

DURHAM DIOCESAN MAT

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 3 July 2017 to 31 August 2018

Durham Diocesan MAT

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 13
Governance Statement	14 to 19
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditor's Report on the Financial Statements	22 to 25
Independent Reporting Accountant's Report on Regularity	26 to 27
Statement of Financial Activities incorporating Income and Expenditure Account	28
Balance Sheet	29
Statement of Cash Flows	30
Notes to the Financial Statements	31 to 57

Durham Diocesan MAT

Reference and Administrative Details

Members	Bishop of Durham (Rep: Stuart Bain) (appointed 3 July 2017) Durham Diocesan Board of Finance (Rep: Nigel Wyrley-Birch) (appointed 3 July 2017) Richard Thorndyke (appointed 3 July 2017) Jackie Murray (appointed 3 July 2017) John Taylor (appointed 3 July 2017)
Trustees (Directors)	John Taylor (appointed 3 July 2017) Paul Rickeard (appointed 3 July 2017) Joanne Davison (appointed 13 December 2017) Father Bill Braviner (appointed 3 July 2017) Anne Hallowell (appointed 3 July 2017) Timothy Dillon (appointed 3 July 2017) Mark Stouph (appointed 3 July 2017) Jo Warner (appointed 3 July 2017) Liane Atkin (appointed 3 July 2017) Tim Jones (appointed 4 September 2018)
Senior Management Team	Paul Rickeard, Chief Executive Officer Eileen Bell, Chief Finance Officer Liane Atkin, Operating Officer/DPO Amanda Baines, Headteacher Lynn Chambers, Headteacher Mary Cook, Headteacher
Principal and Registered Office	Cuthbert House Stonebridge Durham DH1 3RY
Company Name	Durham Diocesan MAT
Company Registration Number	10847279
Auditors	Tait Walker LLP Bulman House Regent Centre Gosforth Newcastle Upon Tyne NE3 3LS
Bankers	Lloyds Bank Plc Durham 19 Market Place Durham DH1 3NL
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 3 July 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Durham Diocesan MAT (the Acadmey Trust) operates three primary academies for pupils aged 2 to 11 serving catchment areas in both the Hartlepool and Stockton Local Authority areas. One of the primary academies is also a designated teaching school. The Academy Trust had 779 pupil numbers on roll (including nursery provision) in the school census at October 2017. The Academy Trust was incorporated on 3 July 2017 and all three schools converted together to become Academies on 1 November 2017.

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 the Durham Diocesan MAT are also the directors of the charitable company for the purposes of company law. The charitable company operates as the Durham Diocesan MAT.

Details of the Trustees who served during the period and to the date these accounts are approved 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

All 3 of the academies within the Durham Diocesan MAT are members of the government's Risk Protection Arrangement (RPA) scheme to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst undertaking Academy Trust business.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in relation to the type of Trusteeship held and as follows:

- Under Article 50 Members shall appoint a minimum of 5 Trustees. 9 Trustees have been appointed under this Article.
- Articles 53-56 do provide the scope to have Parent Trustees, however this does not apply currently as there are two parent members of each AC.
- Under Article 57 the Members may appoint the CEO as a Trustee. The CEO was appointed as a Trustee on incorporation.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Under Article 58 the Trustees may appoint Co-opted Trustees with the consent of the Durham Diocesan Education Board. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Company as a Co-opted Trustee if thereby the number of Trustees who are employees of the Company would exceed one third of the total number of Trustees. The Company does not currently have any Co-opted Trustees.

The term of office for any Academy Trustee shall be 4 years. This time limit does not apply to any Co-opted Trustees or the CEO. Co-opted Trustees are appointed for a period of one year. Subject to remaining eligible to be a particular type of Academy Trustee, any Academy Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents as required to undertake their role as Trustees. All of the current Trustees have been in place since conversion apart from Joanne Davison who was appointed on 13 December 2017 in order to bring additional legal expertise in the charitable and company law areas to the board.

The Academy Trust has appointed an independent clerk, David Walker, as the provider of Governor Support Services to the Academy Trust and a training and support package, including Academy Trust wide training events and half-termly induction meetings for new local academy councillors and Trustees, has been delivered to help advise individuals on the requirements and responsibilities of their roles. As the Academy Trust is still within the first year of operation developments in place for 2018/19 include the approval of a governance development plan for each school, annual skills audits, annual review of governance, termly chairs and CEO meetings and development of a cycle of governance activity including academy councillor monitoring linked to the school improvement planning process. In addition each school in the Academy Trust will have access to NGA e-learning to ensure a greater focus on on-line training to give more flexible options that better support academy councillors and Trustees in their important roles.

Organisational Structure

The Academy Trust comprises three primary academies. The Academy Trust's Board is responsible for the strategic direction of the Academy Trust and has overall responsibility for academic standards, financial management, assets and other resources of the Academy Trust.

The Academy Trust is also the admissions authority and employer for all academies within the Academy Trust. Executive leadership is provided by the Academy Trusts' CEO working with each of the Head Teachers of the individual schools. The Accounting Officer is the CEO. The Academy Trust has appointed two challenge and effectiveness consultants who work with the Head Teachers to support school effectiveness and improvement.

Delegated authority and powers of decision making in relation to the Board of Trustees and its committees, including each Academy's own Local Academy Council (AC), is defined in the Academy Trust's Scheme of Delegation (which was approved by Trustees at the Academy Trust's first Board meeting on 23 November 2017. The Scheme of Delegation (SoD) determines what responsibility resides at both individual academy and Board level.

All staffing appointments are made at a AC level with the exception of Head Teachers, who would be appointed by a panel established by the Trustees and including the input of the AC and also advice from the Durham Diocesan Board of Education.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Systems and procedures for financial management, HR and administration are undertaken at an academy level but supported and overseen by the Academy Trust's Central Team comprising the Operations Officer and the Chief Finance Officer. The Academy Trust operates a single bank account and one finance policy and associated procedures across all of its academies.

