



Discovery Schools Academy Trust

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013



Kibworth CE
Primary School

A place of discovery and friendship



Parkland
Primary School

Learning together

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2013**

Trustees

Paul Stone, Head Teacher
Jane Windsor, Head Teacher
Rev'd Ludger Fremmer
Jonathan Parsons
Andrew Munro, Chair
Wendy Davis
Sally Marski
Richard Eastman
Rev'd Peter Day

Company registered number

08104111

Principal and registered office

Kibworth C of E Primary School
Hillcrest Road
Leicester
LE8 0NH

Independent auditor

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Lyndale House
Ervington Court
Harcourt Way
Meridian Business Park
Leicester
LE19 1WL

Bankers

NatWest Bank plc
Gateway House
4 Penman Way
Grove Park
Enderby
Leicestershire
LE19 1SY

Solicitors

Michelmores LLP
48 Chancery Lane
London
WC2A 1JF

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Discovery Schools Academies Trust Limited (the Academy) for the period ended 31 August 2013. The Trustees confirm that the Annual Report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The Academy also trades under the names Kibworth C of E Primary School and Parkland Primary School.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of Discovery Schools Academies Trust Limited (DSAT) are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Discovery Schools Academies Trust Limited. 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 Academy has no third party indemnity provisions.

PRINCIPAL ACTIVITIES

The Trust's principal activities are designed to deliver education in the United Kingdom as a Multi Academy Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Members appoint Trustees of the company on the following basis:

- The Chairs of both Kibworth C of E and Parkland Primary Schhol Governing bodies.
- The Head Teachers of both Kibworth C of E and Parkland Primary schools.
- 1 Foundation nomination from the Diocese of Leicester.
- 1 Community Governor.

The Secretary of State has the option to appoint a further member. This option has not been used.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

New Governors are inducted and trained by existing Governors and members of school staff as appropriate. External training opportunities are also offered to the Governors, when required.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

ORGANISATIONAL STRUCTURE

Discovery Schools Academies Trust (DSAT) is a Multi-Academy Trust with each Academy retaining its own identity and managing its own Academy budget. The DSAT Executive Board of Directors is made up of 5 Governors of Kibworth C of E Primary School (including the overall Director of Schools) and 4 Governors of Parkland Primary school. It meets termly and provides strategic direction to the Academy Trust.

Local Governing bodies for each Academy retain an Accounting Officer. Each Academy's Accounting Officer is the Head Teacher who is also a Trustee. Each Academy adopts individual School Development Plans, approve the annual budget, monitors school's performance and take decisions on operations using powers delegated to them by the Trustees.

- The local Governing Body of Kibworth C of E Primary School operates five sub committees including a Finance and Personnel Committee, a Standards and Leadership committee, a Safeguarding and Health and Safety Committee, a Learning and Teaching committee and Foundation and Community committee each having their own terms of Reference and meeting at least twice a term.
- The local Governing Body of Parkland Primary School operates four sub committees including a Finance, Pay and Personnel Committee, a Safeguarding committee and Health, Safety and Buildings Committee and a Learning and Teaching committee each having their own terms of Reference and meeting termly.

The Academy Trust is required to appoint a Responsible Officer to ensure appropriate financial management is in place. The Responsible Officer role is currently discharged through the appointment of Leicestershire County Council internal audit service who complete an agreed programme of reviews throughout the year.

RISK MANAGEMENT

Each Academy within the Academy Trust operates its own risk management system and regularly reviews a risk register which identifies and categorises significant risks, their likelihood of occurrence, their potential impact, and identifies controls that will mitigate the risks.

Each Governing Body has identified a number of common principle risks. These are:
The likelihood of having an unfavourable OFSTED inspection.

- The uncertainty of future funding.
- Insufficient demand for the Academy's services, resulting in pupil numbers dropping.
- Risk of financial loss / inability to replace items if charity does not have adequate insurance cover.

Appropriate systems, policies, procedures and controls have been put in place to ensure that the various risks do not impact adversely on each Academy's operations. Appropriate insurances are in place at each Academy site.

Each Academy has produced three year budget forecasts to determine the effects of funding changes on the bottom line, has considered the effect of funding reforms in future years, and regularly reviews staffing structures to contain and monitor payroll costs in view of the potential risks to future funding.

As the Academy Trust grows the Trustees are continually reviewing the Trust Business Plan and are developing strategies to centralise certain services and consider ways to consolidate accounts and budgeting systems with the aim to pass on cost benefit savings to individual Academies.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Kibworth C of E Primary School was awarded "National Teaching School" status by the National College for School Leadership in 2012. Affinity Teaching School Alliance (ATSA) was established as a charitable company in July 2012 and is responsible for working with a group of schools, and with other partners including at least one university, to deliver high quality support for teachers and leaders at all stages in their career, both in our own school and with our partners. The Company has grown significantly in the last 16 months and has 70 member schools all enjoying school-centred training and development which can be categorised into 6 main areas. These are; Career Entry, School to School Support, Research and Innovation, Leadership Development, Impact Monitoring and CPD. A third of the Directors of ATSA are also Directors of DSAT. Directors consider their roles as beneficial to both organisations and implement best educational practices through shared practices and collaboration.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Trust's principal aims and activities during the period ended 31 August 2013 are designed to deliver the following objectives:

