

DURHAM DIOCESAN MAT

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

Durham Diocesan MAT

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Durham Diocesan MAT

Reference and Administrative Details

Members	Bishop of Durham (Rep: Stuart Bain) Durham Diocesan Board of Finance (Rep: Nigel Wyrley-Birch) Richard Thorndyke John Taylor Stephen Pickering (appointed 24 June 2019)
Trustees (Directors)	John Taylor Paul Rikeard Joanne Davison Father Bill Braviner Anne Hallowell (resigned 13 September 2019) Timothy Dillon Mark Stouph Jo Warner (resigned 28 November 2018) Liane Atkin (resigned 26 March 2019) Tim Jones (appointed 4 September 2018) Charlotte McCabe (appointed 4 October 2019)
Senior Management Team	Paul Rikeard, Chief Executive Officer Eileen Bell, Chief Finance Officer Liane Atkin, Operating Officer/DPO Amanda Baines, Headteacher Lynn Chambers, Headteacher Mary Cook, Headteacher Emma Robertson, Headteacher (appointed 1 November 2018) Judith Skirving, Headteacher (appointed 1 May 2019) Carly Spence, Headteacher (appointed 1 May 2019)
Principal and Registered Office	Cuthbert House Stonebridge Durham DH1 3RY

Durham Diocesan MAT

Reference and Administrative Details (continued)

Company Name	Durham Diocesan MAT
Company Registration Number	10847279
Auditors	MHA Tait Walker Bulman House Regent Centre Gosforth 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 Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Durham Diocesan MAT (the Academy Trust) operates six (seven from 1 October 2019) primary schools for pupils aged 2 to 11 serving catchment areas in the Hartlepool, Stockton, Darlington (and from 1 October 2019 Durham) Local Authority areas. One of the primary schools is also a designated teaching school. The Academy Trust had 1210 pupil numbers on roll in May 2019. The Academy Trust was incorporated on 3 July 2017. The first three schools (Egglescliffe, Holy Trinity and St Aidan's) converted together to become Academies on 1 November 2017, followed by St Mary's Long Newton on 1 November 2018. Bishopton Redmarshall and Heighington joined the MAT on 1 May 2019 having previously formed an existing MAT (BRandH). Bishop Ian Ramsey CE Primary joined the Academy Trust on 1 October 2019 outside of the period covered by this Trustees' Report.

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. Please note (although this is outside of the current reporting period) that the Articles of Association were amended on 5 September 2019 to include a community use object. 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 7 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. 8 Trustees are currently 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 Year Ended 31 August 2019 (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 Trustee

The term of office for any 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 Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends on their existing experience. 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. 6 of the current Trustees have been in place since 31 August 2018 and Tim Jones was appointed on 4 September 2018 and Charlotte McCabe on 4 October 2019 as a result of the resignations of Jo Warner and Liane Atkin. The Board is now looking to recruit an additional Trustee following the resignation of Anne Hallowell on 13 September 2019 (outside of this reporting period) in order to bring additional financial expertise to the board.

The Academy Trust appointed an independent clerk through School House Governance Ltd, on conversion as the provider of Governor Support Services to the Academy Trust and a training and support package, including Academy Trust wide training events and bespoke induction support as identified by each Academy, has been delivered to help advise individuals on the requirements and responsibilities of their roles. As the Academy Trust is now in its second full year of operation annual skills audits and director's strategy day has taken place, termly Chairs and CEO Meetings are now established and development of a cycle of governance activity has been further embedded. The CEO attends one Academy council meeting for each school annually and a schedule of link directors and bi-annual visits to each school has been established. In addition, each school in the Academy Trust and its Trustees 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 comprised six primary academies during the reporting period and another has joined on 1 October 2019. 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 four challenge and support 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 and reviewed by the Trust Board as remaining fit for purpose in July 2019. The Scheme of Delegation (SoD) determines what responsibility resides at both individual Academy and Board level.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

All staffing appointments are made at an 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.

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, the Chief Finance Officer and an administrative assistant. The Academy Trust operates a single bank account and one finance policy and associated procedures across all of its academies.