During 2017/18 the Academy Trust has developed a number of centrally approved policies covering statutory areas, ensuring they comply with guidance from both the DfE and the ESFA.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel defines those persons of the Academy Trust having authority and responsibility for planning, directing and controlling the activities of the Academy Trust, directly or indirectly and including all Trustees. Trustees who are not employees of the Academy Trust receive no remuneration for the roles they undertake. The CEO, CFO and COO are employees of the Joint Education Team (JET) working for the Church of England Dioceses of Newcastle and Durham. Their services are provided to the Academy Trust at a reduced rate which is below cost. The Academy Trust's key management personnel are therefore defined to be the Head Teachers.

Head Teachers have their pay set in line with each Academy's Pay Policy which is reviewed annually and set in accordance with the School Teacher's Pay and Conditions Guidance. This provides for each respective AC to establish a committee to oversee the appraisal and pay of their Academy's Head Teacher. This is undertaken with the support of the CEO who carries out the performance management of each Head Teacher within the Academy Trust.

The Head Teacher organises the performance management arrangements for all staff within each academy and the objectives of staff are layered to reflect key priorities for the period. This ensures performance of staff is linked to improvements identified by the AC and the Head Teacher. These improvements are, in turn, linked to the improvement priorities identified in the Board's strategic plan.

The Chief Finance Officer and Chief Operations Officer are line managed by the CEO.

Trade Union Facility Time

There were no Relevant Union Officials during the period and as such the Academy Trust has not incurred any costs in relation to facility time or paid trade union activities.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Related Parties and Other Connected Charities and Organisations

The Academy Trust is part of the Church of England Diocese of Durham and works alongside the Joint Education team which works for the Durham Diocesan Board of Finance on behalf of the Durham Diocesan Board of Education (as well as the Newcastle Diocesan Board of Education). All of the Academy Trust's academies are currently Church of England Schools within the Diocese of Durham. The Academy Trust is connected with the Durham Diocesan Board of Finance due to its role as Member and its joint employment of the staff who provide officer services to the Academy Trust. All officer time is provided at cost or less and this has been recorded by the both the Academy Trust board and also the Durham Diocesan Board of Finance.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The objects of the Academy Trust are to advance for the public benefit, education in the United Kingdom, in particular managing and developing Academies offering a broad and balanced curriculum including designated Church of England schools and other academies whether with or without a designated religious character.

At the heart of our vision is our commitment to ensure all of our schools are places where children and young people develop and thrive academically, socially, culturally and spiritually. The drive for excellence and effectiveness in our schools is paramount, but not merely because the Government says so. The enabling of every child to flourish in their potential as a child of God is a sign and expression of the Kingdom and is at the heart of the Church's distinctive mission.

Our mission is to support and encourage the work of academies in our Academy Trust, promoting Christian distinctiveness through the high quality education of children and young people across the Academy Trust whilst enabling and actively encouraging each school to retain and develop its own unique identity within the local community it serves.

The Durham Diocesan MAT will work with all phases of Church Schools in the Diocese (Darlington, Durham, Hartlepool, Gateshead, South Tyneside, Stockton and Sunderland) and may in time consider schools outside of the Diocese joining the Academy Trust in certain circumstances. The Durham Diocesan MAT will also support any community school should such support be sought, since all schools in the Diocese are members of the wider Diocesan community. The region has an extreme range of socio-economic circumstance, from extreme wealth to areas with significant poverty.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

The Durham Diocesan MAT's core values and aims are:-

- To ensure that our academies are centres of excellence with a focus on academic outcomes and the nurture of resilience & respect as set out in the Ofsted Inspection Handbook.
- To promote high quality professional development and encourage mutual support in the pursuit of effective teaching and good pupil progress.
- To develop innovative and aspirational thinking building on our long educational heritage and to make use of the latest research in pedagogy and child development.
- To foster, maintain and celebrate Christian distinctiveness in our schools.
- To ensure our academies have a particular vocation to the least advantaged, enabling them through education to change their life opportunities.

Objectives, Strategies and Activities

The Durham Diocesan MAT is a strong option within the Diocese of Durham for any church school who wishes to become an academy and, over time, will act as the lead sponsor for any Church schools within the Diocese which are being directed to become sponsored academies by the Department of Education. It will act as a vehicle for enabling the sharing of best practice and economies of scale achievable across a group of academies.

Our school improvement approach seeks to build strong capacity to improve from within and a culture that looks outward and never stops trying to be better. Schools which join our MAT are able to help shape our work and benefit both from the support they receive and the opportunities for school improvement they are able to offer. The behaviours we expect to see are:

- We encourage strong and capable system leaders
- We enable our people to excel to provide outstanding education
- We build Academy Trust and respect across our academies

In accordance with the Articles of Association the Academy Trust has adopted a SoD which specifies, amongst other things, composition and appointment to ACs, functions delegated to ACs, admission procedures and the teaching of a broad and balanced curriculum.

Each academy has its own development plan and this, together with the Academy Trust's Medium Term Financial Strategy, links into the Academy Trust's overall Strategic Plan. The Academy Trust is committed to developing Academy Trust wide policies where appropriate.

The Academy Trust's Head Teacher Group meets regularly to discuss ongoing operational and strategic matters that support the objectives in the Academy Trust's Strategic Plan, with reports on academic performance and the financial position of the Academy Trust being reported to the Academy Trust's Board on a regular basis.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Public Benefit

The Academy Trust's aims and achievements are set out within this report and have been undertaken to further the charitable purposes for the public benefit, including the provision of state funded education. The Trustees have complied with the duty under section 4 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Trustees have considered this guidance in deciding what activities the Academy Trust should undertake and consider its aims are demonstrably for the public benefit. Individual academies within the Academy Trust contribute directly to their own community through initiatives such as the letting out of premises to community groups and working within their local parishes to develop community involvement in each academy and the church.