- To advance for the public benefit education in the UK, in particular by establishing, running and developing schools (with or without a designated religious character) offering a broad and balanced curriculum.
- In relation to the C of E Academies, to conduct these in accordance with the principles and practices and tenets of the Church of England.
- To recognise and support the individual characters and respect the different background of each Academy, and keep each Academy linked into its local community.
- To continue to raise the standard of educational attainment and achievement of all pupils.
- To provide a broad and balanced curriculum, including making extracurricular activities available to all its children.
- To develop pupils as more effective learners.
- To improve the effectiveness of each Academy by keeping the curriculum and organisational structures under continual review.
- To provide value for money for all funds expended.
- To comply with all appropriate statutory and curriculum requirements.
- To conduct the Trusts business in accordance with the highest standards of integrity, probity and openness.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The 2012/2013 School Development Plan shares common strategic themes that relate to both Kibworth C of E Primary School and Parkland Primary School. These themes are further broken down into key areas with defined responsibility. The themes are:

Curriculum and Standards – Develop a whole school curriculum which enhances core skills and provides a key focus on mastering basic skills.

- Increase the attainment of the number of children on track to achieve L4 & L5 maths and reduce the gaps between groups. (Kibworth)
- Attainment Gap is closed in reading, Writing and Numeracy 5.5+ point progress KS1 and 4.5+ progress KS2. (Parkland)
- Develop an effective writing curriculum in response to new grammar and punctuation focus with primary school.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

- Ensure school achieves Naace ICT Mark and has a sustainable structure to develop digitally literate children.
- Achieve the Science Quality Mark. (Parkland)
- Review the whole school curriculum in light of national curriculum changes and the needs of the children.
- Continue to build and refine the progress made in developing a reading culture within school.

Children and Achievement – Provide effective support and opportunities for all particular groups of children and provide learning opportunities for all children to achieve. Utilise Pupil Premium to ensure maximum benefit for pupils.

- Develop the impact of school council work within the school curriculum and whole school organisation.
- Increase the attainment of children with FSM and provide effective provision of support using Pupil Premium.
- Develop an effective PHSE curriculum which reflects pupil's needs and provide a framework for all children to succeed.
- Improve G&T provision and identification for Literacy and Numeracy ensuring children are supported to achieve L6. (Kibworth)
- Review how RE promotes the distinctive Christian character of the school, together with an understanding of other faiths. (Kibworth)
- To ensure that teacher's subject knowledge in Numeracy and Writing enables pupils to make at least good progress. (Parkland)
- Develop cultural awareness for pupils and the school community. (Parkland)
- Establish whole class music teaching. (Parkland)

Leadership and Management – Establish a clear structure of distributed leadership which provides support and coaching for talent development. Continue to review school structures for future education changes.

- Development of the new leadership structure, senior leadership roles and middle management teams.
- Develop sustainable capacity, structure and abilities of staff to be able to lead and utilise "School to School Support. (Kibworth)
- Develop coaching and mentoring support for new staff and develop talent.
- Develop the Financial Management structure and processes within an Academy structure.
- Review whole school self evaluation systems and policy in light of new Ofsted demands and leadership structures.
- Develop the range and level of engagement of Governors within school self evaluation

Staff Development – Provide staff with the key skills they need to raise standards of teaching and children's attainment, increased teacher subject knowledge about teaching of calculation. All staff take more responsibility for their own CPD needs and evaluate its impact.

- Implement new Teaching Standards and increase standard of teaching across the schools.
- All staff to improve their mathematical subject knowledge of teaching calculation.
- Implement and evaluate the effectiveness of the new performance management (PM).
- Create personal CPD plans for all staff, and a structure of sustainable CPD within which staff engage.

Learning Community – Review and revise our parent partnership activities to increase the engagement of parents within their children's learning. Increase children's attendance and reduce persistent absence with individuals and year groups. Develop a learning community with all stakeholders.

- Review Parent Partnership activities and increase the level of engagement of hard to reach parents (Kibworth)
- To work towards the successful achievement of the parent Partnership Award (LPPA) and increase the level of engagement of hard to reach parents. (Parkland)

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

- Improve whole school attendance management processes for children and increase children's attendance.
- Develop a learning community of staff professional development and opportunities between DSAT
- Work with KIT to develop a school resource for local history. (Kibworth)

Premises and Accommodation – Ensure the schools meet best practice for Health and Safety requirements and condition of the school buildings continues to improve.

- Review and develop whole school Health and Safety Policy and procedures.
- Review and develop whole school travel plan.
- Develop an effective building and maintenance development and costing for the future needs.
- Develop new school grounds to provide more effective play provision for children. (Kibworth)

PUBLIC BENEFIT

The Trust's activities have been designed and carried out to advance for the public benefit education in the UK. Activities are not managed to provide any financial return to members.

ACHIEVEMENTS AND PERFORMANCE

Both Trust schools have seen pupil numbers increase over the last few years and 2012/2013 has been no exception. Kibworth C of E Primary School had a full first time admission intake in September 2012 and was required to increase the two form structure to three to accommodate them effectively.

Key Stage Results

Year 1 – Phonics Screening Check

Children are assessed on their acquisition of sounds and application of them in reading.

