

Registration number: 06182612

David Ross Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

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David Ross Education Trust

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David Ross Education Trust

Reference and Administrative Details

Members	The David Ross Foundation D Ross D Overton The Chairman of the Board The Peterborough Diocese Church Schools Trust
Trustees (Directors)	D Blunkett, Chairman M Bolland (resigned 11 March 2016) B Brown (appointed 27 September 2016) S Deane (End of term of office 11 March 2016) Professor A Dixon, Member of audit committee J Dunseath A Foster J Gordon (End of term of office 27 September 2016) A Hancock, Member of finance committee M Hindmarch, Member of finance committee Bishop of Brixworth J Holbrook M Lovett (appointed 13 June 2016) A Medicott-Revell, Member of finance committee D Overton Professor K Reid D Ross R Stannard, Member of audit committee (End of term of office 23 April 2016) D Stone (appointed 13 June 2016) K Whitehead (appointed 22 April 2016) M Wilson N Woodcock, Member of finance committee (appointed 13 June 2016)
Company Secretary	SK Secretary Limited

David Ross Education Trust

Reference and Administrative Details (continued)

Senior Management Team	W Marshall, Chief Executive L Charlesworth (from 1 April 2016), Director of School Standards L Cramer (from 1 August 2016), Director of Human Resources D Harrison, Director of Operations M Ibbertson, Director of Finance S Northcott, Director of Enrichment R Williams (from 20 June 2016), Director of Academic Studies D Yates (to 1 April 2016), Interim Director of Education
Principal and Registered Office	2 Hill Court Off Turnpike Close Grantham Lincolnshire NG31 7XY
Company Registration Number	06182612
Auditor	KPMG LLP Registered Auditor 1 Sovereign Square Sovereign Street Leeds West Yorkshire LS1 4DA
Bankers	National Westminster Bank plc 66 Victoria Street Grimsby Lincolnshire DN31 1BP Lloyds TSB Bank plc Old Market Place Grimsby Branch PO Box 1000 BX1 1LT
Solicitors	Stone King Sewell LLP 13 Queen Square Bath Somerset BA1 2HJ

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, governance and management

Constitution

The Trust is a company limited by guarantee with no share capital (registration no. 06182612) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The trustees are also directors of the charitable company for the purposes of company law. The Trust has entered into funding agreements with the Department for Education which provide the framework within which the Trust must operate. The David Ross Education Trust Endowment Fund has been established in accordance with a deed of gift and declaration of trust, agreed between the Trust, the David Ross Foundation, and the Department for Education.

Details of the trustees who served throughout the year are included in the reference and administration information on Page 1.

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.

Trustees' indemnities

The Trust carries indemnity insurance for the trustees and the governors of its academies, and professional indemnity insurance for its staff.

Method of recruitment and appointment or election of Trustees

Members of the charitable company are nominated by the David Ross Foundation, the main sponsor of the Trust. The articles of association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Trust. The constitution of the Trust board is: up to eight sponsor trustees (appointed by the sponsor); up to six academy trustees (appointed by sponsor trustees); up to three co-opted trustees (appointed by sponsor and academy trustees), and one representative from the Church of England. In accordance with the Articles of Association, trustees may be removed by the person or persons who appointed them.

At the year end there were eight sponsor trustees, six academy trustees, two co-opted trustees and one representative of the Peterborough Church Schools Trust.

The Secretary of State for Education may appoint trustees in exceptional circumstances to some academies in line with the conditions of the Funding Agreement. As at the year end no appointments have been made by the Secretary of State.

Each academy in the Trust has a separate local governing body. Local governing bodies typically include sponsor appointed governors, elected staff governors, elected parent governors and community representation.

The Trust Board delegate responsibilities to the local governing bodies in accordance with the terms of reference. Where an academy is underperforming, the trustees reserve the right to replace the local governing body with an academy improvement board and to withhold delegations as appropriate.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Policies and procedures adopted for the induction and training of Trustees

All trustees and governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and governors. Newly appointed trustees undertake an induction programme.

Newly appointed governors undertake a full induction training programme and all governors have access to a full training programme delivered locally to their academies throughout the year.

The annual strategic planning day for trustees was held on 22 February 2016 to review and update the strategic plan including a review of risk, analysis of performance, review of the business context, succession planning and resource plans.

A governors' briefing and training sessions was held on 3 July 2016, and on 4 July 2016 the annual Governance Conference was held. This event was well attended, with all of the Trust's academies and free schools represented. Part of the conference agenda included a review of the Trust's governance model, the outcomes of this review focused on four distinct areas:

- Communication
- Governors' Handbook
- Scheme of Delegation
- Training

A review of governance is a standing agenda item at the Trust's Annual Governance Conference.

In keeping with best practice, tools have also been developed in liaison with trustees, academy Chairs and Principals to support regular review of the effectiveness of local governing bodies and the appropriateness of the on-going skills set, as part of a newly devised Accountability Framework.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Organisational structure

The organisational structure of the Trust consists of three levels: The trustees, governors, and the leadership team. The aim of the organisational structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trust is governed by the trustee board which delegates functions as appropriate to the local governing body of each academy who are appointed by the trustees as a committee.

The trustees are responsible for all areas covered under the funding agreements and all areas of statutory responsibility appertaining to the Trust which include setting general policy, developing a three year strategic plan and adopting an annual plan, agreeing the Trust budget (including those amounts delegated to academies), budget monitoring, performance monitoring and senior staff appointments including appointment of all academy Principals. Trustees also appoint all chairs of local governing bodies. During the period under review the trustees held five meetings. Additional meetings were held for the Executive Committee, the Finance Committee, the Audit Committee and the Education Committee. All trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents they need to undertake their role.

The Trust maintains a central office which includes at Executive level the Chief Executive Officer, the Director of Finance, Director of HR, the Director of Enrichment, the Director of Operations, the Director of Academic Studies and the Director of School Standards. Central services include: school improvement, human resources, finance, asset management, information technology and management information, public relations, marketing and communications and governor services. The central office is in Grantham whilst maintaining close links to the David Ross Foundation offices in London to facilitate good communication with the sponsor.

The governors of each academy are responsible for monitoring the performance of their academy, focusing on academic standards and leadership. This includes regular scrutiny and challenge of the Principal and senior leadership team. The Principal is the lead officer responsible for finance and reports to the local governing body on financial performance against delegated budget levels. Line management of the principals is delegated to the Chief Executive Officer.

The Principal and senior leadership team at each academy are responsible at an executive level for implementing the policies as agreed by the trustees and any local operating procedures as approved by the local governing bodies. As a group the senior managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

The Executive Committee of the Trust board has responsibility for pay and remuneration. In 2015/16 the Executive Committee was comprised of David Overton, Jamie Gordon and Sue Dean. The Chief Executive Officer's remuneration, and associated performance targets and review, is carried out by the Chair of the Board with the Chair of the Executive Committee. The other members of the senior management team are appointed to the post by the Chief Executive Officer with trustees. Initial remuneration is set on appointment by the trustees and reviewed by the Chief Executive Officer with the Executive Committee annually. Performance review is carried out by the Chief Executive Officer with any adjustments reported through the committee.

The pay for the principals of the Trust's academies is agreed on appointment. Appointments to principal posts are made by the Chief Executive Officer with trustees in accordance with the Trust's financial procedure rules and schemes of delegation. Remuneration is reviewed annually by the Chief Executive Officer as part of the performance review of principals, and reported to the Executive Committee.

Senior leadership teams of individual academies are appointed by the Principal, with the local governing body. Pay is reviewed annually the principal as part of their performance review of their staff, and reported to the local governing body.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Risk management

The trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of each academy, and the finances of the Trust. The trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls.

Connected organisations, including related party relationships

The Trust maintains the David Ross Education Trust Endowment Fund. The Fund was created to hold the endowments to be paid by the Trust's sponsor, the David Ross Foundation, in respect of Havelock Academy and of Malcolm Arnold Academy. Further donations from the Foundation of £2.5 million have subsequently been received. The trustees are responsible for determining the specific uses of the Endowment Fund, which will be invested in enhancing the provision of education at the Trust's academies, for example renovations to classroom and sporting facilities at Charles Read Academy and providing additional capacity to Wold Academy to allow it to increase pupil numbers. Academies that benefit from the fund will contribute to the replenishing of the fund from their annual budget shares.