Achievements and Performance

The key achievements against the Academy Trust's stated objectives during 2017/18 include:

- School performance is good or outstanding in each of the schools within the Trust;
A robust system of school improvement and school to school support has been delivered based on a framework of two visits per term from the school challenge and effectiveness partners, shared working across the Trust and school reviews. The Trust is looking to develop the standardisation of school improvement summaries, and this will be further developed by Head Teacher presentations to the Trust's Board;
- A CPD programme has been delivered, including work with middle leaders and subject specialists; data protection training and work is continuing to be developed on this;
- One of the schools in the Trust was asked to be part of an EEG Pilot for Ofsted – the trailing of Electronic Evidence Based collection which involved a two day trail inspection;
The Trust has a strong focus on governance and governor development including development of individual governance action plans and cycle of governance activity and the introduction of Trust wide development events and self-reviews of effectiveness by both ACs and the Trust's Board;
- All schools have set balanced budgets for the current financial year and the Trust is developing a culture of strong financial management and delivery of savings to our academies; and
- The Trust's risk management framework is being developed and embedded at both the operational and strategic levels.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Key Performance Indicators

The tables below and overleaf highlight the key performance indicators for teaching and learning for each academy within the Academy Trust:

Primary Academies	Current Ofsted Rating	EYFS GLD	Phonics	Phonics Resit	KS1 Reading (%)	KS1 Writing (%)	KS1 Maths (%)
St Aidan's CE Memorial 2017/18	Good	73	93	100	73	73	80
Egglescliffe 2017/18	Good	78	100	100	95	95	100
Holy Trinity 2017/18	Outstanding	73	93	100	73	73	80

Overall, the performance of the Academies continues to improve. Egglescliffe C of E Primary has been identified by Stockton LA as one of the highest performing schools in the LA for its data this year. Every school is proactively working with their Challenge and Support Partner (CSP), which is leading to sustained improvements. Behaviour and Safety in every school has been judged outstanding.

Key

EXS+ - Pupils working at the expected standard or above

GPS – Grammar, punctuation and spelling

RWM – Reading, writing and maths

Primary Academies	Current Ofsted Rating	Attendance (%)	KS2 READING EXS+ (%)	KS2 WRITING EXS+ (%)	KS2 GPS EXS+ (%)	KS2 MATHS EXS+ (%)	KS2 COMBINED RWM EXS+ (%)
St Aidan's CE Memorial 2017/18	Good	96.34	67	86	71	86	61
Egglescliffe 2017/18	Good	96.77	100	94	100	90	87
Holy Trinity 2017/18	Outstanding	96.03	77	86	87	83	74

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

- Whilst there has been a slight dip in the performance of Holy Trinity due to the Reading result the data still remains above the national average for all areas in Key Stage 2. This has affected progress measures for the school however, leaders have already identified key actions that have and will be undertaken throughout the next academic year to ensure improvement.
- St Aidan's continues to improve although reading again has been an issue. The school will be working with the Academy Trust focusing on this as part of its CSP work to ensure the success in writing is matched in reading.
 - Egglescliffe have seen significant gains – this matches closely with the CSP reports that have been completed as part of the schools self evaluation.

Financial Key Performance Indicators are also set out below but as this is the first year of operation there is no comparison to previous year's data. In addition, as this is a 10 month accounting period (Nov-Aug), we have been unable to benchmark against data on 2016/17 accounts for other MATs as their data would be on a full year of operation.

	<u>17/18 Original Budget</u>	<u>Spring Term Projection</u>	<u>Summer Term Projection</u>	<u>August Accs</u> Mgt
Teaching Staff % Expenditure	50.2	50.1	50.5	50.1
Total Staff % Expenditure	73.8	74.2	74	74.6
Average Teacher Cost	£48,159	£48,009	£49,100	£48,097
Pupil Teacher Ratio	23.3	23.3	23.3	23.3
Total Reserves Per Pupil	£332	£452	£447	£556
Total Spend per pupil	£4,111	£4,085	£4,170	£4,117
Surplus as % of income	7.5	9.9	9.7	11.9

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Going Concern

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

FINANCIAL REVIEW

The majority of the Academy Trusts' income for the period of account is obtained from either the ESFA (Education and Skills Funding Agency) or Local Authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2018 total expenditure of £3,114,000 was exceeded by grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and before pension transfer) was £202,000.

At 31 August 2018 the net book value of fixed assets was £336,000. The assets were used exclusively for providing education and associated support to the pupils in the academies within the Academy Trust.

The Academy Trust occupies land, including buildings, which are owned by one of its Members; the Durham Diocesan Board of Finance. The Members are the providers of the academies on the same basis as when they were maintained schools. The Academy Trust therefore occupies the land and buildings under a licence. The continuing permission of the Members is pursuant to, and subject to, the Members' charitable objectives and is part of the Church's of England's contribution since 1847 to provide state funded education in partnership with the state. The licence delegates aspects of the management of the land and buildings to the Academy Trust, but does not vest any rights over the land in the Academy Trust. The Members have given an undertaking to the Secretary of State for Education that they will not give the Academy Trust less than two years notice to terminate the occupation of the land and buildings. Having therefore considered the basis of which the Academy Trust is occupying the land and buildings the Trustees have concluded that the value of these land and buildings will not be recognised on the Academy Trust's balance sheet.

Reserves Policy

The level of reserves is reviewed by the Trustees regularly throughout the period as part of budget monitoring processes and the minimum level of reserves for the ongoing needs of the Academy Trust will be reviewed by Trustees on at least an annual basis and is set out in the Academy Trust's Financial Reserves Policy. This review will encompass the nature of income and expenditure streams, the need to match income with spending commitments and the nature of the reserves held. In reviewing the sufficient level of reserves required the Trustees have decided that the minimum level of reserves should be one month's expenditure across the whole Academy Trust which is currently around £250,000.

The Academy Trust's current level of reserves are in surplus by £386,000 (comprising £117,000 of restricted reserves (excluding pension and fixed assets) and £278,000 of unrestricted reserves) and are therefore considered more than sufficient for the ongoing needs of the Academy Trust.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

The importance of reserves is recognised for the sustainability of the Academy Trust's operations and its capacity to deal with unforeseen events. Ongoing reviews of the strategic risks that the Academy Trust faces will help in informing the level of reserves required going forward.

Investment Policy

The Academy Trust operates an interest bearing current account with a bank approved by the Board of Trustees currently Lloyds Bank and maintains sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

The Academy Trust has a Treasury Management and Investment Policy which allows for applicable monies surplus to the working requirements to be invested in low risk deposit accounts or in term deposits in regulated institutions. The Academy Trust will not take out any long term deposits until reliable cash flow pattern has been established, monies will only be paid into term deposits not exceeding six months. The Academy Trust will only deposit funds with bodies protected by the Financial Services Compensation Scheme.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy Trust are recorded and monitored on an operational basis in each Academy's risk register which link into the Academy Trust's overall strategic risk register which is overseen by the Trustees in line with the Academy Trust's Risk Management Policy.