Year 1	At or above National Standard
Kibworth C of E Primary School	98.5%
Parkland Primary School	74%
Leicestershire	74%
National	71%

This set of results for Kibworth was the 2nd highest in Leicestershire.

Key Stage 1 – Teacher Assessment

Children are assessed in reading, writing and mathematics.

Year 2	READING		WRITING		MATHEMATICS	
	Level 2B and above	Level 3	Level 2B and above	Level 3	Level 2B and above	Level 3
Kibworth C of E Primary School	94%	47%	93%	46%	93%	41%
Parkland Primary School	76%	27%	64%	14%	77%	22%
Leicestershire	83%	32%	71%	16%	81%	26%
National	79%	29%	67%	15%	78%	23%

What the Levels mean	
Level 2B	At National Standard
Level 3	Above National Standard

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TRUSTEES' REPORT (continued)
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The results achieved in both reading and writing for Kibworth C of E Primary School was in the top ten for similar schools across Leicestershire. The number of children at Kibworth C of E Primary School achieving above the national standard in Leicestershire was the highest in Leicestershire. The average level achieved across all subjects was the 4th highest in the county for Kibworth C of E Primary School.

Key Stage 2- SATs

Parkland Primary School had no Year 6 SATs results for 2013 due to only accommodating Early Stage Foundation to Year 5 pupils. For 2013/2014 this will change when they become a full 4 – 11 primary school setting.

Tests are taken in reading, grammar and mathematics at Kibworth C of E Primary School. Writing is assessed by the teachers over a range of work.

Year 6	READING			GRAMMER, PUNCTUATION, SPELLING			MATHEMATICS		
	Level 4 and above	Level 5	Level 6	Level 4 and above	Level 5	Level 6	Level 4 and above	Level 5	Level 6
Kibworth C of E Primary School	93%	67%	2%	80%	53%	5%	97%	57%	10%
Parkland Primary School	No Year 6	Cohort		No Year 6	Cohort		No Year 6	Cohort	
Leicestershire	86%	45%	0%	73%	45%	1%	84%	35%	6%
National	86%			74%			85%		

Year 6	WRITING (Teacher Assessment)		
	Level 4 and above	Level 5	Level 6
Kibworth C of E Primary School	95%	48%	3%
Parkland Primary School	No Year 6	Cohort	
Leicestershire	82%	29%	1%
National	83%		

What the Levels mean	
Level 4	At National Standard
Level 5	Above National Standard
Level 6	Significantly Above National Standard

Results in reading, writing and mathematics were all in the top 10 for Leicestershire when compared with similar schools. The number of children achieving above the national standard in all subjects combined was the highest in Leicestershire. The average level achieved across all subjects was Level 5. This was the second highest in Leicestershire, when compared with all schools.

To ensure that teaching and learning standards are continually assessed, each Academy operates a programme of "learning walks" (lesson observations) progress meetings and book scrutinies which are undertaken by members of the senior leadership team.

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TRUSTEES' REPORT (continued)
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During the period individual successes were also seen at:

Kibworth C of E Primary School:

- Large play equipment for both playgrounds resulting in further development of play and the creative curriculum.
- Numicon Intervention work has been embedded into the day to day teaching activities with staff and children alike reporting on enjoyment and success seen as a result of the intervention sessions.

Parkland Primary School:

- Refurbishment of the old Gym – now a new classroom and meeting room block offering brand new learning environment for a new cohort of year 6 pupils for 2013/2014.
- Building on, and extending rapport with local playgroups and nurseries has seen relationships blossom with a significant interest from new parents visiting schools, and transition from Preschool to Early Years Foundation running much smoother in 2013.

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 in both Kibworth C of E Primary School and Parkland Primary School Academies. For this reason it continues to adopt the going concern basis in preparing the financial statements.

In particular, the Trust has certainty over key income streams (EFA grant funding confirmed for 2013/14), and has achieved financial balances in 2012/13. Each school holds a retained surplus and has produced realistic balanced budgets for 2013/14.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

For the year 2012/2013, the Board of Trustees are satisfied with the financial performance of the Academy Trust throughout the year under review and of the financial position at the year end. Most of the Trusts income is obtained from the DfE via the EFA in the form of recurrent grants, i.e. the General Annual Grant (GAG) the use of which is restricted to particular purposes.

The summary financial performance for 2012/2013 was as follows:

Income	£4,232m
Expenditure	£4,102m
Surplus for year	£130k

All expenditure was applied to deliver the Academy Trust's stated aim of delivering public benefit education. At 31 August 2013, the Trust will carry forward a retained deficit (including the LGPS deficit of £709k) of £152K.

The land, buildings and other assets were transferred to the Trust upon conversion. However the land and buildings value of Kibworth C of E Primary School remains the property of the Diocese of Leicester and is not part of the Trust company accounts.

Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

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TRUSTEES' REPORT (continued)
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The balance of both former schools budget share of £382K was transferred across on conversion and is shown as Unrestricted Funds and Restricted Funds.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy Trust operates using simple financial instruments, principally: bank accounts, trade creditors and sundry debtors and creditors, all of which carry minimal risk or uncertainty.