The Trust is closely linked to the David Ross Foundation, which is the principal sponsor of the Trust. The Trust benefits from the Foundation's many partners including (but not exclusively) Nottingham University, Uppingham School, Kalisher Trust and certain colleges within the University of Cambridge.

The Trust owns 100% of the share capital of David Ross Education Services Limited. This company was dormant during the year ended 31 August 2016.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Objectives and activities

Objects and aims

The objects of the Trust are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering broad curricula, including collaboration with other schools and the wider community to share expertise and resources.

During 2015/2016 the principal activity of the charitable company was the operation of 33 academies (31 August 2015: 33 academies) in Yorkshire, North East Lincolnshire, Lincolnshire, Northamptonshire and Leicestershire. This also includes the operation of a boarding house as part of Skegness Grammar School. This is broken down as follows:

Primary Academies - 22
Secondary Academies - 10
Special Academies - 1

The Trust's largest secondary academy has in excess of 1,300 students, the smallest has just over 200. At primary level the Trust has inner-city academies with up to 600 pupils, as well as smaller rural schools with fewer than 50 children.

The academies have a combined pupil capacity of 15,476 with 12,528 pupils on roll at the time of the school census of October 2016.

In operation of these academies the charitable company has entered into a series of funding agreements with the Secretary of State for Education. The agreements specify, amongst other things, the basis for admitting students to the academies, the catchment areas from which the students are drawn, and that the curricula should develop the substance of the national curriculum.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Objectives, strategies and activities

The David Ross Education Trust was established in 2007 to enable the vision of the David Ross Foundation for broadening young people's horizons to be delivered through its academies.

The Foundation's vision is as follows:

"The primary focus of the Foundation's work is to give children in the communities in which we work better life chances through access to the best education and support that we can give them.

We believe passionately that every child can do something well and that by offering young people an outstanding range of educational opportunities and experiences, they will discover something they can excel at, which in turn raises their aspirations and enthusiasm to work hard and achieve their best."

The Trust's own objects as set out in its Articles of Association are primarily to manage and develop Academies, offering a broad curriculum which 'advance for the public benefit education in the UK'.

Our aim is to provide children and young people with better life chances in the communities that we serve.

Our vision is:

- To provide an excellent academic education supported by a wide range of sporting, artistic and cultural activities
- To foster scholarship, hard work and conscientious application
- To develop fully the talents and potential of each pupil
- To enable all pupils to become confident, kind, courteous adults capable of playing a positive and active role in society.

We will secure this through ensuring:

- Academic excellence
- Outstanding opportunities
- Strong communication

Our mission: to become the country's leading group of academies, committed to high quality education for all.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Public benefit

The Trustees have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

The Trust administers academies servicing some of the most deprived areas of the country. Students are admitted in accordance with the admissions policies agreed with the Department for Education (DfE), which is based on each academy's catchment area and published on each academy's website. There are 12,528 pupils within the Trust's academies.

All academies offer a range of activities and experiences for their students, some of which are funded from donations and other non-restricted income. Many of these activities now take place on a Trust-wide basis, with staff and students from each of the Trust's academies coming together.

The Trust's sports programme has strengthened significantly over each of its four strands in the last 12 months:

- clubs and coaching - our academies provide more sporting clubs, which are better attended;
- competition is stronger - more students than ever competed at the Summer Cup, our primary sports tournaments grew in size and the Trust runs regular intra Trust events;
- talent spotting is now an active part of our work; the Odey Scholarship programme has supported students across sports as diverse as gymnastics, dancing, swimming and rowing;
- inspiration and motivation - Commonwealth and Olympic athletes were regular visitors to our academies;
- the DRET All Stars Football and Netball teams (comprising selected students from across the network) have started to compete against other leading schools.

A new All Stars Running programme has also started.

Alongside the sports programme the partnership enrichment programme offers a range of opportunities incorporating the arts, music and outdoor activities. This year:

- our outward bound programme has spread to Canada with the support of a private foundation;
- an additional CCF unit opened at Lodge Park Academy, Corby;
- the Trust ran its first Choral Music Residential Course at Uppingham School;
- plans are in place for a group of students to travel to the Caribbean island of St. Vincent to support an ecological tree planting project;
- The Trust funded two students from Barnes Wallis Academy to go to a space camp in Alabama, part of a scheme backed by NASA.

There were also intra-academy competitions in music, art, photography and writing.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Strategic Report

Achievements and performance

Primary performance has improved across all measures in 2015/2016. There is further evidence of improvement as a result of the Trust's work in early years with the proportion of pupils achieving good levels of development and the Trust average moving up 5ppt to 69% bringing us in line with the national average. This represents a 17ppt increase over the last 2 years. Outcomes in year 1 phonics have again improved to 78%, 1ppt above the national 2015 figure. Combined EXS (Expected Standard) at KS1 is above National 2016 by 2ppt and combined GDS (greater depth standard) is above national 2016 by 7ppt. Combined KS2 EXS is 5ppt closer to the national 2016 figure than in 2015. Combined GDS at KS2 is 1ppt below the national figure closing the gap significantly on the previous year's outcome at level 5 combined. The performance of disadvantaged pupils across all the primary measures has improved against national figures, in some cases this has been significant, which is further evidence that the Trust continues to narrow the gap for these pupils.

Within the secondary academies the picture has improved overall. The proportion of students achieving 5A*- C in English and maths has improved by 4ppt and has closed the gap to within 3 ppt of national. Progress in English has improved significantly and 5 of our academies now have a positive progress 8 figure, again an improvement on 2014/15. Academies experiencing a rise in outcomes are Barnes Wallis (+34ppt), Charles Read (+2ppt), Havelock (+7ppt), King Edward VI (+10ppt) and Malcolm Arnold (+10ppt). Academies securing a particular improvement in progress 8 include Barnes Wallis, Havelock, Humberston, Malcolm Arnold and Charles Read.

At key stage five, students across the Trust achieved some excellent individual results. Malcolm Arnold saw their first students to accept a place at Oxford (biomedical science at St Edmunds College) and in all post-16 centres students achieved grades to enable them to access courses particularly in engineering, maths, law and mechanical engineering at top universities including Durham, Manchester, Sheffield, St Andrews and Imperial College. At Lodge Park twice as many students are progressing to Russell Group universities compared to 2015.

The outcomes from Ofsted results continue to be positive. Of the 22 academies inspected since joining the Trust 11 have seen their judgement improve and 9 have retained their judgement, against a more robust Ofsted framework. This includes Wold Academy which moved from special measures to outstanding. The Trust now has 13 good and 4 outstanding academies. Work continues with those academies that are in a category of requiring improvement.

Capital investment this year has been significant. Extensive building work has been undertaken at Thomas Middlecott Academy and Charnwood College to significantly improve the learning and social environments, nursery facilities have been developed at Endike Primary Academy. We are delighted to complete new classroom blocks at one of our small academies at Hogsthorpe Primary Academy and handed over a new wing to our outstanding special school at Eresby. Health and safety has improved significantly across our academies with the major project of the removal of asbestos at many academies.

The profile of the Trust continues to grow within the sector as we have welcomed more prestigious visitors during the year including Olympians, hurdler Colin Jackson, athlete Roger Black and swimmer Rebecca Adlington.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Strategic Report

Key financial performance indicators

	Unit	2016	2015
Income (excluding fixed assets and pension liabilities transferred on conversions)	£ 000	93,678	73,488
Expenditure	£ 000	82,375	(76,052)
Net income/(expenditure)	£ 000	11,303	(2,564)

Note 19 to the financial statements provides further details on the funds carried forward.

Financially, the Trust intends to maintain each of its academies at least in a break-even position, and to develop a pool of financial resource that will be available to support enrichment and development activities, and to fund asset management priorities as they develop.

Key non-financial performance indicators

The Trust's academic performance is measured by national performance tables based on public examinations covering KS2, GCSE and A level. Other key performance indicators are the quality of teaching and learning, Ofsted ratings, pupil numbers, including first choice applications, and the participation in enrichment activities. Further details can be found under achievements and performance.

Going concern

After making appropriate enquiries, the Trustee Body has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies (note 1).