Principal financial risks are centred on changes in the level of funding from the ESFA, nationally negotiated pay increases, the need for significant capital investment in the Academy Trust's estate, drops in pupil numbers due to the relatively small schools in the Academy Trust and the continued membership of the Local Government Pension Scheme which could result in the recognition of a deficit on the Academy Trust's balance sheet. Trustees have implemented a number of controls to ensure financial risks are well managed.

The principal non-financial risks that the Academy Trust faces are focused around ensuring effective governance and leadership to drive up and maintain academic standards, managing attendance and behaviour of pupils and ensuring that safeguarding systems for the protection and well-being of the Academy Trust's pupils are effective.

Trustees have implemented a number of systems to assess and manage risks particularly in operational areas and these include the use of external health and safety consultants, robust safeguarding policies and procedures and ongoing CPD and training for all employees.

In addition the Academy Trust has fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area.

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Fundraising

Fundraising is undertaken by each academy's Parent Teacher Association, equivalent committee or the academy itself at local level to fund activities and events for the children at each academy. None of the academies work with commercial participators or professional fundraisers and funds raised by fund raising are audited as part of the Academy Trust wide audit and also looked at through a programme of internal assurance. There have not been any complaints about fundraising but any complaints that were raised would be dealt with under the Academy Trust complaints policy. The academies and the Academy Trust only fund raise locally through events and by engagement with parents and the community. There is no use of intrusive or persistent fundraising approaches and no undue pressure to donate.

Plans for Future Periods

Moving into 2018/19 the Academy Trust will review and develop its Strategic Plan and priorities.

1. To address the inconsistencies in Reading throughout KS2 in the Academy Trust
2. To focus on developing a new curriculum which suits and matches the needs of all learners
3. To continue to manage the growth of the Academy Trust including the capacity to 'Sponsor' failing schools

The Academy Trusts objective is to provide outstanding education in Primary schools across the Diocese of Durham. We hope to achieve this through our distinctive vision of inclusivity where every child matters and no child is ever left behind. Every school / academy offers a broad and balanced curriculum with the aim of raising educational standards with a particular emphasis on characteristics that are deeply Christian. We aim to provide value for money; to comply with all statutory and curriculum requirements; and to conduct business with the highest standards of openness, probity and integrity.

Reading:

- Our CSP's will be working closely with our schools this year to ensure a focus on reading building upon the success of one of our academies and ensuring targeted CPD to ensure staff have the key tools to deliver an appropriate curriculum.
- Additional resource through 'inference training' will be delivered across the Academy Trust to ensure parity for all schools and groups of children.
- Progress will be monitored with data milestones to ensure children are on track to achieve success throughout every year group.

New Curriculum:

- A key performance management objective will be to research, develop and begin to deliver a new knowledge based curriculum for learners of each learning community.
- Additional capacity will be available to middle and senior leaders to support all staff to develop curriculum and pedagogy (JM).

Durham Diocesan MAT

Trustees' Report for the period from 3 July 2017 to 31 August 2018 (continued)

Managing Growth:

- All growth will be subject to approval by Trustees and the RSC.
- Over the next academic year, it is envisaged the Trust will double in size to 6 schools and potentially include sponsoring a school that is deemed to be failing.
- The Trust will then pause for the following year whilst structures are reviewed and further developed / resourced for future expansion.

Funds Held As Custodian On Behalf Of Others

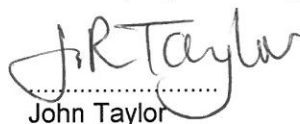
There are no funds held as Custodian Academy Trustee on behalf of others.

Statement As To Disclosure Of Information To Auditor

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on^{28/11/18}..... and signed on the board's behalf by:


John Taylor

Chair of the Board

Durham Diocesan MAT

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Durham Diocesan MAT 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 CEO, 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 the Durham Diocesan MAT and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Full Name	Attendance at meetings 2017/2018	Out of a possible
John Taylor	6	6
Paul Rickeard	6	6
Anne Hallowell	6	6
Jo Warner	4	6
Liane Atkin	5	6
Mark Stouph	5	6
Tim Dillon	6	6
William Braviner	5	6
Joanne Davison	2	4

Post year end, one new Academy Trustee, Tim Jones, has been appointed to the board and brings skills in primary education due to the skills gap which would otherwise due to the proposed resignation of Jo Warner as of 28 November 2018. The Board of Trustees has regularly reviewed both financial and educational performance information and going forwards will receive financial information at board meetings 6 times a year and also via email on a monthly basis. The CEO reports on educational performance at each meeting following meetings with the Head Teachers of the schools and review of their school development plans. Review of the risk register and GDPR compliance are standing items at each board agenda along with policy review and updates from the Chief Operating Officer and CEO.

Durham Diocesan MAT

Governance Statement (continued)

Governance Review

Governance Development 2017/18

Since conversion in November 2017, the academies in the MAT have enjoyed a single source of clerking and governance support. This has helped to develop a consistent approach to governance across the three schools and raised the expectations in schools of effective and efficient governance. From the first contacts with schools and their governance arrangements, a number of areas for future development were identified:

- a) Governance planning was, in general, not rigorous or robust and not based on any self-reflection– but this did vary from academy to academy;
- b) There was no consistent approach to the development of governance or governors' skills and knowledge within each school;
- c) Within schools' governance arrangements, governor monitoring was not linked to the outcomes of the schools' improvement planning – with the exception of St Aidan's where a dip in results had necessitated a more formal approach;
- d) Meetings of the GBs often involved a large volume of paperwork being shared with governors – but the value of this volume of paperwork was often limited as there was sometimes too much to actually make full use of;
- e) Governor monitoring was not a regular item on GB agendas;
- f) There was no consistent approach to the induction of new governors or governance succession planning;
- g) Head Teachers were not always aware of the impact they were having on discussion during meetings through their own lengthy inputs;
- h) Meetings sometimes reflected the experience of the individual Chair and were not always as effective as they might because the Chair hadn't had any developmental support in how to manage a meeting.