During 2018/19 the Academy Trust has reviewed and developed a number of centrally approved policies covering statutory and non-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 at or 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 the Academy Trust Pay Policy which is reviewed annually and set in accordance with the School Teacher's Pay and Conditions Guidance. Each respective AC oversee the appraisal and pay of their Academy's Head Teacher. This is undertaken with the support of either the CEO or the Challenge and Support Partners who carry 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 was one Relevant Union Official during the period. This Union Official did not undertake any paid trade union activities or spend working time on facility time so as such the Academy Trust has not incurred any costs in relation to facility time or paid trade union activities. The Academy Trust reported the following information to DfE under the Trade Union (Publication of Facility Time Reporting) Regulations 2017 (pay bill information updated to August 2019):

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

Relevant Union Officials	
Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
1	1
Percentage of Time spent on facility time	
Percentage of time	Number of employees
0%	1
1-50%	0
51-99%	0
100%	0
Percentage of paybill spent on facility time	
Provide the total cost of facility time	0
Provide the total paybill (August 2019)	£3,518,105
Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$	0
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period $\div$ total paid facility time hours) $\times$ 100	0

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. There is a secondary ancillary 'community use' object subject to any restrictions contained within any Trusts applying to the land.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

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 where possible 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.

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 for Education. The first sponsored academy joined the Trust on 1 October 2019. 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 trust and respect across our Academies

In accordance with the Articles of Association the Academy Trust has adopted a Scheme of Delegation 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.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

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 and School Business Managers 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.

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 2018/19 include:

- The Trust has successfully grown from 3 schools to 7- with no impact on schools already in the Trust; standards in all schools have continued to improve;
- School performance is good or outstanding in each of the schools within the Trust; Bishopston Redmarshall was RI but the Trust working with the wider Diocese supported this schools to GOOD prior to conversion
- 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. An annual presentation from every school to the Trust Board allows a connectivity between Directors and schools to understand particular achievements and challenges;
- A CPD programme has been delivered, including work with middle leaders and subject specialists; data protection training has been a strength of the Trust; The Year of the Curriculum has been prepared and costed for the current academic year;
- The Trust continues to have 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; this work has expanded to include schools new to the Trust
- 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 continuing to be developed and embedded at both the operational and strategic levels.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (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	Good	74	83	90	81	79	89
Egglescliffe	Good	82	89	NA	92	88	100
Holy Trinity	Outstanding	76	97	100	76	79	83
St Mary's Long Newton	Good	90	88	50	78	71	85
Bishopton Redmarshall	Good	100	100	100	85	77	77
Heighington	Outstanding	89	85	100	84	84	92

Overall, the performance of the Academies continues to improve. Egglescliffe C of E Primary has again (for the second year) been identified by Stockton LA as one of the highest performing schools in the LA for its data along with St Mary's. 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. Whilst we have additional support in place for Heighington we are confident the school continues to improve as part of DDMAT.

Key

EXS+ - Pupils working at the expected standard or above

GPS – Grammar, punctuation and spelling

RWM – Reading, writing and maths

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

	<u>Kreston Primary Average (Benchmark data) 2017/18</u>	Durham Diocesan Trust				
		<u>2017/18 Outturn</u>	<u>2018/19 Original Budget</u>	<u>Autumn Term Projection</u>	<u>Spring Term Projection</u>	<u>Summer Term Projection</u>
Teaching Staff % Income	N/A	47%	52%	50%	52%	42%
Total Staff % Expenditure	70.1%	79%	77%	78%	75.8%	72.4%
Average Teacher Cost	£36,681	£49,246	£50,778	£53,848	£50,854	£49,540
Pupil Teacher Ratio	24.2	19	20	20.9	19.7	20
Total Reserves Per Pupil	N/A	£569	£448	£603	£772	£896
Total Spend per pupil	£5,453	£4,092	£4,955	£5,011	£4,993	£4,092
Surplus as % of income	4.8%	12%	8.9%	11.7%	14.6%	19%

- Last year's dip in performance for Holy Trinity has been eradicated this year we saw an overall improvement in all areas.
- 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 and St Mary's have seen significant gains – this matches closely with the CSP reports that have been completed as part of the school's self-evaluation.
- Bishopton was inspected only a few weeks prior to joining the Trust (although our CISP Partner was already supporting the school) and is now a GOOD school.
- Financial Key Performance Indicators are also set out below. In 2017/18 the trust consisted of three schools. During 2018/19, three additional schools joined the Trust, one convertor in the autumn term, and two transfers in the summer term, bringing in significant reserves which has resulted in an increased surplus and larger reserves per pupil.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

	<u>Kreston Primary Average (Benchmark data) 2017/18</u>	Durham Diocesan Trust				
		<u>2017/18 Outturn</u>	<u>2018/19 Original Budget</u>	<u>Autumn Term Projection</u>	<u>Spring Term Projection</u>	<u>Summer Term Projection</u>
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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 2019 total expenditure of £5,085,000 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 £262,000.

At 31 August 2019 the net book value of fixed assets was £1,430,000. The assets were used exclusively for providing education and associated support to the pupils in the academies within the Academy Trust.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (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 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 which was reviewed for a third time on 17 July 2019. 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 equate to one calendar months' worth of budgeted expenditure both in terms of salaries and invoices.