Principal risks and uncertainties

Each academy evaluates and monitors its own risks, and the Trust maintains its own risk register. The main risks facing the Trust are centered around meeting its vision of every academy becoming outstanding within five years. The Trust is addressing risks of standards not rising sufficiently, of capacity to support this improvement and of recruiting sufficient high quality leaders. Financial risks include growth in pupil numbers, which is a key driver in funding from the government and uncertainty over the distribution of funding to academies from 2018/19 onwards.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Strategic Report

Financial review

Most of the Trust's income is received from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed assets fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2016, total expenditure of £82,375,000 was less than recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure (after depreciation, excluding fixed asset additions) for the period was £11,303,000. The greatest element of this surplus relates to the premises that were gifted to the Trust, totalling £10,022,000.

At 31 August 2016 the net book value of fixed assets was £112,677,000; movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Trust balance sheet shows a net liability of £27,681,000 (2015: £17,631,000)

The Trust held fund balances at 31 August 2016 of £85,824,000, comprising £814,000 of restricted funds, a pension reserve deficit of £27,681,000, an endowment fund of £161,000 and £1,178,000 of unrestricted general funds.

The David Ross Education Trust Endowment Fund is to be used to fund major projects in the Trust's academies, and will be renewed over time from academy resources.

Detail is still awaited on future funding for the Trust from September 2017 onwards. The impact of national spending pressures and a national funding formula from 2018 will affect individual academy and overall Trust funding.

Financial and risk management objectives and policies

The principal financial risks facing the Trust are the future levels of government grant funding. Funding is under review, with the forthcoming introduction of a national funding formula and changes in distribution of grants. Funding is primarily driven by student numbers in the Trust, and a rapid fall in student numbers will affect funding levels. At the end of 2015/2016 the Trust held balances that should help it to smooth the impacts of short term funding changes, and enable it to plan for longer term changes.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Strategic Report

Reserves policy

The Trust's "free" reserves are its funds after excluding restricted funds and the permanent endowment fund. "Reserves" are therefore the resources the Academy has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the Trust which is to be spent at the trustees' discretion in furtherance of any of the Trust's objects but which has not yet been spent, committed or designated.

The Trust is still in a development phase – academies are being embedded into the Trust, student numbers are increasing in the Trust's existing academies, building refurbishments are taking place. Whilst demands on the Trust's reserves will therefore vary over the coming years, the Trust's long-term policy is that the appropriate level of reserves should be equivalent to one month's expenditure, currently estimated to be between £6,000,000 and £6,500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of reserves are £1,992,000 made up of free reserves of £1,178,000 (2015: £3,149,000) and restricted general funds of £814,000 (2015: £874,000).

Investment policy

The trustees agree all investments made by the Trust. Investments are currently restricted to deposit accounts in UK banks, the Money Market, to a number of corporate bonds and to some equities. The Trust also received significant donated shares subsequent to the endowment being established and these equities are being held until such a time as they need to be liquidated. Investments are made with regard to Charity Commission guidance in relation to investments.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Strategic Report

Plans for future periods

Trustees have recently undertaken a strategy review, refocusing on areas of future development and investment against the strategic objectives.

The Trust will continue to work to raise the aspirations and outcomes of pupils at all ages, closing gaps between the performances of different groups, where this is needed, and ensuring all pupils are able to proceed successfully to the next stage of their education. This may be the transition from primary to secondary education, or at the end of the secondary phase to high quality routes in further or higher education or employment with training.

We intend to continue to consolidate and stretch improvements in existing academies whilst seeking approval for modest growth of the Trust in order to build on existing regional hubs and particularly to acquire feeder primaries in geographical areas where we have secondaries and vice versa to improve educational transition and progress.

The Trust's first free school opened in Northampton on 1 September 2014. A second free school will open in September 2017 in the Queen Elizabeth Olympic Park, London.

The Trust's strategy continues to focus on consolidation across the existing network and embedding improvements whilst growing capacity to ensure that our academies are effectively challenged and supported to ensure that quality education and enrichment opportunities are provided to all of our pupils.

To support this the Trust continues to:

- develop a shared services model for the delivery of administrative services to yield economies and efficiencies across the business;
- further develop the improvement clusters which are central to our school improvement model and capacity for sustained improvements ;
- strengthen the offer of the Teaching School, including the launch of the Trust's new leadership programme for existing and aspirant leaders

New for 2016 is a considerable investment in IT to support pedagogy, learning and curriculum developments.

The Trust continues to invest in its assets, supported through substantial donations made by the David Ross Foundation, and leveraging support for allocations from the Department for Education's Annual Capital Maintenance Fund. Key projects have and will continue to be delivered across all phases: Primary, Secondary and Special.

The Trust will seek to ensure that support services are delivered efficiently and at high quality, allowing our academy Principals to concentrate on the core mission of driving up educational standards. This will see a thorough revision of all back offices services, supported through enhanced ICT provision, with resulting structures designed to maximise efficiency and release resources for the classroom.

The Trust will seek to ensure that education is delivered effectively and with minimum overhead, and work will take place in its Lincolnshire academies to develop a genuine network of academies that share all resources under a common management framework.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2016

Employment of disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academies. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making resources available and through training and career development.

Human equalities policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Funds held as Custodian Trustee on behalf of others

David Ross Education Trust holds 16-19 Bursary Fund monies as custodian for the Education Funding Agency, awarding bursaries for those in need meeting the criteria specified in the terms of this government scheme. Further details can be found in the notes to the accounts, creditors falling due within one year.

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 KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by order of the trustees on 15 December 2016 and signed on its behalf by:



.....
D Overton
Trustee

David Ross Education Trust

Governance Statement

Statement on governance and 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 David Ross Education Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Scope of responsibility

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

The Trustees have delegated the day-to-day responsibility to the Chief Executive Officer, 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 agreements between the David Ross Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and Strategic Report and in the Statement of Trustees' Responsibilities. The Trustees have formally met 5 times during the year. Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Blunkett	5	5
M Bolland	2	3
S Deane	2	3
A Foster	3	5
Professor A Dixon	4	5
J Dunseath	5	5
J Gordon	3	5
A Hancock	4	5
M Hindmarch	5	5
Bishop of Brixworth J Holbrook	2	5
M Lovett	2	2
A Medlicott-Revell	5	5
Professor K Reid	3	5
R Stannard	3	3
D Stone	1	2
K Whitehead	2	2
N Woodcock	1	2

David Ross Education Trust

Governance Statement

Governance reviews

The Trust Board continues to critically evaluate its makeup. Revised articles of association were agreed at the Annual General Meeting in December 2013, that enhanced and strengthened the constitution of the Trust, and new appointments were made to the Board from a diverse range of skills and interests. Trustees now include amongst their number an ex-Secretary of State for Education, a former head of the Audit Commission, qualified accountants, members of the legal profession, representatives of the education sectors, and successful business people. The Trust's Audit Committee has been fully established, with an independent chair who is not a trustee.

In February 2016 sponsor trustees met to review and discuss the skills gap on the board of trustees. As an outcome of that meeting sponsor trustees successfully appointed new trustees who filled the gaps identified. These were:

- . ICT
- . Corporate law
- . Education (school improvement)

The clerk and sponsor trustees also identified geographical representation gaps on the board of trustees. The gaps covered were:

- . Bridlington/Scarborough
- . Daventry
- . Corby

An on-line training scheme, accredited by the National Governors Association (NGA) has been brought in. Trustees and governors can complete training on-line. The governance team also facilitate bespoke training upon request.

New schemes of delegation and handbooks have been written, which are in line with the Articles of Association and Governance Handbook. The handbook will be updated in the new financial year with amendments reflected in the scheme of delegation.

The role of the Audit Committee is to review the risks to internal financial control at the Trust and to agree a programme of work that will address these risks, inform the governance statement and, so far as is possible, provide assurance to the external auditor. The Finance Committee's role is to ensure sound management of the Trust's finances and resources; including proper planning and application of resources, monitoring and probity.

The Finance Committee is a sub-committee of the main Trustees. Its purpose is detailed above. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
J Gordon	2	3
A Hancock	5	5
M Hindmarch	5	5
A Medicott-Revell	1	1
N Woodcock	1	1

Mr Gordon resigned as a member of the finance committee during the year. Mrs Medicott-Revell and Mr Woodcock were appointed during the year.