All three academies have acknowledged the raised expectations of governance by moving during the year from termly to half termly meetings of the AC's. The meetings of the ACs are clearly driven by the demands of the SoD as the agendas for the ACs' meetings are drawn directly from the responsibilities delegated to schools as identified in the SoD. This approach ensures the accountability of the ACs for the responsibilities delegated to them by the Board of Trustees.

The SoD identifies a number of areas that were not previously reflected in schools' governance arrangements. Schools have, for example, been supported in developing approaches to risk management that are beginning to feed into and inform Board of Trustees level discussions. Asset Management planning is the next area where a consistent approach is being developed with schools.

On conversion, it was clear that each academy had its own approach to the delivery of efficient and effective governance. Over the course of the year a more consistent approach has been developed across all schools. This consistent approach includes the following key pillars of effective governance:

Durham Diocesan MAT

Governance Statement (continued)

I. Development of Governance Action Plan that pulls together AC, group and individual development areas/actions. Each school had a plan in place from 1st September 2018;

II. Annual skills audit to be undertaken by all members of AC to help inform Governance Action Plan and any councillor recruitment activity;

III. Annual self review of governance to identify effectiveness of current governance arrangements and areas for development – to link into Governance Action Plan;

IV. Development of a cycle of governance activity that includes councillor monitoring linked to the school's improvement planning process.

The Academy Trust offers an opportunity to share practice across all schools and this applies to governance as well. The first Academy Trust level governance activity has involved the development of a programme of support for new/recently appointed councillors that has involved all new/recently appointed governors coming together for a half-termly induction session where the venue has rotated around the schools in the Academy Trust.

The Chairs from all schools in the Academy Trust meet with the Chair of the Board and the Academy Trust's CEO meet on a termly basis and this will be a regular feature of the Academy Trust's governance arrangements in 2018/19.

Although outside of the accounting period, the Trustees attended a strategy day in September 2018 and have now undertaken a self-review of skills on the board and carried out a review of Board effectiveness. This concluded that the board benefited from a wide range of skills and also that the board is operating effectively. The Board of Trustees did identify three areas for development in 2018/19 and these areas included giving consideration to linking individual Trustees with a link academy, introducing personal development plans for each Trustee and facilitating an external review of the impact of the Academy Trust's school improvement model.

Plans for Trustees visits to school and training needs were discussed and directors also received a presentation from one of the CSPs to the schools who gave an overview of the work done with the schools on school effectiveness, developing networks and forums for subject leads and middle leaders and encouraging school based research.

Durham Diocesan MAT

Governance Statement (continued)

Review of Value for Money

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

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

- Reviewing contracts and services across all 3 academies to ensure best value, particularly ensuring savings are maximised through joint contracts and procurement involving all academies. During this period, this included MAT wide contracts for HR support, Governor support services, financial support services, Health and Safety support, school effectiveness support and IT support agreements. The Academy Trust is moving one payroll provider on 1 September following year end which was procured during this period.
- A joint contracts register has been produced to enable a clear overview of all services to schools and forward plan for joint procurement when existing contracts are due for renewal. This includes all aspects of external contracts, such as photocopying, website provision, catering and grounds maintenance.
- Since the formation of the Academy Trust, duplication has been reduced by beginning to implement joint policies and procedures. This aims to ensure consistent and efficient processes are in operation from the outset.

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Durham Diocesan MAT for the period from 1 November 2017 (conversion) to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

Durham Diocesan MAT

Governance Statement (continued)

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Board of Trustees reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The Board of Trustees have considered the need for a specific internal audit function and have appointed Tait Walker to provide a programme of internal assurance.

The supplementary procedures carried out include giving advice on financial matters and performing a range of checks on the Academy Academy Trust's financial systems. In particular, checks carried out in the period included:

- Testing of ESFA, DfE & Local Authority income;
- Testing of purchasing & payments systems;
- Testing of bank, petty cash and debit card use;
- Testing of payroll systems and procedures; and
- Testing of policies which are in place at the Academy.

On a termly basis, the internal reviewer reports in writing to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities via a formal written report and presentation. The internal reviewer has delivered the schedule of work as planned and recommendations have been acted on through revisions to the finance policy, meetings with school business managers and head teachers and change of payroll provider for two of the schools.

Durham Diocesan MAT

Governance Statement (continued)

Review of Effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- The work of the external auditor; and
- The work of the CFO, COO and the Academy Trust financial consultants who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control 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 28/11/18 and signed on its behalf by:



.....
John Taylor

Chair of the Board



.....
Paul Rickeard

Accounting Officer

Durham Diocesan MAT

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Paul Rickeard
Accounting officer

Date: 12/12/18

Durham Diocesan MAT

Statement of Trustees' Responsibilities

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

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

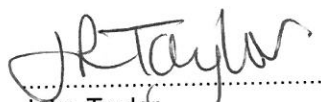
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

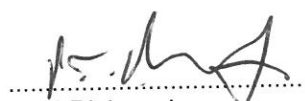
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 28/11/18 and signed on its behalf by:


John Taylor
Trustee


Paul Rickeard
Trustee

Durham Diocesan MAT

Independent Auditor's Report on the Financial Statements to the Members of Durham Diocesan MAT

Opinion

We have audited the financial statements of Durham Diocesan MAT (the 'Academy Trust') for the period from 3 July 2017 to 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Durham Diocesan MAT

Independent Auditor's Report on the Financial Statements to the Members of Durham Diocesan MAT (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Durham Diocesan MAT

Independent Auditor's Report on the Financial Statements to the Members of Durham Diocesan MAT (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Durham Diocesan MAT

Independent Auditor's Report on the Financial Statements to the Members of Durham Diocesan MAT (continued)

Use of our report

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

Tait Walker LLP

.....
Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of Tait Walker LLP
Chartered Accountants and Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle Upon Tyne
NE3 3LS

Date: *17th December 2018*

Durham Diocesan MAT

Independent Reporting Accountant's Report on Regularity to Durham Diocesan MAT and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Durham Diocesan MAT during the period 3 July 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of the Durham Diocesan MAT Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of the Durham Diocesan MAT's funding agreement with the Secretary of State for Education dated 1 November 2017 and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 3 July 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of senior management and the Trustees of the Academy Trust;
- Observation of re-performance of financial controls; and
- Inspection and review of the accounting records, meeting minutes and internal control procedures;
- Review of card transactions;
- Review of register of business and pecuniary interests;
- Review of related party transactions;
- Review of a sample of gifts and hospitality expenditure;