The Academy Trust's current level of reserves are in surplus by £1,323,000 (comprising £153,000 of restricted reserves (excluding pension and fixed assets) and £1,170,000 of unrestricted reserves) and are therefore considered more than sufficient for the ongoing needs of the Academy Trust

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.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

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. The Academy Trust has sponsor capacity status and on 1 October 2019 Bishop Ian Ramsey CE Primary School joined the Academy Trust. This school currently holds a Special Measures judgment from Ofsted so this has been recorded as a specific risk on the risk register in light of the support required and potential for reputational risk. Challenge and Support partners and the CEO have been working with the school prior to conversion brokering a new leadership team and improving the learning environment. The IEB has transferred across to the Academy council to support with consistency of approach for year one.

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.

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 2019/20 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.

Durham Diocesan MAT

Trustees Report for the Year Ended 31 August 2019 (continued)

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).

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 take in at least 3 further schools including the sponsored school taken into the Trust on 1 October 2019. Two further schools looking to join on 1 April 2020 are Stanhope CE Primary and Ingleton CE Primary
- The Trust will then pause for the remainder of the 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 Trustee on behalf of others.

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.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees Report, incorporating a Strategic Report, was approved by order of the members of the Board on 11/12/19 and signed on its behalf by:


John Taylor
Trustee

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	Date of appointment	Term of office	End date	Attend at meets 2018/2019 11/9/2018, 28/11/2018, 5/2/2019, 26/03/2019, 14/05/2019, 17/07/2019 (including strategy afternoon)
John Taylor	3/7/17	4 yrs	2/7/21	6/6
Paul Rickeard	3/7/17	Ex-officio		6/6
Anne Hallowell	3/7/17	4 yrs	2/7/21	6/6
Jo Warner	3/7/17	4 yrs	Resigned 28/11/18	0/1
Liane Atkin	3/7/17	4 yrs	Resigned 26/03/19	4/6
Mark Stouph	3/7/17	4 yrs	2/7/21	5/6
Tim Dillon	3/7/17	4yrs	2/7/21	6/6
William Braviner	3/7/17	4 yrs	2/7/21	6/6
Joanne Davison	13/12/17	4 yrs	12/12/21	3/6
Tim Jones	12/9/18	4 yrs	11/9/22	3/5

Durham Diocesan MAT

Governance Statement (continued)

Post year end, one new Academy Trustee, Charlotte McCabe, has been appointed to the board and brings further skills in primary education. Anne Hallowell has also resigned post-year end on 13 September 2019 and the Board of Trustees are looking to recruit a replacement Trustee with financial expertise. 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.

Governance Review

Governance Development 2018/19

Since conversion in November 2017, the academies in the Trust have enjoyed a single source of clerking and governance support. This was maintained through 2018/19 and has continued to ensure a consistent approach to governance across the Trust. This has, in turn, continued to raise expectations in the academies of effective and efficient governance.

The Trust's strategic approach to governance at a local level is predicated on the following key pillars of effective governance:

1. Development of a Governance Action Plan that pulls together Academy Council, group and individual development areas/actions. All academies had a plan in place from 1st September 2018;
2. Annual skills audit undertaken by all members of Academy Council to help inform Governance Action Plan and councillor recruitment activity;
3. Annual self review of effectiveness undertaken by each Academy Council to identify the effectiveness of current governance arrangements and areas for development – to link into the Governance Action Plan;
4. Development of a cycle of governance activity that includes councillor monitoring linked to the school's improvement planning processes.

From each academy's annual self-review of effectiveness undertaken in the summer term of 2017/18, the local governance priorities identified for 2018/19 across the Trust were as follows:

- a. Further development of risk management processes and the identification of academy-specific risks within each academy that could then feed into the Trust's risk register and enable Trustees to be aware of those risks identified by the Academy Councils at a local level,
- b. Further development of focused councillor monitoring in each academy to ensure that each Academy Council was aware of progress against its identified priority areas for improvement within its School Improvement Plan.

Trustees considered their expectations of the training that would be undertaken by councillors and a core training expectation was identified for 19/20. This includes annual Level 1 safeguarding training and biannual Prevent and e-safety training.

Durham Diocesan MAT

Governance Statement (continued)

All the academies in the Trust in September 2018 had previously acknowledged the raised expectations of governance by moving from termly to half termly meetings of the Academy Council. Those academies joining during 2018/19 also moved to this model of half-termly meetings. The meetings of the Academy Councils continue to be driven by the demands of the Scheme of Delegation (SoD) as the agendas for the Academy Council meetings are drawn directly from the responsibilities delegated to the academies as identified in the SoD. This approach ensures the accountability of the Academy Councils for the responsibilities delegated to them by the Board of Trustees.