David Ross Education Trust

Governance Statement

The Audit Committee is a sub-committee of the main Trustees. Its purpose is detailed above. Attendance at meetings during the year was as follows:

Members of the committee	Meetings attended	Out of a possible
B Wood	7	7
R Stannard	7	7
Professor A Dixon	6	7

Mr Wood is an independent chair of the audit committee. Mr Stannard's term of office as a trustee ended during the year, Professor Dixon continues to be a trustee. Mr B Brown, a trustee, will join the committee in January 2017.

Review of value for money

As Accounting Officer the Chief Executive has responsibility for ensuring that the 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 taxpayer resources received.

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

- Implementing economies and efficiencies in school meal provision by moving to a single catering partner who is improving food standards across the Trust;
- Working with teacher supply agencies to secure bulk discounts, and to develop a pool of quality supply staff;
- Creating a central team to process all Trust payments. Combined with a rationalisation of bank accounts held by the Trust this will lead to better payment of invoices, reduced transaction charges and the opportunity to invest large bank balances into fixed term investments;
- Building stronger teams in the head office to provide consistent and high quality advice, guidance, and service delivery for finance, human resources, and information and communications technology;
- A detailed and developing capital programme prioritised at improving health and safety, balanced with improving standards in our academies, and using the Endowment Fund to pump prime significant capital projects;
- The development of improvement clusters for our academies, providing the opportunity to share expertise, experience, and resources between academies in geographical proximity to each other. In turn this has led to efficiency gains through a combination of shared back office services within cluster areas, and the establishment of executive principals overlooking multiple academies backed up with associate principals at each site;
- The production of detailed benchmarking information for academies. This information, which is developing constantly, is used by academies for budget planning and financial review, and is scrutinised regularly by the Trust Finance Committee;
- Regular meetings of all primary and all secondary principals to share strategies and good practice;
- Regular meetings of all academy business managers to discuss and share good practice, to meet with Trust suppliers and to share development;
- Oversight and scrutiny by a Finance Committee of Trustees;
- Annual review of the Trust financial procedure rules and all finance specific policies;
- The implementation of a single financial ledger across the Trust, allowing better scrutiny of finance and more accurate reporting;
- The implementation of cloud based ICT across the Trust.

David Ross Education Trust

Governance Statement

Capacity to handle risk

The Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that have been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The risk and control framework

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

The Trustees have considered the need for a specific internal audit function and Duncan & Toplis, Chartered Accountants, provide an internal audit service to the Trust. The internal audit service carries out regular audits of the Trust's academies, giving advice predominantly on financial matters and in the main performing a range of checks on the Trust's financial systems. Internal audit reports are discussed at the Audit Committee and shared with the Trust Board, and disseminated to individual academies.

There were no material control or other issues reported by the internal auditor during the year.

David Ross Education Trust

Governance Statement

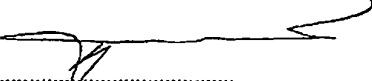
Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

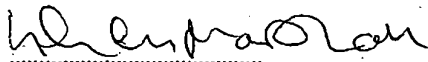
- the work of the internal auditor;
- the work of the external auditor;
- the work of the Trust's Audit Committee and the Finance Committee;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the trustees on 15 December 2016 and signed on its behalf by:



.....
D Overton
Trustee



.....
W Marshall
Accounting officer

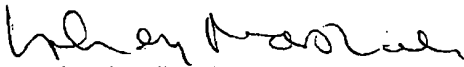
David Ross Education Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of David Ross Education Trust I have considered my responsibility to notify the Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 Trustees and EFA.



W Marshall
Accounting officer

15 December 2016

David Ross Education Trust

Statement of Trustees' Responsibilities

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

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


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

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

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

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

Approved by order of the trustees on 15 December 2016 and signed on its behalf by:



.....
D Overton
Trustee



Independent auditor's report to the members of David Ross Education Trust

We have audited the financial statements of David Ross Education Trust for the year ended 31 August 2016 set out on pages 27 to 74. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 22, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.



Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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

A handwritten signature in black ink, appearing to read 'Clare Partridge'.

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

16 December 2016



Independent Reporting Accountant's Assurance Report on Regularity to David Ross Education Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 27 April 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to David Ross Education Trust (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:



- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principals on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2015
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clare Partridge
for and on behalf of KPMG LLP, Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

16 December 2016

David Ross Education Trust

Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Endowment Fund £ 000	Total 2016 £ 000	Total 2015 £ 000
Incoming resources							
<i>Income and endowments from:</i>							
Donations and capital grants							
Transfer on conversion n/s	2	-	-	-	-	-	23,682
Donations and capital grants <3.2.INC>	2	33	810	19,078	-	19,921	2,448
Other trading activities <3.3.1.7>	3	2,016	1,173	-	-	3,189	3,078
Investment income n/s	4	115	-	-	-	115	104
<i>Charitable activities:</i>							
Funding for the Trust's educational operations<3.2.INC>5		41	69,890	29	-	69,960	66,654
Provision of boarding activities <3.3.1> Folder 9	31	-	493	-	-	493	464
Total incoming resources		2,205	72,366	19,107	-	93,678	96,430
Resources expended							
Raising funds		-	10	-	-	10	15
<i>Charitable activities:</i>							
Trust's educational operations		2,609	74,438	4,869	-	81,916	75,619
Provision of boarding activities	31	-	428	21	-	449	419
Total resources expended <3.2.EXP>	6	2,609	74,876	4,890	-	82,375	76,053
Net (outgoing)/incoming resources before transfers		(404)	(2,510)	14,217	-	11,303	20,377
Gross transfers between funds <3.3.1.4>	19	(1,567)	1,028	2,168	(1,629)	-	-
Net (expenditure)/income for the year		(1,971)	(1,482)	16,385	(1,629)	11,303	20,377

David Ross Education Trust

Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Endowment Fund £ 000	Total 2016 £ 000	Total 2015 £ 000
Other recognised gains and losses							
<3.3.1> Folder 3> Gains/(losses) on investment assets		-	-	-	(243)	(243)	99
<3.2.PEN> Actuarial losses on defined benefit pension schemes	32	-	(8,628)	-	-	(8,628)	(429)
Net movement in (deficit)/funds		(1,971)	(10,110)	16,385	(1,872)	2,432	20,047
<3.3.1.4> Reconciliation of funds							
Funds/(deficit) brought forward at 1 September 2015		3,149	(16,757)	94,967	2,033	83,392	63,345
Funds/(deficit) carried forward at 31 August 2016		1,178	(26,867)	111,352	161	85,824	83,392
Restricted general funds are made up as follows:							
Restricted general fund			814				
Restricted pension fund			(27,681)				
Total			(26,867)				

An analysis between continuing operations and acquired operations is shown in the notes to the accounts.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes on pages 33 to 74 form part of these financial statements.

Consistent with prior year

David Ross Education Trust

Statement of Financial Activities for the Year Ended 31 August 2015
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Endowment Fund £ 000	Total 2015 £ 000
Incoming resources						
<i>Income and endowments from:</i>						
Donations and capital grants						
Transfer on conversion	2	740	(4,628)	27,570	-	23,682
Donations and capital grants	2	32	646	1,770	-	2,448
Other trading activities	3	2,043	1,035	-	-	3,078
Investment income	4	104	-	-	-	104
<i>Charitable activities:</i>						
Funding for the Trust's educational operations	5	4	66,405	245	-	66,654
Provision of boarding activities	31	-	464	-	-	464
Total incoming resources		<u>2,923</u>	<u>63,922</u>	<u>29,585</u>	<u>-</u>	<u>96,430</u>
Resources expended						
Raising funds		-	15	-	-	15
<i>Charitable activities:</i>						
Trust's educational operations		2,640	69,395	3,584	-	75,619
Provision of boarding activities	31	-	396	23	-	419
Total resources expended	6	<u>2,640</u>	<u>69,806</u>	<u>3,607</u>	<u>-</u>	<u>76,053</u>
Net incoming/(outgoing) resources before transfers		283	(5,884)	25,978	-	20,377
Gross transfers between funds	19	(68)	(884)	2,256	(1,304)	-
Net income/(expenditure) for the year		<u>215</u>	<u>(6,768)</u>	<u>28,234</u>	<u>(1,304)</u>	<u>20,377</u>

David Ross Education Trust

Statement of Financial Activities for the Year Ended 31 August 2015
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