Details of the Trust's defined benefit pension schemes are included in the Notes to these Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principle risks faced by the Trust are monitored in the risk register, the key risks and uncertainties have been mentioned in the Governor section above. However, in addition to these are the specific finance related risks which are monitored in the same way and can be seen below:

- Demand for pupil places decreases significantly.

RESERVES POLICY

The Academy Trust has adopted a simple policy of maintaining a minimum working reserve to minimise financial risk. This policy is reviewed regularly to ensure the adequacy of the reserve. No reserve is currently being maintained for significant future projects that cannot be funded from revenue alone. Any change in this policy requires Resources Committee approval.

INVESTMENT POLICY

The Academy Trust has a detailed investment policy designed to:

- Optimise a return on working capital whilst allowing effective access to funds.
- Balance risk against return by avoiding risk rather than maximising potential returns.
- Follow a guiding principle for ethical investments.

The policy requires this to be achieved through the use only of a current account and an automatic sweep to a higher interest reserve account with institutions approved by the Governing body. Investments of any other type are not permitted.

PLANS FOR FUTURE PERIODS

OVERVIEW OF PRIORITIES FOR 2013/2014

Curriculum and Standards

- Develop the use of video conferencing to enhance learning projects between schools.
- Extend the attainment and progress of children in maths to develop Shape, Space and Measures.
- Continue to review development of whole school curriculum in light of proposed primary curriculum changes and structure of the school.
- Develop learning, to learn initiatives with all year groups and extend use of learning journals for curriculum support.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Children and Achievement

- Develop out of school learning provision for vulnerable children which includes blended learning opportunities.
- Regain Sports Active Mark for the third time and ensure school continues to meet criteria. (Kibworth)
- Work towards Sports Active Mark. (Parkland)
- Achieve Eco Schools Award – Green Flag and embed a sustainable living and education in whole school ethos. (Parkland)
- Continue the Dyslexic Friendly Schools initiative and provision for all children with difficulties. (Kibworth)
- Develop G&T provisions for children in core subjects and identification procedures for Art and Music.
- Develop the extent the School and the Church give practical and prayerful support to each other particularly over significant events.

Leadership and Management

- Leadership facilitation and coaching skills in key subjects needs to be developed.
- Establish a TA coaching network and team leader structure to encourage TA leadership roles.
- Develop opportunities for teaching secondments within school and wider Partnerships.
- Develop effective Structures for Academy sponsorship and processes to ensure effective school improvement
- Develop sustainable capacity, structure and abilities of staff to be accountable and to lead as middle managers. (Parkland)
- Success/talent manage TA's for cover supervisor/HLTA roles. Develop Sports coaching for PPA cover. (Parkland)

Staff Development

- Continue to develop the effectiveness of individuals PDP and their engagement with it as a working tool.
- Establish opportunities and funding structure to ensure all teachers have an option to achieve a Masters qualification on a cycle of shared funding. (Kibworth)
- Develop opportunities for SLA release to support teaching school and school improvement. (Parkland)
- Develop use of staff understanding of use Pupil voice within classroom (eg class councils) and to develop learning opportunities.

Learning Community

- Develop a more effective parent handbook to support children's journey through school which focuses on learning.
- Review the range of family learning opportunities.
- Review opportunities for parent learning and keeping up with the children.
- Explore opportunities to use Parent conferences to develop more effective partnerships to develop learning.

Premises and Accommodation

- Development of wildlife areas on new school field. (Kibworth)
- Improvement of playground spaces with structures and outdoor and adventurous activities.
- School has renewed the whole school ICT systems and network.
- Develop the School expansion plan to address expected needs.
- Resolve the school drainage and flooding risk – complete drain scan and work. (Parkland)

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2013

Multi Academy Trust Growth

DSAT plans to grow from its existing base to be a multi Academy of 29 schools by 2017/18. A business plan has been developed to support this growth. Based on the core income assumption that average member schools will have minimum core grant funding of £1m, the overall turnover of DSAT at the end of this 5 year plan is likely to be in excess of £35m. Schools will be able to join DSAT as Strategic Lead Schools, Partner Schools and Sponsored Schools. These new schools joining the Trust will be:

- committed to continuous improvement.
- Develop a *Forward Thinking* organisation.
- Provide a curriculum that ensures achievement for all pupils.
- Provide improved Access to Educational Services for those who need support.
- Recognise that outstanding leadership will create outstanding schools, so focus on identifying and nurturing leadership potential.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the Board of Trustees on 12 December 2013 and signed on its behalf by:

.....
A Munro
Chair of Trustees

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Discovery Schools Academies Trust Limited 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 Head Teacher, 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 Discovery Schools Academies Trust Limited 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 3 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Paul Stone, Head Teacher	3	3
Jane Windsor, Head Teacher	3	3
Rev'd Ludger Fremmer	1	3
Jonathan Parsons	3	3
Andrew Munro, Chair	3	3
Wendy Davis	1	1
Sally Marski	2	3
Richard Eastman	3	3
Rev'd Peter Day	3	3

Kibworth C of E Primary School

Local Governing Body Attendance 2012/2013

Attendance at meetings in the period was as follows:

Members	Meetings attended	Out of a possible
Andrew Munro	6	6
Paul Stone (Head)	6	6
Ivan Balchin	5	6
Edwin Green	4	6
Jonathan Parson	4	6
Dean Stocks	6	6
Louise White	6	6
Caroline Hunt	2	6
Elizabeth Schaaf	3	3
Vanessa Smith	6	6
Ludgar Fremmer	5	6
Cara Bolton	5	5
Mary Moore	2	2
Chris Biddle	4	5
James Burden	4	5
Kate Foster	5	5
Gillian Paterson (Associate)	6	6

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GOVERNANCE STATEMENT (continued)

Staff and Resources Committee Attendance 2012/2013

Members	Meetings attended	Out of a possible
Ivan Balchin (Chair)	3	4
Paul Stone (Head)	4	4
Dean Stocks	4	4
Jonathan Parsons	2	4
Chris Biddle	4	4
Edwin Green	3	4
Louise White (SBM)	4	4

Parkland Primary School

Local Governing Body Attendance 2012/2013

Members	Meetings attended	Out of a possible
Sally Marski (Chair)	5	5
Jane Windsor (Head)	5	5
Sarah Bishop	4	5
Ilona Smith	0	2
Peter Day	3	5
Wayne Leah	3	5
Janet Gaten	1	2
Tim Duffy	2	5
Richard Eastman	3	5
Celia Varley	2	2
Andrew Riley (Associate)	2	3

Staff and Resources Committee Attendance 2012/2013

Members	Meetings attended	Out of a possible
Sally Marski (Chair)	4	4
Jane Windsor (Head)	4	4
Tim Duffy	1	4
Richard Eastman	2	4
Andrew Riley (Associate)	3	3
Rosemary Bromley (Bursar)	4	4

The Staff and Resources committee is a sub-committee of each schools local governing body. The main responsibilities of the Staff and Resources Committee are detailed in specific written terms of reference which have been authorised by the local governing body but have main responsibilities which include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to Academies;
- Authorising changes (virements) to the budget;
- authorising expenditure for contracts over £50,000;
- authorising changes to the Academy Finance/Personnel structures;

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GOVERNANCE STATEMENT (continued)

- reviewing the reports of the Responsible Officer (Audit Service – LCC) on the effectiveness of the financial procedures and controls. These reports must also be reported to the full governing body.
- Reviewing the Terms of Reference of the committee;
- Reviewing annually the Academy Contracts/Lease contracts;
- Approving Main Audit findings and the Annual Report and Statutory Accounts;
- To adhere to the Academy Financial Handbook at all times;
- To ensure that the Academy obtain sufficient/adequate Insurance;

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Discovery Schools Academies Trust Limited for the period 1 July 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 1 July 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 Staff and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Audit Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. For 21012/2013, written reports of the completed programme of work were taken to Committee in January 2013. No significant recommendations for improvement were identified.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

The Director of Schools has overall responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

Each Accounting Officer has been advised of the implications of the result of their review of the system of internal control by each school Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12 December 2013 and signed on their behalf, by:

.....
Andrew Munro
Chair of Trustees

.....
Paul Stone
Accounting Officer

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Discovery Schools Academies Trust Limited I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Academy Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

.....
Paul Stone
Accounting Officer

12 December 2013

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

The Trustees (who act as governors of Discovery Schools Academies Trust Limited 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 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;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 12 December 2013 and signed on its behalf by:

.....
Andrew Munro
Chair of Trustees

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED

We have audited the financial statements of Discovery Schools Academies Trust Limited for the period ended 31 August 2013 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 2013 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 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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. 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 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 for the financial period for which the financial statements are prepared is consistent with the financial statements.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED

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.

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Lyndale House
Ervington Court
Harcourt Way
Meridian Business Park
Leicester
LE19 1WL

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Discovery Schools Academies Trust Limited during the period 1 July 2012 to 31 August 2013 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 Discovery Schools Academies Trust Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Discovery Schools Academies Trust Limited and the 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 Discovery Schools Academies Trust Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Discovery Schools Academies Trust Limited's funding agreement with the Secretary of State for Education dated 29 June 2012, and the Academies Financial Handbook extant from 2006, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 July 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- reviewing the information in the Financial Management and Governance Evaluation (FMGE) return and making appropriate enquiries of the Accounting Officer;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED AND THE EDUCATION FUNDING AGENCY (continued)

- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate, (between the individual components of the multi-academy trust) and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 July 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Lyndale House
Ervington Court
Harcourt Way
Meridian Business Park
Leicester
LE19 1WL

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfers on conversion	2	310	(514)	3,181	2,977
Voluntary income	2	-	70	-	70
Activities for generating funds	3	120	-	-	120
Investment income	4	7	-	-	7
Funding for the Academy's Educational Operations	5	-	4,161	200	4,361
Other incoming resources	6	-	78	-	78
TOTAL INCOMING RESOURCES		437	3,795	3,381	7,613
RESOURCES EXPENDED					
Costs of activities for generating funds	7	227	61	-	288
Charitable activities	8	-	3,739	82	3,821
Governance costs	9	-	75	-	75
TOTAL RESOURCES EXPENDED	10	227	3,875	82	4,184
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		210	(80)	3,299	3,429
Transfers between Funds	20	-	(165)	165	-
NET INCOME FOR THE YEAR		210	(245)	3,464	3,429
Actuarial gains and losses on defined benefit pension schemes		-	(117)	-	(117)
NET MOVEMENT IN FUNDS FOR THE YEAR		210	(362)	3,464	3,312
Total funds at 1 July 2012		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2013		210	(362)	3,464	3,312