A termly briefing meets for Chairs of the Academy Councils with the Chair of the Board of Trustees and the CEO was introduced in 18/19 and this has further supported a consistent approach to governance across the Trust. This group has identified the wish to develop the role of the Vice Chair of the Academy Council in 2019/20. The first meeting of a Vice Chairs' group is planned for January 2020.

The Board of Trustees approach to governance mirrors that seen at a local level. Trustees undertook their own self-evaluation of effectiveness on 17th July 2019. From this strategic session, the following points were identified for further development in 2019/20:

- Continued embedding of Christian distinctiveness of Trust in policy documentation and work of the Academy Councils;
 - Identification of mechanisms that ensures that the academies keep up to date with new initiatives;
 - Use of the seven SIAMS strands as reference points for the work of the Board of Trustees;
 - Development of Trust self-evaluation;
 - Exploration of revised governance structure to be undertaken to reflect development of Trust into Diocese of Newcastle.
- Trustees discussed their arrangements for linking with the academies in the Trust and introduced a programme of Link Trustee visits in 2018/19. Trustees have been linked to individual academies in the Trust and undertake regular visits to their respective academy in order to build the relationship between the Board and its academies.

Over the course of 2018/19 the developments identified have contributed to a growing level of both efficiency and effectiveness in the Trust's governance arrangements.

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 6 academies to ensure best value, particularly ensuring savings are maximised through joint contracts and procurement where possible 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 moved to one payroll provider on 1 September 2019 and this has been a successful transition.

Durham Diocesan MAT

Governance Statement (continued)

- A joint contracts register has been produced and continues to be developed 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 continuing 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 2019 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 Academy Councils contribute to this process through the identification of their own risks which are RAG rated and any RED rated risks are escalated to the Board for review at each Board meeting. 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 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Academy 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 MHA Tait Walker to provide a programme of internal assurance.

Durham Diocesan MAT

Governance Statement (continued)

The supplementary procedures carried out include giving advice on financial matters and performing a range of checks on the 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 harmonisation of payroll provider.

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 on 11/12/19..... and signed on its behalf by:


John Taylor
Trustee

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 Board 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 2018.

I confirm that I and the Academy Trust Board 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 2018.

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


.....
Paul Rickeard
Accounting officer

Date:.....11/12/19.....

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 Academies 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:

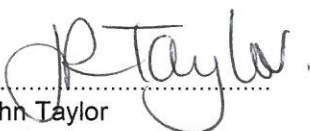
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

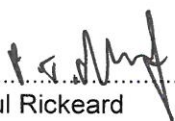
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 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 11/12/19 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 year ended 31 August 2019, 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', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 the Academies Accounts Direction 2018 to 2019.

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 (covers the Reference and Administrative Details, the Trustees Report the Governance Statement the Statement on Regularity, Propriety and Compliance, and the Statement of Trustees' Responsibilities)

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 year 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.

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

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.

MHA Tait Walker

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

Date: *16th December 2019*

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 4 July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board's funding agreement with the Secretary of State for Education dated 1 November 2017 and the Academies Financial Handbook extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 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 2018 to 2019 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:

- Review of Governing Body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;

Durham Diocesan MAT

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

- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Consideration of governance issues.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 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.

MHA Tait Walker

MHA Tait Walker
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: *16th December 2019*

MHA Tait Walker is a trading name of Tait Walker LLP.

Durham Diocesan MAT

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2019 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	79	-	79	158
Transfer from local authority on conversion		595	(471)	1,008	1,132
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	4,823	-	4,823
Other trading activities	4	283	-	-	283
Investments	5	1	-	-	1
Total		958	4,352	1,087	6,397
Expenditure on:					
Raising funds	6	11	-	-	11
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	5,037	37	5,074
Total		11	5,037	37	5,085
Net income/(expenditure)		947	(685)	1,050	1,312
Transfers between funds		(55)	-	55	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(714)	-	(714)
Net movement in funds/(deficit)		892	(1,399)	1,105	598
Reconciliation of funds					
Total funds brought forward at 1 September 2018		278	36	336	650
Total funds/(deficit) carried forward at 31 August 2019		1,170	(1,363)	1,441	1,248

Durham Diocesan MAT

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

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2018 £ 000
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	6	12	-	-	12
<i>Charitable activities:</i>					
Academy trust educational operations	7	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/(losses) on defined benefit pension schemes	23	-	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 2019