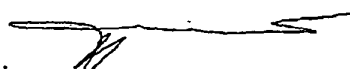
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Endowment Fund £ 000	Total 2015 £ 000
Other recognised gains and losses						
Gains/(losses) on investment assets		-	-	-	99	99
Actuarial losses on defined benefit pension schemes	32	-	(429)	-	-	(429)
Net movement in funds/(deficit)		215	(7,197)	28,234	(1,205)	20,047
Reconciliation of funds						
Funds/(deficit) brought forward at 1 September 2014		2,934	(9,560)	66,733	3,238	63,345
Funds/(deficit) carried forward at 31 August 2015		3,149	(16,757)	94,967	2,033	83,392

David Ross Education Trust

(Registration number: 06182612)
Balance Sheet as at 31 August 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Intangible assets n/s	12	148	-
Tangible assets <3.2.FIX>	13	110,588	94,453
Investments <3.3.1> Folder 3	14	1,941	2,184
		<u>112,677</u>	<u>96,637</u>
Current assets			
Stocks n/s	15	108	20
Debtors <3.3.1> Folder 1	16	6,352	4,495
Cash at bank and in hand <3.2.CAS>		3,915	9,510
		<u>10,375</u>	<u>14,025</u>
Creditors: Amounts falling due within one year <3.3.1> Folder 2	17	(9,529)	(9,576)
Net current assets		<u>846</u>	<u>4,449</u>
Total assets less current liabilities		113,523	101,086
Creditors: Amounts falling due after more than one year <3.3.1> Folder 2	18	(18)	(63)
Net assets excluding pension liability		113,505	101,023
Pension scheme liability <3.2.PEN>	32	(27,681)	(17,631)
Net assets including pension liability		<u>85,824</u>	<u>83,392</u>
Funds of the Academy: <3.3.1> Folder 4			
Restricted funds			
Restricted general fund		814	874
Restricted fixed asset fund		111,352	94,967
Restricted pension fund		(27,681)	(17,631)
Endowment fund		161	2,033
		<u>84,646</u>	<u>80,243</u>
Unrestricted funds			
Unrestricted general fund		1,178	3,149
Total funds	19	<u>85,824</u>	<u>83,392</u>

The financial statements on pages 27 to 74 were approved by the Trustees, and authorised for issue on 15 December 2016 and signed on their behalf by:


D Overton
Trustee

Cash Flow Statement for the Year Ended 31 August 2016

	Note	2016 £ 000	2015 £ 000
Net cash (outflow)/inflow from operating activities	22	(4,815)	923
Returns on investments and servicing of finance	23	115	104
Capital expenditure and financial investment	24	<u>(895)</u>	<u>(315)</u>
(Decrease)/increase in cash in the year	25	<u>(5,595)</u>	<u>712</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		(5,595)	712
Net funds at 1 September 2015		<u>9,510</u>	<u>8,798</u>
Net funds at 31 August 2016		<u>3,915</u>	<u>9,510</u>

All of the cash flows are derived from continuing operations during the above two periods.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Ireland (FRS102), 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 Ireland (FRS102)(Charities SORP (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

These financial statements are the first financial statements of the Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Charities SORP (SORP 2015). The financial statements of the Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently the trustees have amended certain accounting policies to comply with FRS102 and SORP 2015. Reconciliations to previous UK GAAP for the comparative figures are included in the notes to the accounts.

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 approval of the financial statements. As part of this review the Trust prepares forecasts for the five years following the date of these financial statements. These forecasts are regularly reviewed and updated throughout the year, particularly taking into account changes in projected pupil numbers, staffing levels and impacts of changes in Government policies around funding and expenditure. These forecasts provide assurance that the going concern basis is appropriate.

Incoming resources

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

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected as a balance in the restricted fixed asset fund.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and the amount can be reliably measured.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods or services have been provided.

Interest receivable is accrued on a daily basis.

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies. Buildings are brought onto the balance sheet on the basis of their depreciated replacement cost at the time when the risks and rewards of ownership passes to the Trust, be it in the form of freehold or long leasehold property.

The Trust holds a number of land and buildings on short term leases where rent is charged at below market rent. The financial statements show a notional rental for the buildings based on building valuations compiled by the Valuation Office Agency. In the case of Havelock Academy, construction of a new building took place in 2010/2011, and on completion of snagging the Trust will enter into a 125 year lease for the entire site. At this point all of the premises will be valued and entered into the balance sheet and depreciated over their estimated useful life.

Resources expended

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

Cost of generating funds

These relate to the costs of managing the investment portfolio and are recognised on an accruals basis.

Charitable activities

These are costs incurred on the Trust's educational operations.

Governance costs

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies (continued)

Intangible assets

Intangible assets costing £5,000 or more are capitalised and recognised when the future economic benefits are probable and the cost or value of the asset can be measured reliably. In accordance with the Academies Accounts Direction 2015 to 2016, computer software purchased and capitalised in previous years has been transferred from tangible fixed assets to intangible fixed assets. This is a redesignation only and does not affect the Trust's opening reserves. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Asset class	Amortisation method and rate
Computer software	3 years straight line

Tangible fixed assets

Assets costing £5,000 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 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 life, per the table below.

Freehold and long leasehold land and buildings are valued on entering the Trust at their depreciated replacement cost and depreciated over their remaining lifespan for a maximum of 50 years or the remaining life of the lease if shorter.

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
Fixtures, fittings and equipment	3 - 10 years straight line
ICT equipment	3 years straight line
Motor vehicles	3 years straight line
Works of art	Nil

Investments

Investments are included at market value:

- Listed investments are stated at the bid price;
- Fixed interest securities are stated at their deal prices;
- Pooled investment vehicles are stated at bid price or single price as appropriate and as provided by the investment manager.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies (continued)

Leased assets

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

Stock

Stock is included on a first in first out basis and is valued at the lower of cost and net realisable value.

Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). The LGPS is administered through various pension funds. These are defined benefit schemes and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in the notes to the accounts, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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

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

Endowment funds represent the David Ross Education Trust Endowment Fund and relate to donations received from the David Ross Foundation.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies (continued)

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of past events, 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 Trust anticipates it will pay to settle the debt or the amount it has received as advance payment for the goods or services it must provide.

Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the accounts, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuations performed at 31 March 2013 has been used by the actuaries in valuing the pensions liability at 31 August 2016. 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.

2 Donations and capital grants <3.2.INC>

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2016 £ 000	Total 2015 £ 000
Transfer on conversion	-	-	-	-	23,682
Other voluntary income					
Donations - capital	-	-	10,022	10,022	-
Other donations	33	810	-	843	678
Capital grants	-	-	9,056	9,056	1,770
	<u>33</u>	<u>810</u>	<u>19,078</u>	<u>19,921</u>	<u>2,448</u>
Total voluntary income	<u>33</u>	<u>810</u>	<u>19,078</u>	<u>19,921</u>	<u>26,130</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

3 Other trading activities <3.3.1.7>

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2016 £ 000	Total 2015 £ 000
Hire of facilities	433	-	433	261
Catering income	481	-	481	801
Sundry income	1,102	528	1,630	1,399
Gift in kind - rent receivable	-	645	645	617
	<u>2,016</u>	<u>1,173</u>	<u>3,189</u>	<u>3,078</u>

4 Investment income n/s

	Unrestricted funds £ 000	Total 2016 £ 000	Total 2015 £ 000
Bank interest	39	39	28
Dividends	76	76	76
	<u>115</u>	<u>115</u>	<u>104</u>

5 Funding for Trust's educational operations <3.2.INC>

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2016 £ 000	Total 2015 £ 000
DfE/EFA revenue grants					
General Annual Grant	-	61,252	-	61,252	56,893
Start up grants	-	703	-	703	1,098
Pupil Premium	-	4,520	-	4,520	4,244
Other DfE / EFA grants	24	1,258	-	1,282	2,152
	<u>24</u>	<u>67,733</u>	<u>-</u>	<u>67,757</u>	<u>64,387</u>
Other government grants					
Funding via local authority	-	1,993	-	1,993	2,015
Others	17	164	29	210	252
	<u>17</u>	<u>2,157</u>	<u>29</u>	<u>2,203</u>	<u>2,267</u>
Total grants	<u>41</u>	<u>69,890</u>	<u>29</u>	<u>69,960</u>	<u>66,654</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

