 2015	10,441	10	54	116	10,621
At 31 August 2014	11,351	17	63	106	11,537

Depreciation in respect of leasehold property includes an impairment adjustment.

The impairment adjustment has arisen as the valuation used in the 2014 financial statements were based on an adjusted insurance valuation. Upon receipt of the EFA valuation the figure used has been found to be in excess of the carrying value.

15. DEBTORS

	2015 £000	2014 £000
Trade debtors	-	2
VAT recoverable	62	70
Prepayments and accrued income	177	205
	<u>239</u>	<u>277</u>

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

	2015 £000	2014 £000
Trade creditors	66	197
Other creditors	4	523
Accruals and deferred income	114	151
	<u>184</u>	<u>871</u>

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

	£000
DEFERRED INCOME	
Deferred income at 1 September 2014	66
Resources deferred during the year	72
Amounts released from previous years	(66)
	<u>72</u>
Deferred income at 31 August 2015	<u>72</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.

17. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
UNRESTRICTED FUNDS						
Unrestricted funds	1,058	631	(552)	-	-	1,137
RESTRICTED FUNDS						
General Annual Grant (GAG)	207	6,417	(6,214)	(169)	-	241
Pupil Premium	-	557	(557)	-	-	-
Pre Opening Grant	-	9	(9)	-	-	-
SEN	-	106	(106)	-	-	-
Other Government Grants	-	20	(20)	-	-	-
Other Grants	-	27	(27)	-	-	-
Pension reserve	(1,101)	37	22	-	(1)	(1,043)
	<u>(894)</u>	<u>7,173</u>	<u>(6,911)</u>	<u>(169)</u>	<u>(1)</u>	<u>(802)</u>
RESTRICTED FIXED ASSET FUNDS						
Legacy assets	11,385	-	(1,045)	-	-	10,340
Devolved Formula Capital	24	28	(14)	-	-	38
Capital expenditure from GAG	129	-	(55)	169	-	243
	<u>11,538</u>	<u>28</u>	<u>(1,114)</u>	<u>169</u>	<u>-</u>	<u>10,621</u>
Total restricted funds	10,644	7,201	(8,025)	-	(1)	9,819
Total of funds	<u>11,702</u>	<u>7,832</u>	<u>(8,577)</u>	<u>-</u>	<u>(1)</u>	<u>10,956</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. STATEMENT OF FUNDS (continued)

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

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

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

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

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.

Under the funding agreement with the Secretary of State, none of the academies within the trust were not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Oxclose Community Academy	1,162
Oxclose Primary Academy	216
	<hr/>
Total before fixed asset fund and pension reserve	1,378
Restricted fixed asset fund	10,621
Pension reserve	(1,043)
	<hr/>
Total	10,956
	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Oxclose Community Academy	4,275	841	450	745	6,311
Oxclose Primary Academy	709	165	61	217	1,152
	<u>4,984</u>	<u>1,006</u>	<u>511</u>	<u>962</u>	<u>7,463</u>

18. CENTRAL SERVICES

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

- Human resources

The academy charges for these services on the following basis:

- Other bases as arising.

The actual amounts charged during the year were as follows:

	2015 £000
Oxclose Primary Academy	<u>52</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	10,621	10,621	11,537
Current assets	1,225	337	-	1,562	2,137
Creditors due within one year	(88)	(96)	-	(184)	(871)
Provisions for liabilities and charges	-	(1,043)	-	(1,043)	(1,101)
	<u>1,137</u>	<u>(802)</u>	<u>10,621</u>	<u>10,956</u>	<u>11,702</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	(745)	1,914
Returns on investments and servicing of finance	(10)	(2)
Cash transferred on conversion to academy	-	(6)
Assets inherited on conversion	-	(2,243)
Depreciation of tangible fixed assets	1,114	538
Capital grants from DfE	(28)	(24)
Decrease/(increase) in debtors	38	(97)
(Decrease)/increase in creditors	(687)	567
Pension deficit inherited on conversion	-	248
FRS 17 adjustments	(59)	7
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	(377)	902

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000	2014 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	10	2
	2015 £000	2014 £000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(198)	(120)
Capital grants from DfE	28	24
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(170)	(96)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	1,860	(537)	-	1,323
NET FUNDS	1,860	(537)	-	1,323

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. CAPITAL COMMITMENTS

At 31 August 2015 the academy had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	-	-

24. 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 Aon Hewitt. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2010.