	Note	2019 £ 000	Period ended 31 August 2018 £ 000
Fixed assets			
Tangible assets	12	1,430	336
Current assets			
Stocks	13	-	1
Debtors	14	249	271
Cash at bank and in hand		1,531	361
		<u>1,780</u>	<u>633</u>
Creditors: Amounts falling due within one year	15	<u>(446)</u>	<u>(238)</u>
Net current assets		<u>1,334</u>	<u>395</u>
Total assets less current liabilities		<u>2,764</u>	<u>731</u>
Net assets excluding pension liability		2,764	731
Pension scheme liability	23	<u>(1,516)</u>	<u>(81)</u>
Net assets including pension liability		<u>1,248</u>	<u>650</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	16	153	117
Restricted fixed asset fund	16	1,441	336
Restricted pension fund	16	<u>(1,516)</u>	<u>(81)</u>
		78	372
Unrestricted funds			
Unrestricted income fund	16	<u>1,170</u>	<u>278</u>
Total funds		<u>1,248</u>	<u>650</u>

The financial statements on pages 27 to 60 were approved by the trustees, and authorised for issue on 11/12/19, and signed on their behalf by:


John Taylor
Trustee

Durham Diocesan MAT

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	Period ended 31 August 2018 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	1,213	387
Cash flows from investing activities	20	<u>(43)</u>	<u>(26)</u>
Change in cash and cash equivalents in the year		1,170	361
Cash and cash equivalents at 1 September		<u>361</u>	<u>-</u>
Cash and cash equivalents at 31 August	21	<u><u>1,531</u></u>	<u><u>361</u></u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019

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 2018 to 2019 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.

Durham Diocesan MAT meets the definition of a public benefit entity under FRS 102.

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.

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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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 and liabilities are received by the academy 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 academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

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.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset 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	Depreciation method and rate
Furniture and equipment	7 years straight line
Computer equipment	3 years straight line
Freehold land and buildings	125 years

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:

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 15. 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.

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.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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 Education Skills and Funding Agency and the Department for Education Group.

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The 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 £23,000 (2018 - £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.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	Total Period ended 31 August 2018 £ 000
Educational trips and visits	37	-	-	37	24
Capital grants	-	-	79	79	21
Other donations	42	-	-	42	18
	<u>79</u>	<u>-</u>	<u>79</u>	<u>158</u>	<u>63</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total Period ended 31 August 2018 £ 000	
Total 2018	<u>18</u>	<u>24</u>	<u>21</u>	<u>63</u>	

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2019 £ 000	Total Period ended 31 August 2018 £ 000
DfE/ESFA revenue grants			
General Annual Grant GAG	3,665	3,665	2,314
Start Up Grants	130	130	75
Other ESFA Group grants	623	623	407
	<u>4,418</u>	<u>4,418</u>	<u>2,796</u>
Other government grants			
Local authority grants	402	402	171
	<u>402</u>	<u>402</u>	<u>171</u>
Non-government grants and other income			
Other income from the academy trusts educational operations	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>
Total grants	<u>4,823</u>	<u>4,823</u>	<u>2,970</u>
		Total Period ended 31 August 2018 £ 000	
Total 2018	<u>2,970</u>	<u>2,970</u>	

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

4 Other trading activities

	Unrestricted funds £ 000	Total 2019 £ 000	Period ended 31 August 2018 £ 000
Hire of facilities	15	15	8
Catering income	80	80	51
Recharges and reimbursements	26	26	48
Other sales	157	157	66
Training income	2	2	1
Consulting income	-	-	2
Fundraising income	3	3	1
	<u>283</u>	<u>283</u>	<u>177</u>
		Total Period ended 31 August 2018 £ 000	
Total 2018	<u>177</u>	<u>177</u>	

5 Investment income

	Unrestricted funds £ 000	Total 2019 £ 000	Total Period ended 31 August 2018 £ 000
Short term deposits	<u>1</u>	<u>1</u>	<u>-</u>
		Total Period ended 31 August 2018 £ 000	
Total 2018	<u>-</u>	<u>-</u>	

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Expenditure

	Non Pay Expenditure				
	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2019 £ 000	Total 31 August 2018 £ 000
Expenditure on raising funds	-	-	11	11	12
Academy's educational operations					
Direct costs	3,103	-	467	3,570	2,262
Allocated support costs	625	299	580	1,504	840
	<u>3,728</u>	<u>299</u>	<u>1,058</u>	<u>5,085</u>	<u>3,114</u>

	Non Pay Expenditure			
	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 31 August 2018 £ 000
Total 2018	<u>2,388</u>	<u>142</u>	<u>584</u>	<u>3,114</u>

Net income/(expenditure) for the year includes:

	2019 £ 000	2018 £ 000
Depreciation	37	14
Fees payable to auditor - audit	7	6
Fees payable to auditor - other audit services	<u>6</u>	<u>6</u>