6 Resources expended <3.2.EXP>

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2016 £ 000	Total 2015 £ 000
Expenditure on raising funds	-	-	10	10	15
Trust's educational operations					
Direct costs	45,949	-	8,626	54,575	49,630
Allocated support costs	12,352	6,987	8,002	27,341	25,988
	<u>58,301</u>	<u>6,987</u>	<u>16,628</u>	<u>81,916</u>	<u>75,618</u>
Boarding activities					
Direct costs	-	-	96	96	50
Allocated support costs	286	29	38	353	369
	<u>286</u>	<u>29</u>	<u>134</u>	<u>449</u>	<u>419</u>
	<u>58,587</u>	<u>7,016</u>	<u>16,772</u>	<u>82,375</u>	<u>76,052</u>

Net incoming/outgoing resources for the year include:

	2016 £ 000.	2015 £ 000
Operating leases - plant and machinery	241	247
Operating leases - other leases	784	610
Fees payable to auditor - audit	80	104
- non-audit services	8	-
Depreciation	3,127	2,555
Deficit/ (surplus) on disposal of tangible fixed assets	<u>563</u>	<u>-</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

7 Charitable activities - Academy's educational operations <3.2.EXP>

	Total 2016 £ 000	Total 2015 £ 000
Analysis of support costs		
Support staff costs	12,352	11,854
Depreciation, including deficit on disposal	2,407	1,538
Premises costs	6,987	6,297
Technology costs	903	1,264
Other support costs	4,231	4,202
Provision of boarding activities	353	369
Governance costs <3.3.1> Folder 8	461	833
	<u>27,694</u>	<u>26,357</u>

8 Staff <3.2.PAY>

	2016 £ 000	2015 £ 000
Staff costs during the year were:		
Wages and salaries	44,259	40,679
Social security costs	3,281	2,895
Pension costs	8,662	6,591
Supply teacher costs	1,940	2,045
Compensation payments	445	431
	<u>58,587</u>	<u>52,641</u>

Staff restructuring costs comprise £295,000 redundancy payments and £150,000 non-statutory/non-contractual severance payments. Individually, the non-statutory/non-contractual payments were for: two amounts of £30,000, two amounts of £5,000 and individual amounts of £23,000, £19,000, £16,000, £10,000, £8,000 and £4,000.

The average number of persons (including senior management team) employed by the Trust during the year based on headcount (2015: expressed as full time equivalents) was as follows:

	2016 No	2015 No
Charitable Activities		
Teachers and educational support	1,539	1,307
Administration and support	462	349
Management	38	38
	<u>2,039</u>	<u>1,694</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

8. Staff (continued)

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

	2016 No	2015 No
£60,001 - £70,000	25	19
£70,001 - £80,000	10	3
£80,001 - £90,000	4	7
£90,001 - £100,000	5	4
£100,001 - £110,000	2	2
£110,001 - £120,000	3	2
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
£150,001 - £160,000	-	1
£170,001 - £180,000	1	-

Key management personnel

The key management personnel of the Trust comprise the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £730,000 (2015: £800,000).

9 Central services

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

School improvement
Educational support services
Office of the Chief Executive
Financial services
Human resources
Legal services
Internal and external audit
Enrichment, including sports enrichment
Asset management
Public relations
Marketing and communications
Governor services, including training
Information technology and management information
Others as arising

The Trust charges for these services on the following basis:

A flat percentage based on funding received from the Education Funding Agency. This percentage, which is between 3% and 6%, is dependent on the specific circumstances of each academy (such as secondary, primary or special school).

The actual amounts charged during the year were as follows:

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

9 Central services (continued)

	2016 £ 000
Abbey CE Academy	51
Ainthorpe Primary Academy	71
Barnes Wallis Academy	101
Briar Hill Primary School	96
Brighthurst Primary School	37
Cedar Road Primary School	93
Charles Read Academy	70
Charnwood College	209
Eastfield Academy	61
Edward Heneage Primary Academy	92
Endike Primary Academy	108
Eresby Special School	19
Fairfield Academy	76
Falconer's Hill Academy	70
Greenfields Primary School	91
Havelock Academy	252
Hogsthorpe Primary Academy	24
Humberston Academy	178
Ingoldsby Academy	16
King Edward VI Academy	116
Kings Heath Primary Academy	103
Lodge Park Academy	227
Malcolm Arnold Academy	436
Malcolm Arnold Preparatory School	31
Newnham Primary school	28
Quay Academy	114
Rockingham Primary School	78
Skegness Grammar School	119
The Arbours Primary Academy	106
Thomas Hinderwell Primary Academy	60
Thomas Middlecott Academy	119
Welton CE Primary Academy	33
Wold Academy	126
	<hr/>
	3,411

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

10 Trustees' remuneration and expenses

Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as trustees.

During the year ended 31 August 2016, travel and subsistence expenses totalling £3,000 (2015 - £2,000) were reimbursed or paid directly to 8 trustees (2015 - 4).

Other related party transactions involving the trustees are set out in note 29.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total insurance premia which was reimbursed by the Education Funding Agency. On 1 August 2016 the Trust opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust 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 Intangible fixed assets

n/s

	Software £ 000	Total £ 000
Cost		
Additions	168	168
Transfers	201	201
At 31 August 2016	<u>369</u>	<u>369</u>
Amortisation		
Charge for the year	115	115
Transfers	106	106
At 31 August 2016	<u>221</u>	<u>221</u>
Net book value		
At 31 August 2016	<u><u>148</u></u>	<u><u>148</u></u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

13 Tangible fixed assets <3.2.FIX>

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Assets under construction £ 000	Total £ 000
Cost							
At 1 September 2015	42,575	52,361	3,081	61	5,747	1,074	104,899
Additions	54	12,075	225	-	336	7,125	19,815
Disposals	-	(585)	-	-	-	(9)	(594)
Transfers	-	879	-	-	(201)	(879)	(201)
At 31 August 2016	42,629	64,730	3,306	61	5,882	7,311	123,919
Depreciation							
At 1 September 2015	1,214	3,104	1,377	55	4,696	-	10,446
Charge for the year	720	1,131	575	5	581	-	3,012
Eliminated on disposals	-	(21)	-	-	-	-	(21)
Transfers	-	-	-	-	(106)	-	(106)
At 31 August 2016	1,934	4,214	1,952	60	5,171	-	13,331
Net book value							
At 31 August 2016	40,695	60,516	1,354	1	711	7,311	110,588
At 31 August 2015	41,361	49,257	1,704	6	1,051	1,074	94,453

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

13 Tangible fixed assets (continued)

During the year two academies had new builds, which were in the main funded by the Education Funding Agency. On completion of the builds the Trust signed long term leases for the new builds and at the same time the leases on the old buildings, apart from a small annex at Ainthorpe, were cancelled. These accounts include the following transactions:

- Ainthorpe Primary Academy: Gift in kind included in income and cost of leasehold building additions - £4,416,000, cost of disposal of old building - £245,000, and loss on disposal (net of depreciation charged to date) £236,000;

- Wold Academy: Gift in kind included in income and cost of leasehold building additions - £5,606,000, cost of disposal of old building - £340,000, and loss on disposal (net of depreciation charged to date) £327,000.

14 Investments <3.3.1> Folder 3

	Investments £ 000
Cost	
At 1 September 2015	2,184
Revaluation	(243)
At 31 August 2016	1,941
Provision	
At 31 August 2016	-
Net book value	
At 31 August 2016	1,941
At 31 August 2015	2,184

Investments are analysed as follows for all fund holdings in excess of 5%

	2016	2015
UK high income		
Carphone Warehouse Group plc ord 0.001	24%	25%
Talk Talk Telecom Group plc ord 0.001	32%	41%
M&G Global Convertibles STG	6%	4%
Schroder Unit Trusts Income Maximiser	6%	5%

The Trust owns 100% of the ordinary shares of David Ross Education Services Ltd, a company incorporated in England and Wales. The principal activity of the company is dormant. Turnover for the year ended 31 August 2016 was £Nil, expenditure was £Nil and the profit/(loss) for the year was £Nil. The assets of the company at 31 August 2016 were £Nil, liabilities were £Nil and capital and reserves were £Nil.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

15 Stock n/s

	2016 £ 000	2015 £ 000
Sundry stock	108	20

16 Debtors <3.3.1> Folder 1

	2016 £ 000	2015 £ 000
Trade debtors	277	276
Prepayments and accrued income	846	882
VAT recoverable	1,130	906
Other debtors	4,099	2,431
	<u>6,352</u>	<u>4,495</u>

17 Creditors: amounts falling due within one year <3.3.1> Folder 2

	2016 £ 000	2015 £ 000
Trade creditors	4,140	5,369
Other taxation and social security	1,023	923
Other creditors	2,814	1,021
Pension scheme creditor	868	800
Accruals	672	1,463
EFA creditor: abatement of GAG	12	-
	<u>9,529</u>	<u>9,576</u>

The secondary academies with post-16 provision distribute 16-19 bursary funds to students as an agent for the Education Funding Agency. During the year the Trust received £53,000 and disbursed £41,000 from the fund. An amount of £33,000 is included in other creditors relating to undistributed funds that is repayable to the Education Funding Agency.