Contributions amounting to £nil were payable to the scheme at 31 August 2015 (2014 - 61,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The total contribution made to the TPS in the period amounted to £676,000 (2014: £721,000) of which employer's contributions totalled £395,000 (2014: £434,000) and employees' contributions totalled £281,000 (2014: £287,000).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £352,000, of which employer's contributions totalled £280,000 and employees' contributions totalled £70,000. 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.

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2015 £000	Fair value at 31 August 2014 £000
Equities	1,989	1,760
Bonds	108	395
Property	279	238
Cash	96	68
Other	532	158
Total market value of assets	3,004	2,619
Present value of scheme liabilities	(4,047)	(3,720)
(Deficit)/surplus in the scheme	(1,043)	(1,101)

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24. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance Sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(4,047)	(3,720)
Fair value of scheme assets	3,004	2,619
	<hr/>	<hr/>
Net liability	(1,043)	(1,101)
	<hr/>	<hr/>

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

	2015 £000	2014 £000
Current service cost	(245)	(226)
Interest on obligation	(143)	(137)
Expected return on scheme assets	180	142
Past service cost	(13)	-
	<hr/>	<hr/>
Total	(221)	(221)
	<hr/>	<hr/>
Actual return on scheme assets	87	170
	<hr/>	<hr/>

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

	2015 £000	2014 £000
Opening defined benefit obligation	3,720	2,623
Current service cost	245	226
Interest cost	143	137
Contributions by scheme participants	70	58
Actuarial Gains	(92)	(25)
Past service costs	13	-
Transferred from local authority	-	700
Benefits paid	(52)	1
	<hr/>	<hr/>
Closing defined benefit obligation	4,047	3,720
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Opening fair value of scheme assets	2,619	1,724
Expected return on assets	180	142
Actuarial gains	(93)	28
Contributions by employer	280	214
Contributions by employees	70	58
Transferred from local authority	-	452
Benefits paid	(52)	1
	<u>3,004</u>	<u>2,619</u>

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £195,000 (2014 - £194,000).

The academy trust expects to contribute £277,000 to its Defined benefit pension scheme in 2016.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
CPI inflation	2.10 %	2.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Rate of general increase to salaries	3.60 %	3.60 %
Commutation of pensions to lump sums	80.00 %	75.00 %

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

	2015	2014
Retiring today		
Males	23.1	23
Females	24.7	24.6
Retiring in 20 years		
Males	25.1	25
Females	27	26.9

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000
Defined benefit obligation	(4,047)	(3,720)	(2,623)
Scheme assets	3,004	2,619	1,724
Deficit	<u>(1,043)</u>	<u>(1,101)</u>	<u>(899)</u>
Experience adjustments on scheme liabilities	92	25	(335)
Experience adjustments on scheme assets	<u>(93)</u>	<u>28</u>	<u>88</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £000	2014 £000	2015 £000	2014 £000
EXPIRY DATE:				
Within 1 year	-	-	3	-
Between 2 and 5 years	<u>-</u>	<u>-</u>	<u>3</u>	<u>7</u>

26. ANALYSIS OF PENSION FINANCE INCOME/(COSTS)

	2015 £000	2014 £000
Expected return on pension scheme assets	180	142
Interest on pension scheme liabilities	<u>(143)</u>	<u>(137)</u>
	<u>37</u>	<u>5</u>

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NOTES TO THE FINANCIAL STATEMENTS
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27. RELATED PARTY TRANSACTIONS

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

P Candon, a member of the academy trust, is a director of Talk Education Limited. During the year purchases were made totalling £1,750 (2014: £1,800) for educational consultancy. There were no amounts outstanding at 31 August 2015 (2014: £Nil).

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

M Foster, a member of the academy trust, provided consultancy work on a self employed basis. During the year services were provided totalling £Nil (2014: £2,400). There were no amounts outstanding at 31 August 2015 (2014: £Nil).

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