7 Charitable activities

	2019 £ 000	Period ended 31 August 2018 £ 000
Direct costs - educational operations	3,570	2,262
Support costs - educational operations	<u>1,504</u>	<u>840</u>
	<u>5,074</u>	<u>3,102</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

7 Charitable activities (continued)

	Educational operations £ 000	2019 £ 000	Period ended 31 August 2018 £ 000
Analysis of support costs			
Support staff costs	625	625	328
Depreciation	37	37	14
Technology costs	93	93	37
Premises costs	262	262	128
Other support costs	449	449	321
Governance costs	38	38	12
Total support costs	<u>1,504</u>	<u>1,504</u>	<u>840</u>

8 Staff

Staff costs

	2019 £ 000	Period ended 31 August 2018 £ 000
Staff costs during the year were:		
Wages and salaries	2,747	1,765
Social security costs	249	157
Operating costs of defined benefit pension schemes	<u>461</u>	<u>376</u>
	3,457	2,298
Supply staff costs	270	77
Staff restructuring costs	<u>1</u>	<u>13</u>
	<u>3,728</u>	<u>2,388</u>
	2019 £ 000	Period ended 31 August 2018 £ 000
Staff restructuring costs comprise:		
Redundancy payments	<u>1</u>	<u>13</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff (continued)

Staff numbers

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

	31 August 2019 No.	31 August 2018 No.
Charitable Activities		
Teachers	71	41
Administration and support	119	67
Management	3	3
	<u>193</u>	<u>111</u>

Higher paid staff

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

	31 August 2019 No.	31 August 2018 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

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 £382,800 (2018 - £182,988).

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 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 year were as follows:

	2019 £ 000	2018 £ 000
Egglescliffe Church of England Primary School	34	15
St Aidan's Church of England Memorial Primary School	66	26
Holy Trinity Church of England Primary School	41	17
St Mary's Church of England Primary School	18	-
Bishopton Redmarshall Church of England Primary School	8	-
Heighington Church of England Primary School	16	-
	<u>183</u>	<u>58</u>

10 Related party transactions - trustees' remuneration and expenses

No trustees are remunerated by Durham Diocesan MAT. This is because the trustees who work for the central team are employed by and remunerated by Durham Diocesan Board of Finance and Newcastle Diocesan Education Board.

During the year ended 31 August 2019, no travel and subsistence expenses (2018 - £Nil) were reimbursed.

Other related party transactions involving the trustees are set out in note 24.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

11 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.

12 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 September 2018	264	71	15	350
Additions	-	111	12	123
Inherited assets	935	36	37	1,008
At 31 August 2019	1,199	218	64	1,481
Depreciation				
At 1 September 2018	-	8	6	14
Charge for the year	5	20	12	37
At 31 August 2019	5	28	18	51
Net book value				
At 31 August 2019	1,194	190	46	1,430
At 31 August 2018	264	63	9	336

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.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

13 Stock

	2019 £ 000	Period ended 31 August 2018 £ 000
Uniform	-	1

14 Debtors

	2019 £ 000	Period ended 31 August 2018 £ 000
Trade debtors	9	6
VAT recoverable	13	62
Prepayments	91	85
Accrued grant and other income	136	118
	<u>249</u>	<u>271</u>

15 Creditors: amounts falling due within one year

	2019 £ 000	Period ended 31 August 2018 £ 000
Trade creditors	91	135
Other taxation and social security	76	-
Other creditors	51	9
Accruals	108	32
Deferred income	98	62
Pension scheme creditor	22	-
	<u>446</u>	<u>238</u>
	31 August 2019 £ 000	31 August 2018 £ 000

Deferred income

Deferred income at 1 September 2018	62	-
Resources deferred in the period	98	62
Amounts released from previous periods	<u>(62)</u>	<u>-</u>
Deferred income at 31 August 2019	<u>98</u>	<u>62</u>

At the balance sheet date the Trust was holding funds received in advance in respect of ESFA rates relief of £10,000, Universal Infant Free School Meals income of £87,000, and trip income of £1,000.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant	117	3,746	(3,762)	-	101
Other DfE/ESFA	-	358	(306)	-	52
Pupil Premium	-	333	(333)	-	-
Local Authority Grants	-	400	(400)	-	-
Other Government Grants	-	3	(3)	-	-
Other Income	-	13	(13)	-	-
	<u>117</u>	<u>4,853</u>	<u>(4,817)</u>	<u>-</u>	<u>153</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	38	79	(37)	55	135
Assets Transferred on Conversion	<u>298</u>	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>1,306</u>
	336	1,087	(37)	55	1,441
Restricted pension funds					
LGPS Pension	<u>(81)</u>	<u>(501)</u>	<u>(220)</u>	<u>(714)</u>	<u>(1,516)</u>
Total restricted funds	372	5,439	(5,074)	(659)	78
Unrestricted funds					
Unrestricted	<u>278</u>	<u>958</u>	<u>(11)</u>	<u>(55)</u>	<u>1,170</u>
Total funds	<u>650</u>	<u>6,397</u>	<u>(5,085)</u>	<u>(714)</u>	<u>1,248</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	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	312	(14)	-	298
	<u>333</u>	<u>(14)</u>	<u>17</u>	<u>336</u>
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>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Funds (continued)

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 academy 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 2019.