Included in other creditors are interest free loans of £40,000 from Salix. Amounts falling due after one year of £18,000 are included within creditors falling due after one year. Three of these loans are fully repayable within the next twelve months and one by 31 August 2019.

18 Creditors: amounts falling due after one year <3.3.1> Folder 2

	2016 £ 000	2015 £ 000
Other creditors	18	63

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

19 Funds <.3.3.1.00460> Folder 4 Funds

	Balance at 1 September 2015 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2016 £ 000
Restricted general funds					
General Annual Grant	145	61,252	(62,356)	1,028	69
Start up grants	-	703	(703)	-	-
Pupil Premium	-	4,520	(4,512)	-	8
Special grants	319	1,258	(1,499)	-	78
Local Authority funding	169	1,993	(1,967)	-	195
Donations in lieu of rent	-	645	(645)	-	-
Voluntary income	278	1,502	(1,344)	-	436
Provision of boarding facilities	(37)	493	(428)	-	28
	<u>874</u>	<u>72,366</u>	<u>(73,454)</u>	<u>1,028</u>	<u>814</u>
Restricted fixed asset funds					
DfE capital grants	4,049	9,056	(1,713)	-	11,392
Capital expenditure from grant income	4,892	-	(644)	2,168	6,416
Private sector capital donations	409	29	(94)	-	344
Donation of transferred assets from local authority	<u>85,617</u>	<u>10,022</u>	<u>(2,439)</u>	<u>-</u>	<u>93,200</u>
	94,967	19,107	(4,890)	2,168	111,352
Restricted pension funds					
Pension reserve	(17,631)	-	(1,422)	(8,628)	(27,681)
Other restricted funds					
Endowment fund	<u>2,033</u>	<u>-</u>	<u>-</u>	<u>(1,872)</u>	<u>161</u>
Total restricted funds	80,243	91,473	(79,766)	(7,304)	84,646
Unrestricted funds					
Unrestricted general funds	<u>3,149</u>	<u>2,205</u>	<u>(2,609)</u>	<u>(1,567)</u>	<u>1,178</u>
Total funds	<u>83,392</u>	<u>93,678</u>	<u>(82,375)</u>	<u>(8,871)</u>	<u>85,824</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

19 Funds (continued)

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

- (i) General Annual Grant must be used for the normal running costs of the academies.
- (ii) Pupil Premium is allocated to academies on the basis of deprivation and is intended to support education for children from disadvantaged backgrounds.
- (iii) Special grants are awarded by the DfE to boost performance within specific academies. During the year the Trust received grants to support individual schools, including those due to join the Trust in future financial years. In line with other academy Trusts David Ross Education Trust received a grant for each school that formally expressed an interest in joining the Trust during the year. The Trust also received a capital maintenance grant which should be used to maintain or improve the academy buildings.
- (iv) LA funding in the main relates to funding supplied for pupils with statements of special educational needs and pupils in nurseries around the Trust.
- (v) Restricted fixed assets were funded by grants or private sector funding.
- (vi) Voluntary income is deemed to be restricted where the funder places conditions on how the income can be spent. During the year the Trust received donations from the David Ross Foundation to fund enhanced support and development in the academies and towards the Trust's enrichment programme.
- (vii) The restricted expendable endowment fund is the David Ross Education Trust Endowment Fund. The transfer to capital relates to a capital projects undertaken during the year. The interest on the endowment is used to counter the educational impact of disadvantage and deprivation, and for educational work within the local communities. This income should not be used to meet the normal running costs of the academies.
- (viii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non-fixed asset fund. Staff costs are paid from this fund and the pension liability has therefore been aligned with these costs.
- (ix) Transfers from restricted funds to restricted fixed asset funds relate to capital expenditure from revenue income, as allowed by the conditions of the grants.
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 2016.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

19 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows (£ 000s):

Abbey CE Academy	219
Ainthorpe Primary Academy	50
Barnes Wallis Academy	(132)
Briar Hill Primary School	244
Brighurst Primary School	(14)
Cedar Road Primary School	136
Charles Read Academy	(124)
Charnwood College	66
Eastfield Academy	106
Edward Heneage Primary Academy	287
Endike Primary Academy	341
Eresby Special School	667
Fairfield Academy	208
Falconer's Hill Academy	201
Greenfields Primary School	486
Havelock Academy	948
Hogsthorpe Primary Academy	145
Humberston Academy	913
Ingoldsby Academy	40
King Edward VI Academy	(87)
Kings Heath Primary Academy	246
Lodge Park Academy	228
Malcolm Arnold Academy	438
Malcolm Arnold Preparatory School	134
Newnham Primary school	137
Quay Academy	196
Rockingham Primary School	113
Skegness Grammar School	(1,064)
The Arbours Primary Academy	553
Thomas Hinderwell Primary Academy	(79)
Thomas Middlecott Academy	126
Welton CE Primary Academy	166
Wold Academy	132
Endowment	161
Central services	(4,034)
Total before fixed assets and pension reserve	2,153
Restricted fixed asset fund	111,352
Pension reserve	(27,681)
Total	85,824

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

19 Funds (continued)

Academies in deficit:

Barnes Wallis Academy: Pupil numbers have historically been low at Barnes Wallis Academy. The recent key stage 4 results showed an improvement over previous years and this is expected to have a positive affect on future pupil intake. In addition, the Trust is reviewing other areas and options available to return the academy to no worse than an in-year break even position.

Brighthurst Primary School: The location of the academy impacts on pupil numbers, which effect the main grant income that the academy receives. Increased employment costs due to rises in pension contributions impacts smaller academies disproportionately. The academy has, and continues to, review its costs with a view to maintaining an in-year balanced budget.

Charles Read Academy: The academy suffered from low pupil numbers when it joined the Trust. Significantly improved educational outcomes and other actions taken have seen pupil numbers rise and as a result the academy's projections for future years show at worst a balanced budget.

King Edward VI Academy: Pupil numbers have historically been low, however, the academy's recent key stage 4 results continue to show improvement. Pupil numbers as indicated on the October 2016 census show an increasing trend which will have a positive impact on the academy's budget.

Skegness Grammar School: Prior to joining the Trust the school employed staff in excess of its requirements, given the number of pupils. A staff restructuring has since taken place and the academy continues to monitor a number of areas with a view to returning to a surplus position.

Thomas Hinderwell Primary Academy: Funding based on pupil numbers at Thomas Hinderwell Primary Academy have been lower than the cost base, resulting in a deficit position at the year end. The trustees predict pupil numbers will increase in the short term and as a result the financial forecasts show a return to surplus.