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

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

The notes on pages 25 to 47 form part of these financial statements.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08104111

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£000	2013 £000
FIXED ASSETS			
Tangible assets	17		3,464
CURRENT ASSETS			
Debtors	18	231	
Cash at bank		573	
		<u>804</u>	
CREDITORS: amounts falling due within one year	19	(247)	
		<u>557</u>	
NET CURRENT ASSETS			<u>557</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,021</u>
Defined benefit pension scheme liability	26		(709)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,312</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	20	347	
Restricted fixed asset funds	20	3,464	
		<u>3,811</u>	
Restricted funds excluding pension liability		3,811	
Pension reserve		(709)	
		<u>3,102</u>	
Total restricted funds			3,102
Unrestricted funds	20		210
TOTAL FUNDS			<u><u>3,312</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2013 and are signed on their behalf, by:

.....
Andrew Munro
Chair of Trustees

.....
Paul Stone
Head Teacher

The notes on pages 25 to 47 form part of these financial statements.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	2013 £000
Net cash flow from operating activities	22	549
Returns on investments and servicing of finance	23	7
Capital expenditure and financial investment	23	(365)
Cash transferred on conversion to an academy trust	25	382
INCREASE IN CASH IN THE PERIOD		573

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2013

Increase in cash in the period	573
MOVEMENT IN NET FUNDS IN THE PERIOD	573
NET FUNDS AT 31 AUGUST 2013	573

The notes on pages 25 to 47 form part of these financial statements.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006. A Summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

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

1.3 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 and include grants from the Department for Education.

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

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.4 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.

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. Unspent amounts of capital grant are reflected in the balance in the restricted general fund.

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

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.

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.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

All 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.

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

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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

The land and buildings occupied by Kibworth Primary School are leased from and owned by the Diocese for which the Academy pays an annual peppercorn charge.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on leasehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	2% straight line per annum
Fixtures and fittings	-	10% straight line per annum
Computer equipment	-	25% straight line per annum

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

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 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 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 26, 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.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.10 Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for no consideration and has been accounted for under the acquisition accounting method.

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

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
Local Authority surplus transferred on conversion	305	-	305
School fund transferred on conversion	5	72	77
Fixed assets transferred on conversion	-	3,181	3,181
Pension deficit transferred on conversion	-	(586)	(586)
	<u>310</u>	<u>2,667</u>	<u>2,977</u>
Transfers on conversion			
	-	70	70
	<u>310</u>	<u>2,737</u>	<u>3,047</u>
Voluntary income	<u>310</u>	<u>2,737</u>	<u>3,047</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
Rental income	1	-	1
Catering income	86	-	86
Other income	33	-	33
	<u>120</u>	<u>-</u>	<u>120</u>
	<u>120</u>	<u>-</u>	<u>120</u>

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

4. INVESTMENT INCOME

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
Interest receivable	7	-	7
	<u>7</u>	<u>-</u>	<u>7</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
DfE/EFA grants			
General Annual Grant (GAG)	-	3,740	3,740
Pupil Premium	-	162	162
Capital grants	-	218	218
Start up grants	-	50	50
Other EFA/DfE grants	-	125	125
Local Authority grants	-	38	38
Other income	-	28	28
	<u>-</u>	<u>4,361</u>	<u>4,361</u>
	<u>-</u>	<u>4,361</u>	<u>4,361</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
Parental contributions	-	35	35
Insurance claims	-	32	32
Other incoming resources	-	11	11
	<u>-</u>	<u>78</u>	<u>78</u>
	<u>-</u>	<u>78</u>	<u>78</u>

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

7. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
KPA expenditure	-	16	16
Catering costs	86	-	86
Ringfenced costs	114	-	114
Staff costs	27	45	72
	<hr/>	<hr/>	<hr/>
	227	61	288
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
DIRECT COSTS			
Wages and salaries	-	2,235	2,235
National insurance	-	142	142
Pension cost	-	285	285
Depreciation	-	82	82
Educational supplies	-	59	59
Staff development	-	32	32
Other direct costs	-	27	27
Insurance	-	43	43
	<u>-</u>	<u>2,905</u>	<u>2,905</u>
SUPPORT COSTS			
Wages and salaries	-	342	342
National insurance	-	18	18
Pension cost	-	57	57
Pension finance cost (note 16)	-	28	28
Travel and subsistence	-	12	12
Recruitment and support	-	1	1
Maintenance of premises and equipment	-	74	74
Cleaning	-	8	8
Rent and rates	-	22	22
Energy costs	-	54	54
Insurance	-	52	52
Catering	-	78	78
Legal and professional	-	22	22
Other support costs	-	121	121
Bank charges and interest	-	27	27
	<u>-</u>	<u>916</u>	<u>916</u>
	<u>-</u>	<u>3,821</u>	<u>3,821</u>

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

9. GOVERNANCE COSTS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Total funds 2013 £000
Legal fees	-	60	60
Auditors' remuneration - audit services	-	13	13
Auditors' remuneration - non audit services	-	2	2
	<u>-</u>	<u>75</u>	<u>75</u>
	<u>-</u>	<u>75</u>	<u>75</u>