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.

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019	Period
	£ 000	ended 31
		August 2018
		£ 000
Egglescliffe Church of England Primary School	154	86
St Aidan's Church of England Memorial Primary School	164	116
Holy Trinity Church of England Primary School	211	133
Durham Diocesan MAT	112	60
St Mary's Church of England Primary School	55	-
Bishopston Redmarshall Church of England Primary School	263	-
Heighington Church of England Primary School	364	-
Total before fixed assets and pension reserve	1,323	395
Restricted fixed asset reserve	1,441	336
Pension reserve	(1,516)	(81)
Total	1,248	650

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2019 £ 000
Egglescliffe Church of England Primary School	524	100	76	119	819
St Aidan's Church of England Memorial Primary School	1,267	162	113	215	1,757
Holy Trinity Church of England Primary School	708	161	114	161	1,144
Durham Diocesan MAT	-	-	55	287	342
St Mary's Church of England Primary School	282	51	38	50	421
Bishopton Redmarshall Church of England Primary School	83	43	14	19	159
Heighington Church of England Primary School	237	110	26	33	406
Academy Trust	<u>3,101</u>	<u>627</u>	<u>436</u>	<u>884</u>	<u>5,048</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Funds (continued)

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 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 Year Ended 31 August 2019 (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	1,430	1,430
Current assets	1,164	605	11	1,780
Current liabilities	-	(446)	-	(446)
Pension scheme liability	-	(1,516)	-	(1,516)
Total net assets	1,164	(1,357)	1,441	1,248

Comparative information in respect of the preceding period is as follows:

	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	278	36	336	650

18 Commitments under operating leases

Operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £ 000	Period ended 31 August 2018 £ 000
Amounts due within one year	10	19
Amounts due between one and five years	4	18
	14	37

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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

		2019 £ 000	Period ended 31 August 2018 £ 000
Net income		1,312	521
Depreciation	6	37	14
Capital grants from DfE and other capital income		(79)	(21)
Assets transferred on conversion from Local Authority		(1,008)	(303)
Interest receivable	5	(1)	-
Defined benefit pension scheme obligation inherited	23	501	122
Defined benefit pension scheme cost less contributions payable	23	215	86
Defined benefit pension scheme finance cost	23	5	2
Decrease/(increase) in stocks		1	(1)
Decrease/(increase) in debtors		22	(271)
Increase in creditors		208	238
Net cash provided by Operating Activities		<u>1,213</u>	<u>387</u>

20 Cash flows from investing activities

	2019 £ 000	Period ended 31 August 2018 £ 000
Dividends, interest and rents from investments	1	-
Purchase of tangible fixed assets	(123)	(47)
Capital funding received from sponsors and others	79	21
Net cash used in investing activities	<u>(43)</u>	<u>(26)</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

21 Analysis of cash and cash equivalents

	2018 £ 000	Period ended 31 August 2018 £ 000
Cash at bank and in hand	1,531	361
Total cash and cash equivalents	1,531	361

22 Members' liability

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

23 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 Durham County Council and Middlesbrough Borough Council. 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 year. Contributions amounting to £21,641 (2018 - £nil) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%. A copy of the latest valuation report can be found at:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £305,018 (2018: £197,692).

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

Under the definitions set out in 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.

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

Local government pension schemes

Teeside Pension Fund

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £167,000 (2018 - £124,000), of which employer's contributions totalled £125,000 (2018 - £92,000) and employees' contributions totalled £42,000 (2018 - £32,000). The agreed contribution rates for future years are 15 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by Middlesbrough Borough Council.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	31 August 2019 %	Period ended 31 August 2018 %
Rate of increase in salaries	3.00	3.00
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumptions (CPI)	2.00	2.00
RPI increases	3.00	3.10

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 2019	31 August 2018
Retiring today		
Males retiring today	21.90	22.90
Females retiring today	23.80	25.00
Retiring in 20 years		
Males retiring in 20 years	23.60	25.10
Females retiring in 20 years	25.70	27.30

Sensitivity analysis

	At 31 August 2019 £000	At 31 August 2018 £000
Discount rate +0.1%	3,233	2,129
Discount rate -0.1%	3,399	2,238
Mortality assumption – 1 year increase	3,204	2,246
Mortality assumption – 1 year decrease	3,427	2,120
CPI rate +0.1%	3,366	2,205
CPI rate -0.1%	3,265	2,162

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

The academy trust's share of the assets in the scheme were:

	2019 £ 000	Period ended 31 August 2018 £ 000
Equities	1,961	1,534
Property	216	162
Cash and other liquid assets	326	379
Other	64	27
Total market value of assets	<u>2,567</u>	<u>2,102</u>

The actual return on scheme assets was £98,000 (2018 - £115,000).