Conclusion

Durham Diocesan MAT

Independent Reporting Accountant's Report on Regularity to Durham Diocesan MAT and the Education & Skills Funding Agency (continued)

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 from 3 July 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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



Tait Walker LLP
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle Upon Tyne
NE3 3LS

Date: 17th December 2018

Durham Diocesan MAT

Statement of Financial Activities for the Period from 3 July 2017 to 31 August 2018 (including Income and Expenditure Account)

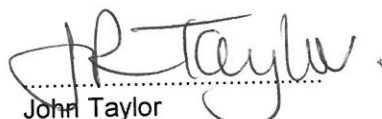
		Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total Period ended 31 August 2018 £ 000
	Note				
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	18	24	21	63
Transfer from local authority on conversion		235	(122)	312	425
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,970	-	2,970
Other trading activities	4	177	-	-	177
Total		430	2,872	333	3,635
Expenditure on:					
Raising funds	5	12	-	-	12
<i>Charitable activities:</i>					
Academy trust educational operations	6	140	2,948	14	3,102
Total		152	2,948	14	3,114
Net income/(expenditure)		278	(76)	319	521
Transfers between funds		-	(17)	17	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	129	-	129
Net movement in funds		278	36	336	650
Reconciliation of funds					
Total funds carried forward at 31 August 2018		278	36	336	650

Durham Diocesan MAT

(Registration number: 10847279)
Balance Sheet as at 31 August 2018

	Note	31 August 2018 £ 000
Fixed assets		
Tangible assets	11	336
Current assets		
Stocks	12	1
Debtors	13	271
Cash at bank and in hand		<u>361</u>
		633
Creditors: Amounts falling due within one year	14	<u>(238)</u>
Net current assets		<u>395</u>
Total assets less current liabilities		<u>731</u>
Net assets excluding pension liability		731
Pension scheme liability	22	<u>(81)</u>
Net assets including pension liability		<u><u>650</u></u>
Funds of the Academy:		
Restricted funds		
Restricted income fund	15	117
Restricted fixed asset fund	15	336
Restricted pension fund	15	<u>(81)</u>
		372
Unrestricted funds		
Unrestricted income fund	15	<u>278</u>
Total funds		<u><u>650</u></u>

The financial statements on pages 28 to 57 were approved by the Trustees, and authorised for issue on 28/11/18 and signed on their behalf by:


John Taylor
Trustee

Durham Diocesan MAT

Statement of Cash Flows for the Period from 3 July 2017 to 31 August 2018

	Note	Period ended 31 August 2018 £ 000
Cash flows from operating activities		
Net cash provided by (used in) operating activities	18	387
Cash flows from investing activities	19	<u>(26)</u>
Change in cash and cash equivalents in the period		361
Cash and cash equivalents at 3 July		<u>-</u>
Cash and cash equivalents at 31 August	20	<u><u>361</u></u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018

1 Accounting policies

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

Basis of preparation

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

These financial statements are prepared in sterling which is the functional currency of the entity.

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

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

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

1 Accounting policies (continued)

Grants receivable

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Investment income

Interest receivable is included in the statement of financial activities on an accruals basis.

Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

1 Accounting policies (continued)

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, per the table below.

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.

Asset class

Furniture and fixtures
Computer Equipment

Depreciation method and rate

7 years straight line
3 years straight line

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

1 Accounting policies (continued)

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

1 Accounting policies (continued)

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 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.

Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

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

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

1 Accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Defined Benefit Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The Academy Trust has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the Academy Trust to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current period was £14,000.

Critical areas of judgement

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing indicator of impairment

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

2 Donations and capital grants

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

2 Donations and capital grants (continued)

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total Period ended 31 August 2018 £ 000
Other voluntary income				
Educational trips and visits	-	24	-	24
Capital grants	-	-	21	21
Other donations	18	-	-	18
	<u>18</u>	<u>24</u>	<u>21</u>	<u>63</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total Period ended 31 August 2018 £ 000
DfE/ESFA revenue grants		
General Annual Grant GAG	2,314	2,314
Start Up Grants	75	75
Other ESFA Group grants	407	407
	<u>2,796</u>	<u>2,796</u>
Other government grants		
Local authority grants	171	171
	<u>171</u>	<u>171</u>
Non-government grants and other income		
Other income from the academy trusts educational operations	3	3
	<u>3</u>	<u>3</u>
Total grants	<u>2,970</u>	<u>2,970</u>

4 Other trading activities

	Unrestricted funds £ 000	Total Period ended 31 August 2018 £ 000
Hire of facilities	8	8
Catering income	51	51
Recharges and reimbursements	48	48
Other sales	66	66
Training income	1	1
Consulting income	2	2
Fundraising income	1	1
	<u>177</u>	<u>177</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

5 Expenditure

	Non Pay Expenditure			Total Period ended 31 August 2018 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000	
Expenditure on raising funds	-	-	12	12
Academy's educational operations				
Direct costs	2,060	-	202	2,262
Allocated support costs	328	142	370	840
	<u>2,388</u>	<u>142</u>	<u>584</u>	<u>3,114</u>

Net income/(expenditure) for the period includes:

	2018 £ 000
Depreciation	14
Fees payable to auditor - audit	6
Fees payable to auditor - other audit services	<u>6</u>

6 Charitable activities

	Period ended 31 August 2018 £ 000
Direct costs - educational operations	2,262
Support costs - educational operations	<u>840</u>
	<u>3,102</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

6 Charitable activities (continued)

	Educational operations £ 000	Period ended 31 August 2018 £ 000
Analysis of support costs		
Support staff costs	328	328
Depreciation	14	14
Technology costs	37	37
Premises costs	128	128
Other support costs	321	321
Governance costs	12	12
Total support costs	<u>840</u>	<u>840</u>

7 Staff

Staff costs

	Period ended 31 August 2018 £ 000
Staff costs during the period were:	
Wages and salaries	1,765
Social security costs	157
Operating costs of defined benefit pension schemes	<u>376</u>
	2,298
Supply staff costs	77
Staff restructuring costs	<u>13</u>
	<u>2,388</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

7 Staff (continued)

Period
ended 31
August 2018
£ 000

Staff restructuring costs comprise:

Redundancy payments

13

Staff numbers

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

31 August
2018
No.

Charitable Activities

Teachers

41

Administration and support

67

Management

3

111

Higher paid staff

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

31 August
2018
No.

£60,001 - £70,000

1

£70,001 - £80,000

1

£80,001 - £90,000

1

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £182,988.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

8 Central services

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

- Chief Executive Officer
- Chief Operating Officer
- Chief Finance Officer
- Audit Services
- Finance Management System
- Management Information System
- HR Service
- Finance Service
- Governance Service
- Leadership/H&S Support Service
- Payroll
- School Improvement Support

The academy trust charges for these services on the following basis:

- 5.00% of each schools' budget share, which the Academy Trust subsidised for the first year of operations only.