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £000	Depreciation 2013 £000	Other costs 2013 £000	Total 2013 £000
Costs of generating voluntary income	72	-	216	288
Costs of generating funds	<u>72</u>	<u>-</u>	<u>216</u>	<u>288</u>
Educational Operations	2,662	82	161	2,905
Support costs	417	-	499	916
Charitable activities	<u>3,079</u>	<u>82</u>	<u>660</u>	<u>3,821</u>
Governance	<u>-</u>	<u>-</u>	<u>75</u>	<u>75</u>
	<u>3,151</u>	<u>82</u>	<u>951</u>	<u>4,184</u>

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2013 £000
Depreciation of tangible fixed assets	82
Auditors' remuneration - audit services	13
Auditors' remuneration - non audit services	2
Legal fees	60
Operating lease rentals	4
	<u>4</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

12. STAFF COSTS

Staff costs were as follows:

	2013 £000
Wages and salaries	2,609
Social security costs	160
Other pension costs	342
	<hr/>
	3,111
Supply teacher costs	40
Severance payments	4
FRS 17 Pension costs (note 16)	28
	<hr/>
	3,183
	<hr/> <hr/>

The average number of persons (including the senior management team) employed by the Academy during the period expressed as full time equivalents was as follows:

	2013 No.
Teaching	41
Administration and Support	61
Management	8
	<hr/>
	110
	<hr/> <hr/>

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

	2013 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	1
	<hr/>
	2
	<hr/> <hr/>

The above employees participated in the Teachers' Pension Scheme. The annualised pension contributions for these employees were £9,044 and £11,139 respectively.

13. CENTRAL SERVICES

The Multi Academy Trust has not provided for any central services to its member Academies during the period.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

14. TRUSTEES' REMUNERATION AND EXPENSES

During the period retirement benefits were accruing to 2 Trustees in respect of defined benefit pension schemes.

The Head Teacher's only receive remuneration in respect of services they provide undertaking the roles of Head Teacher, 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 (including employers' pension contributions) fell within the following bands:

	2013
	£000
Paul Stone, Head Teacher of Kibworth C of E Primary School	105-110
Jane Windsor, Head Teacher of Parkland Primary School	85-90

During the period, no Trustees received any reimbursement of expenses.

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim for both Academies and the cost for the period ended 31 August 2013 was £1,380 for Kibworth C of E Primary School and £1,524 for Parkland Primary School.

The cost of this insurance is included in the total insurance cost.

16. PENSION FINANCE COST

	2013
	£000
Expected return on pension scheme assets	28
Interest on pension scheme liabilities	(56)
	<hr/>
	(28) <hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

17. TANGIBLE FIXED ASSETS

	Long leasehold property £000	Fixtures, fittings and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
Additions	321	12	32	365
Transfers on conversion	3,128	4	49	3,181
At 31 August 2013	<u>3,449</u>	<u>16</u>	<u>81</u>	<u>3,546</u>
Depreciation				
Charge for the period	56	1	25	82
At 31 August 2013	<u>56</u>	<u>1</u>	<u>25</u>	<u>82</u>
Net book value				
At 31 August 2013	<u><u>3,393</u></u>	<u><u>15</u></u>	<u><u>56</u></u>	<u><u>3,464</u></u>

Included in long leasehold property is long leasehold land of £1,130,340 which is not depreciated.

18. DEBTORS

	2013 £000
General debtors	3
Other debtors	42
Prepayments and accrued income	186
	<u>231</u>

19. CREDITORS:
Amounts falling due within one year

	2013 £000
Other taxation and social security	44
Other creditors	40
Accruals and deferred income	163
	<u>247</u>
	£000
Deferred income	
Resources deferred during the year	<u>35</u>

The deferred income held at 31 August 2013 includes trip money and other income that relates to the following Academic year.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Designated funds						
Designated Funds	-	161	(141)	-	-	20
General funds						
General Funds	-	276	(86)	-	-	190
Total Unrestricted funds	-	437	(227)	-	-	210
Restricted funds						
General Annual Grant (GAG)	-	3,740	(3,304)	(149)	-	287
Other DfE/EFA grants	-	137	(137)	-	-	-
Start up grant	-	50	(50)	-	-	-
Pupil Premium	-	162	(162)	-	-	-
Capital grants	-	18	(2)	(16)	-	-
Other grants	-	66	(66)	-	-	-
Capacity Building grant	-	60	-	-	-	60
Other income	-	148	(148)	-	-	-
LGPS Defined Benefit Pension Scheme	-	(586)	(6)	-	(117)	(709)
	-	3,795	(3,875)	(165)	(117)	(362)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	-	3,381	(82)	165	-	3,464
Total restricted funds	-	7,176	(3,957)	-	(117)	3,102
Total of funds	-	7,613	(4,184)	-	(117)	3,312

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. STATEMENT OF FUNDS (continued)

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

Designated Funds

Funds relating to designated income decided by the Governing Body.

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement.

Other DfE/EFA Grants

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

Start up grant

Being the fund from the Education Funding Agency to cover development costs to prepare the Academy for opening.

Pupil Premium

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other grants

These are funds and grants received from the local authority and other institutions for use on specific educational projects.