Amounts recognised in the statement of financial activities

	2019 £ 000	Period ended 31 August 2018 £ 000
Current service cost	223	178
Past service cost	53	-
Interest income	(66)	(43)
Interest cost	66	45
Total amount recognised in the SOFA	<u>276</u>	<u>180</u>

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

	2019 £ 000	Period ended 31 August 2018 £ 000
At start of period	2,183	-
Conversion of academy trusts	197	1,989
Current service cost	223	178
Interest cost	66	45
Employee contributions	42	32
Actuarial (gain)/loss	556	(57)
Benefits paid	(5)	(4)
Past service cost	53	-
At 31 August	<u>3,315</u>	<u>2,183</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

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

	2019 £ 000	Period ended 31 August 2018 £ 000
At start of period	2,102	-
Conversion of academy trusts	205	1,867
Interest income	66	43
Actuarial gain/(loss)	32	72
Employer contributions	125	92
Employee contributions	42	32
Benefits paid	(5)	(4)
At 31 August	<u>2,567</u>	<u>2,102</u>

Durham County Council Pension Fund

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £27,000 (2018 - £Nil), of which employer's contributions totalled £20,000 (2018 - £Nil) and employees' contributions totalled £7,000 (2018 - £Nil). The agreed contribution rates for future years are 15 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by Durham County Council.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	31 August 2019 %
Rate of increase in salaries	3.50
Rate of increase for pensions in payment/inflation	2.00
Discount rate for scheme liabilities	1.90
Inflation assumptions (CPI)	2.00
RPI increases	<u>2.00</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 2019
Retiring today	
Males retiring today	22.30
Females retiring today	23.80
Retiring in 20 years	
Males retiring in 20 years	24.00
Females retiring in 20 years	<u>25.70</u>
Sensitivity analysis	

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

	At 31 August 2019 £000
Discount rate +0.1%	1,756
Discount rate -0.1%	1,851
Mortality assumption – 1 year increase	1,743
Mortality assumption – 1 year decrease	1,864
CPI rate +0.1%	1,831
CPI rate -0.1%	<u>1,775</u>

The academy trust share of the assets in the scheme were:

	2019 £ 000
Equities	521
Corporate bonds	121
Government bonds	266
Property	75
Cash and other liquid assets	<u>52</u>
Total market value of assets	<u>1,035</u>

The actual return on scheme assets was £67,000 (2018 - £Nil).

Amounts recognised in the statement of financial activities

	2019 £ 000
Current service cost	34
Past service cost	50
Interest income	(8)
Interest cost	<u>13</u>
Total amount recognised in the SOFA	<u>89</u>

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

	2019 £ 000
Transferred in on existing academies joining the trust	1,461
Current service cost	34
Interest cost	13
Employee contributions	7
Actuarial (gain)/loss	249
Benefits paid	(11)
Past service cost	<u>50</u>
At 31 August	<u>1,803</u>

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

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

	2019 £ 000
Transferred in on existing academies joining the trust	952
Interest income	8
Actuarial gain/(loss)	59
Employer contributions	20
Employee contributions	7
Benefits paid	(11)
At 31 August	<u>1,035</u>

24 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 year 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 (resigned 26/03/2019) 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 £36,436 (2018 - £35,827) in respect of support provided to the Academy Trust. £18,218 of this was paid to the DDBF. There were also further transactions with NDEB totalling £23,901 in relation to specific projects. 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 2018.

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 (2018 - £Nil).

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Transfer of existing academies into the Trust

BrandH Limited

	Value reported by transferring academy trust £ 000
Tangible fixed assets	
Leasehold land and buildings	512
Leasehold improvements	423
Furniture and equipment	25
Computer equipment	38
	998
Other assets	
Cash in bank and in hand	594
Pensions	
Pensions – pension scheme liabilities	(509)
Net assets	1,083

Durham Diocesan MAT

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Conversion to an Academy Trust

On 1 April 2019, St Mary's 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 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 £
Other tangible fixed assets	-	-	10,000	10,000
On LA funds	-	30,000	-	30,000
Net assets	-	30,000	10,000	40,000

The above net assets include £30,000 that were transferred as cash.