The actual amounts charged during the period were as follows:

	31 August 2018 £ 000
Egglescliffe Church of England Primary School	15
St Aidan's Church of England Memorial Primary School	26
Holy Trinity Church of England Primary School	17
	58

9 Related party transactions - Trustees' remuneration and expenses

No trustees are remunerated by DDMAT. This is because the trustees who would be employed in the day to day running are remunerated by the Diocese.

During the period ended 31 August 2018, no travel and subsistence expenses were reimbursed.

Other related party transactions involving the Trustees are set out in note 23.

10 Trustees' and officers' insurance

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

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

11 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and fixtures £ 000	Computer equipment £ 000	Total £ 000
Cost				
Additions	-	38	9	47
Inherited assets	264	33	6	303
At 31 August 2018	264	71	15	350
Depreciation				
Charge for the year	-	8	6	14
At 31 August 2018	-	8	6	14
Net book value				
At 31 August 2018	264	63	9	336

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

11 Tangible fixed assets (continued)

The Academy Trust occupies land, including buildings, which are owned by one of its Members; the Durham Diocesan Board of Finance. The Members are the providers of the academies on the same basis as when they were maintained schools. The Academy Trust therefore occupies the land and buildings under a licence. The continuing permission of the Members is pursuant to, and subject to, the Members' charitable objectives and is part of the Church's of England's contribution since 1847 to provide state funded education in partnership with the state. The licence delegates aspects of the management of the land and buildings to the Academy Trust, but does not vest any rights over the land in the Academy Trust. The Members have given an undertaking to the Secretary of State for Education that they will not give the Academy Trust less than two years notice to terminate the occupation of the land and buildings. Having therefore considered the basis of which the Academy Trust is occupying the land and buildings the Trustees have concluded that the value of these land and buildings will not be recognised on the Academy Trust's balance sheet.

12 Stock

	Period ended 31 August 2018 £ 000
Uniform	1

13 Debtors

	Period ended 31 August 2018 £ 000
Trade debtors	6
VAT recoverable	62
Prepayments	85
Accrued grant and other income	118
	271

14 Creditors: amounts falling due within one year

	Period ended 31 August 2018 £ 000
Trade creditors	135
Other creditors	9
Accruals	32
Deferred income	62
	238

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

14 Creditors: amounts falling due within one year (continued)

	31 August 2018 £ 000
Deferred income	
Resources deferred in the period	<u>62</u>

At the balance sheet date the Trust was holding funds received in advance in respect of ESFA rates relief £8,000 and Universal Infant Free School Meals income £54,000.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

15 Funds

	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds				
General Annual Grant	2,314	(2,180)	(17)	117
Other DfE/ESFA	245	(245)	-	-
Pupil Premium	237	(237)	-	-
Local Authority Grants	171	(171)	-	-
Other Government Grants	3	(3)	-	-
Other Income	24	(24)	-	-
	<u>2,994</u>	<u>(2,860)</u>	<u>(17)</u>	<u>117</u>
Restricted fixed asset funds				
DfE/ESFA Capital Grants	21	-	17	38
Assets Transferred on Conversion	<u>312</u>	<u>(14)</u>	<u>-</u>	<u>298</u>
	333	(14)	17	336
Restricted pension funds				
LGPS Pension	<u>(122)</u>	<u>(88)</u>	<u>129</u>	<u>(81)</u>
Total restricted funds	3,205	(2,962)	129	372
Unrestricted funds				
Unrestricted	<u>430</u>	<u>(152)</u>	<u>-</u>	<u>278</u>
Total funds	<u>3,635</u>	<u>(3,114)</u>	<u>129</u>	<u>650</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/EFA grants, Local Authority grants and other income include insurance refund, PE grant, sponsorship grants, staff development grant and year 7 catch up grant.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to LGPS, and the pension liability has therefore been aligned with these funds.

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus school funds acquired on conversion.

Unrestricted funds can be used for any purpose at the discretion of the Academy Trust.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £ 000
Egglescliffe Church of England Primary School	86
St Aidan's Church of England Memorial Primary School	116
Holy Trinity Church of England Primary School	133
Durham Diocesan MAT	60
Total before fixed assets and pension reserve	395
DfE/ESFA Capital Grants	336
LGPS Pension	(81)
Total	<u>650</u>

Analysis of academies by cost

Expenditure incurred by each Academy during the period was as follows:

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
Egglescliffe Church of England Primary School	470	88	51	72	681
St Aidan's Church of England Memorial Primary School	986	129	73	151	1,339
Holy Trinity Church of England Primary School	604	111	69	121	905
Durham Diocesan MAT	-	-	9	166	175
Academy Trust	<u>2,060</u>	<u>328</u>	<u>202</u>	<u>510</u>	<u>3,100</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	336	336
Current assets	278	355	-	633
Current liabilities	-	(238)	-	(238)
Pension scheme liability	-	(81)	-	(81)
Total net assets	<u>278</u>	<u>36</u>	<u>336</u>	<u>650</u>

17 Commitments under operating leases

Operating leases

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

	2018 £ 000
Amounts due within one year	19
Amounts due between one and five years	<u>18</u>
	<u>37</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

		Period ended 31 August 2018 £ 000
Net income		521
Depreciation	5	14
Capital grants from DfE and other capital income		(21)
Assets transferred on conversion from Local Authority		(303)
Defined benefit pension scheme obligation inherited	22	122
Defined benefit pension scheme cost less contributions payable	22	86
Defined benefit pension scheme finance cost	22	2
Increase in stocks		(1)
Increase in debtors		(271)
Increase in creditors		238
Net cash provided by Operating Activities		<u>387</u>

19 Cash flows from investing activities

	Period ended 31 August 2018 £ 000
Purchase of tangible fixed assets	(47)
Capital funding received from sponsors and others	<u>21</u>
Net cash used in investing activities	<u>(26)</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

20 Analysis of cash and cash equivalents

	2018 £ 000
Cash at bank and in hand	361
Total cash and cash equivalents	<u>361</u>

21 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 he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

22 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by . Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at the end of the financial period.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

22 Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £197,692 .