Capacity Building grant

This is income to help build and develop the capacity of the Academy Trust.

Other income

These consist of income from all other sources to be used primarily for the Academy's educational operations.

LGPS Defined Benefit Pension Scheme

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

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 2013.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2013 were allocated as follows:

Kibworth C of E Primary School	293
Parkland Primary School	264
	<hr/>
Total before fixed asset fund and pension reserve	557
Restricted fixed asset fund	3,464
Pension reserve	(709)
	<hr/>
Total	<u>3,312</u>

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
Kibworth C of E Primary School	1,407	241	100	451	2,199
Parkland Primary School	1,348	202	108	276	1,934
Consolidation costs and depreciation	(22)	28	82	(37)	51
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,733</u>	<u>471</u>	<u>290</u>	<u>690</u>	<u>4,184</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000
Tangible fixed assets	-	-	3,464	3,464
Current assets	210	594	-	804
Creditors due within one year	-	(247)	-	(247)
Provisions for liabilities and charges	-	(709)	-	(709)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>210</u>	<u>(362)</u>	<u>3,464</u>	<u>3,312</u>

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013
	£000
Net incoming resources before revaluations	3,429
Returns on investments and servicing of finance	(7)
Fixed assets transferred on conversion	(3,181)
Pension transferred from Local Authority on conversion	586
Depreciation of tangible fixed assets	82
Cash transferred from Local Authority on conversion	(382)
Increase in debtors	(231)
Increase in creditors	247
FRS 17 adjustments	6
Net cash inflow from operations	549

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

	2013
	£000
Returns on investments and servicing of finance	
Interest received	7
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(365)

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 July	Cash flow	Other	31 August
	2012		non-cash	2013
	£000	£000	changes	£000
			£000	
Cash at bank and in hand	-	573	-	573
Net funds	-	573	-	573

25. CONVERSION TO AN ACADEMY TRUST

On 1 July 2012 Kibworth C of E Primary School and Parkland Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Discovery Schools Academies Trust Limited from Leicestershire Local Authority for no consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

DISCOVERY SCHOOLS ACADEMIES TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Long leasehold property	-	-	3,128	3,128
Other tangible fixed assets	-	-	53	53
Budget surplus on LA funds	305	-	-	305
Budget surplus on other school funds	5	72	-	77
LGPS pension deficit	-	(586)	-	(586)
Net assets/(liabilities)	<u>310</u>	<u>(514)</u>	<u>3,181</u>	<u>2,977</u>

26. 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 Leicestershire County Council. 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 2004 and of the LGPS 31 March 2010.

Contributions amounting to £39,000 were payable to the scheme at 31 August 2013 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

26. PENSION COMMITMENTS (continued)

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

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 period ended 31 August 2013 was £186,000, of which employer's contributions totalled £144,000 and employees' contributions totalled £42,000. The agreed contribution rates for future years are 22% for employers and between 5.5 and 7.5% 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.

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

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	6.60	430
Bonds	3.80	175
Property	4.70	60
Cash	3.60	7
Total market value of assets		<u>672</u>
Present value of scheme liabilities		(1,381)
(Deficit)/surplus in the scheme		<u><u>(709)</u></u>

The amounts recognised in the Balance Sheet are as follows:

	2013 £000
Present value of funded obligations	(1,381)
Fair value of scheme assets	<u>672</u>
Net liability	<u><u>(709)</u></u>

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

	2013 £000
Interest on obligation	(56)
Expected return on scheme assets	28
Current service cost	(122)
Total	<u><u>(150)</u></u>
Actual return on scheme assets	<u><u>72</u></u>

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26. PENSION COMMITMENTS (continued)

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

	2013 £000
Opening defined benefit obligation	999
Interest cost	56
Contributions by scheme participants	42
Actuarial Losses	162
Current service cost	122
	<hr/>
Closing defined benefit obligation	1,381

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

	2013 £000
Opening fair value of scheme assets	413
Expected return on assets	28
Actuarial gains and (losses)	45
Contributions by employer	144
Contributions by employees	42
	<hr/>
	672

The Academy expects to contribute £137,000 to its Defined Benefit Pension Scheme in 2014.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2013
Equities	64.00 %
Bonds	26.00 %
Property	9.00 %
Cash	1.00 %

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

	2013
Discount rate for scheme liabilities	4.60 %
Expected return on scheme assets at 31 August	5.70 %
Rate of increase in salaries	5.10 %
Rate of increase for pensions in payment / inflation	2.80 %

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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

	2013
Retiring today	
Males	20.9
Females	23.3
Retiring in 20 years	
Males	23.3
Females	25.6

Amounts for the current period are as follows:

Defined benefit pension schemes

	2013
	£000
Defined benefit obligation	(1,381)
Scheme assets	672
	(709)
Experience adjustments on scheme liabilities	(162)
Experience adjustments on scheme assets	45

27. OPERATING LEASE COMMITMENTS

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other
	2013	2013
	£000	£000
Expiry date:		
Within 1 year	-	2
Between 2 and 5 years	-	2

28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy'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 Trustees 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.

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NOTES TO THE FINANCIAL STATEMENTS
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29. CONTROLLING PARTY

The Academy is ultimately controlled by the Governing Body, which includes the two Head Teachers.

30. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.

31. 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.