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £124,000, of which employer's contributions totalled £92,000 and employees' contributions totalled £32,000. The agreed contribution rates for future years are 15 per cent for employers and 5.5-12.5 per cent for employees.

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

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.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

22 Pension and similar obligations (continued)

Principal actuarial assumptions

	31 August 2018 %
Rate of increase in salaries	3.00
Rate of increase for pensions in payment/inflation	2.00
Discount rate for scheme liabilities	2.80
Inflation assumptions (CPI)	2.00
RPI increases	<u>3.10</u>

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

	31 August 2018
Retiring today	
Males retiring today	22.90
Females retiring today	25.00
Retiring in 20 years	
Males retiring in 20 years	25.10
Females retiring in 20 years	<u>27.30</u>

Sensitivity analysis

	At 31 August 2018 £000
Discount rate +0.1%	2,129
Discount rate -0.1%	2,238
Mortality assumption – 1 year increase	2,246
Mortality assumption – 1 year decrease	2,120
CPI rate +0.1%	2,205
CPI rate -0.1%	<u>2,162</u>

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

	2018 £ 000
Equities	1,534
Property	162
Cash and other liquid assets	379
Other	<u>27</u>
Total market value of assets	<u>2,102</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

22 Pension and similar obligations (continued)

The actual return on scheme assets was £115,000.

Amounts recognised in the statement of financial activities

	Period ended 31 August 2018 £ 000
Current service cost	178
Interest income	(43)
Interest cost	45
Total amount recognised in the SOFA	180

Changes in the present value of defined benefit obligations were as follows:

	Period ended 31 August 2018 £ 000
Conversion of academy trusts	1,989
Current service cost	178
Interest cost	45
Employee contributions	32
Actuarial (gain)/loss	(57)
Benefits paid	(4)
At 31 August	2,183

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

	Period ended 31 August 2018 £ 000
Conversion of academy trusts	1,867
Interest income	43
Actuarial gain/(loss)	72
Employer contributions	92
Employee contributions	32
Benefits paid	(4)
At 31 August	2,102

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

23 Related party transactions

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

Expenditure related party transactions

During the period the Academy made the following related party transactions:

Durham Diocesan Board of Finance

The Diocesan Board of Finance (DDBF) is a Member of the Academy Trust and jointly employs the Joint Education Team (JET) together with the Newcastle Diocesan Education Board (NDEB) which is unconnected with the Trust. The JET works across both the CofE Diocese of Newcastle and CofE Diocese of Durham. The Trust's officers (CEO, COO and CFO and one of the school effectiveness partners) work for the JET and provide these services to the Trust which is then recharged to both the DDBF (member of the Trust) and the Newcastle Diocesan Education board (which is not connected to the Trust). The charges are split equally so the DBF only receives half of the costs recharged.

(Paul Rickeard and Liane Atkin are Trustees of the Trust and also do work for the Trust through the JET.)

Revd William Braviner is both a Trustee of the Academy Trust and a Trustee of the Durham Diocesan Board of Finance.

During the period, the Joint Education Team charged £35,827 in respect of support provided to the Academy Trust. However only £17,913.50 of this was paid to the DDBF as the remainder went to the NDEB. In addition £983 was paid to the DDBF as part of the basic partnering support agreement charged to all CofE schools within the Diocese.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and Durham Diocesan Board of Finance has provided a statement of assurance confirming this.

At the balance sheet date the amount due to Durham Diocesan Board of Finance was £Nil.

24 Events after the end of the reporting period

At 31st August 2018, the Trust was involved in the sponsorship of St Mary's Church of England Aided Primary School with regards to the Academy joining Durham Diocesan MAT. The Academy joined the Trust on 1st November 2018..

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

25 Conversion to an Academy Trust

On 3 July 2017 the St Aidan's CE Memorial Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Durham Diocesan MAT from the Hartlepool Borough Council Local Authority for £Nil 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 as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	32,000	32,000
Other tangible fixed assets	-	-	11,000	11,000
On LA funds	101,000	-	-	101,000
LGPS pension surplus/(deficit)	-	(62,000)	-	(62,000)
Net assets	<u>101,000</u>	<u>(62,000)</u>	<u>43,000</u>	<u>82,000</u>

The above net assets include £101,000 that were transferred as cash.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

25 Conversion to an Academy Trust (continued)

On 3 July 2017 the Holy Trinity CE Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Durham Diocesan MAT from the Hartlepool Borough Council Local Authority for £Nil 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 as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	11,000	11,000
Other tangible fixed assets	-	-	20,000	20,000
On LA funds	102,000	-	-	102,000
LGPS pension surplus/(deficit)	-	(42,000)	-	(42,000)
Net assets	<u>102,000</u>	<u>(42,000)</u>	<u>31,000</u>	<u>91,000</u>

The above net assets include £102,000 that were transferred as cash.

Durham Diocesan MAT

Notes to the Financial Statements for the Period from 3 July 2017 to 31 August 2018 (continued)

25 Conversion to an Academy Trust (continued)

On 3 July 2017 the Egglescliffe CE Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Durham Diocesan MAT from the Stockton-on-Tees Local Authority for £Nil 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 as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	221,000	221,000
Other tangible fixed assets	-	-	8,000	8,000
On LA funds	32,000	-	9,000	41,000
LGPS pension surplus/(deficit)	-	(18,000)	-	(18,000)
Net assets	<u>32,000</u>	<u>(18,000)</u>	<u>238,000</u>	<u>252,000</u>

The above net assets include £41,000 that were transferred as cash.