The deficit on central services is due to a number of significant investments during the year. The Trust has increased its focus on educational improvement and safeguarding, several programmes have been developed, including, amongst others, the Teaching School Alliance and the advancement and enhancement of the improvement clusters. The capacity within the central team has been increased, the positive impact of this is being seen across the Trust. The financial forecasts for the years ended 31 August 2017 and onwards show a balanced position with a return to surplus anticipated as efficiencies and savings are achieved.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total £ 000
Abbey CE Academy	487	91	58	175	811
Ainthorpe Primary Academy	883	145	45	225	1,298
Barnes Wallis Academy	1,517	242	86	378	2,223
Briar Hill Primary School	1,066	86	103	294	1,549
Brighthurst Primary School	469	58	31	121	679
Cedar Road Primary School	1,068	85	101	343	1,597
Charles Read Academy	1,156	144	53	369	1,722
Charnwood College	3,584	572	175	767	5,098
Eastfield Academy	708	46	78	253	1,085
Edward Heneage Primary Academy	1,147	130	82	253	1,612

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

19 Funds (continued)

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total £ 000
Endike Primary Academy	1,288	84	101	410	1,883
Eresby Special School	744	94	17	126	981
Fairfield Academy	948	114	60	189	1,311
Falconer's Hill Academy	627	88	50	132	897
Greenfields Primary School	947	112	67	240	1,366
Havelock Academy	4,060	604	370	1,418	6,452
Hogsthorpe Primary Academy	233	21	40	85	379
Humberston Academy	2,835	409	139	487	3,870
Ingoldsby Academy	243	28	9	69	349
King Edward VI Academy	1,881	294	88	677	2,940
Kings Heath Primary Academy	1,241	81	116	338	1,776
Lodge Park Academy	3,795	540	214	784	5,333
Malcolm Arnold Preparatory School	396	34	51	113	594
Malcolm Arnold Academy	4,614	643	453	1,299	7,009
Newnham Primary school	266	56	23	100	445
Quay Academy	1,380	97	87	344	1,908
Rockingham Primary School	862	104	57	206	1,229
Skegness Grammar School	2,284	434	93	787	3,598
The Arbours Primary Academy	1,101	119	101	329	1,650
Thomas Hinderwell Primary Academy	822	50	33	229	1,134
Thomas Middlecott Academy	1,979	198	118	485	2,780
Welton CE Primary Academy	390	67	35	120	612
Wold Academy	1,652	140	66	360	2,218
Central services	1,402	3,141	906	3,429	8,878
Trust	48,075	9,151	4,106	15,934	77,266

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

19 Funds (continued)

The above represents the expenditure incurred before the adjustments required under FRS102 in respect of the local government pension scheme.

20 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Endowment fund £ 000	Total funds £ 000
Tangible fixed assets	-	-	110,588	-	110,588
Intangible fixed assets	-	-	148	-	148
Investments	-	1,780	-	161	1,941
Current assets	1,178	6,823	2,374	-	10,375
Current liabilities	-	(7,771)	(1,758)	-	(9,529)
Creditors over 1 year	-	(18)	-	-	(18)
Pension scheme liability	-	(27,681)	-	-	(27,681)
Total net assets	<u>1,178</u>	<u>(26,867)</u>	<u>111,352</u>	<u>161</u>	<u>85,824</u>

21 Financial commitments

<3.3.1.00470> Folder 6

Operating leases

At 31 August 2016 the Academy had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2016 £ 000	2015 £ 000
Land and buildings		
Within one year	783	741
Within two to five years	3,132	2,964
Over five years	<u>62,366</u>	<u>61,192</u>
	<u>66,281</u>	<u>64,897</u>
Other		
Within one year	137	310
Within two to five years	89	215
Over five years	<u>-</u>	<u>9</u>
	<u>226</u>	<u>534</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

22 Reconciliation of net income to net cash inflow/(outflow) from operating activities <4.6.2.0030>

	2016 £ 000	2015 £ 000
Net income	11,303	20,376
Amortisation	115	(41)
Depreciation	3,012	2,597
Loss on disposal of tangible fixed assets	563	-
Donations in kind on academy conversion	-	(27,541)
Donated capital and capital grants	(19,078)	(2,015)
Interest receivable	(115)	(104)
FRS17 service cost adjustment net of contributions payable	1,422	1,131
(Increase)/decrease in stocks	(88)	54
Increase in debtors	(1,857)	(989)
(Decrease)/increase in creditors	(92)	2,827
FRS17 pension liability transferred on conversion	-	4,628
Net cash (outflow)/inflow from operating activities	<u>(4,815)</u>	<u>923</u>

23 Returns on investments and servicing of finance <4.6.2.0030>

	2016 £ 000	2015 £ 000
Interest received	<u>115</u>	<u>104</u>
Net cash inflow from returns on investments and servicing of finance	<u>115</u>	<u>104</u>

24 Capital expenditure and financial investment <4.6.2.0030>

	2016 £ 000	2015 £ 000
Purchase of intangible fixed assets	(168)	-
Purchase of tangible fixed assets	(9,783)	(3,988)
Sale of investments	-	1,658
Capital grants from DfE	9,056	1,770
Capital grants from others	-	245
Net cash outflow from capital expenditure and financial investment	<u>(895)</u>	<u>(315)</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

25 Analysis of changes in net funds <4.6.2.0030>

	At 1 September 2015 £ 000	Cash flows £ 000	At 31 August 2016 £ 000
Cash at bank and in hand	9,510	(5,595)	3,915

26 Capital commitments

	2016 £ 000	2015 £ 000
Contracted for, but not provided in the financial statements	443	1,315

27 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

Upon termination of the Funding Agreement the Trust's pension liability is expected to transfer to any successor organisation.

At the 31 August 2016 the Trust was involved in litigation in respect of four employment cases. The trustees are confident that no liability will arise from any of these cases and therefore no provision has been included within these accounts.

The Trust currently leases a car park at Ingoldsby Primary School. On cessation of this lease the Trust is responsible for returning the area to its former use as agricultural land. The lease runs until 24 April 2026 and therefore this potential liability is not expected to crystallise in the short term.

28 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.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

29 Related party transactions <3.4.5> and <2.6.8>

During the year the Trust purchased goods and services from organisations which, under section 33 of FRS102, are considered to be connected to the trustees: one of the Trust's members is a charitable foundation. A trustee of that foundation is a director and shareholder in a company, Zoom 2 Limited, which provided services to the Trust during the year in respect of a review of governance, with costs incurred of £4,000. This relationship falls under the definition of a connected party as set out in the Academies Financial Handbook. Zoom2 Limited has provided a statement of assurance to the Trust that their charges did not exceed the cost of the provision of the services and that the calculation of cost did not include an element of profit. The following transactions do not fall under the definition of connected parties as set out in the Academies Financial Handbook: two trustees are trustees of Uppingham School - expenditure of £6,000 (training); one trustee is connected to the Peterborough Diocesan - expenditure of £2,000 (training); three trustees are connected with Nottingham University - expenditure of £9,000 (training) ; two trustees are connected with Neville Holt Opera - expenditure of £2,000 (governor conference); one trustee is connected with University of Northampton - expenditure of £8,000 (training); one trustee is a director and shareholder in Duncan & Toplis Limited £54,000 (internal audit services). All of these transactions were acquired at arm's length in accordance with the Trust's financial regulations and normal procurement procedures.

Mr D Ross and Mr M Bolland are trustees of the David Ross Foundation, which, during the year ended 31 August 2016, allowed the Trust use of its office space without charge. This has been valued at £110,000. The Foundation also made specific donations of £680,000. Mr D Ross made a restricted donation to the Trust of £121,000. This donation is to be used wholly for enrichment projects following successful applications from the Trust's academies.

30 Post balance sheet events

The Trust is due to open an all-through free school, the Bobby Moore Academy, on the Olympic Park in London on 1 September 2017.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

31 Academy boarding trading account <3.3.1.9>

	2016 £ 000	2015 £ 000
Income		
Fee income	493	464
Expenditure - Direct costs		
Other direct costs	(96)	(50)
Expenditure - Indirect costs		
Staff costs	(286)	(293)
Utilities	(18)	(21)
Rent and rates	(7)	(5)
Security	(1)	(1)
Buildings maintenance	(4)	(7)
Depreciation	(21)	(23)
Other indirect costs	(16)	(19)
Total indirect costs	<u>(353)</u>	<u>(369)</u>
Total operating costs	<u>(449)</u>	<u>(419)</u>
Surplus on boarding	44	45
Deficit brought forward	<u>(104)</u>	<u>(149)</u>
Deficit carried forward	<u>(60)</u>	<u>(104)</u>

32 Pension and similar obligations <3.2.PEN>

The Academy'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. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £868,000 (2015 - £800,000) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

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

Valuation of the Teachers' Pension Scheme

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

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

During the year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £4,248,000 (2015: £3,303,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions' website.

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £3,890,000 (2015 - £3,485,000), of which employer's contributions totalled £3,066,000 (2015 - £2,730,000) and employees' contributions totalled £824,000 (2015 - £755,000). The agreed contribution rates for future years for employers vary across academies and vary according to gross salaries for employees.

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

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

Trust employees are members of one of five schemes: those at academies within North East Lincolnshire, Hull and East Riding of Yorkshire are members of the East Riding Pension Fund, those in Northamptonshire are members of the Northamptonshire Pension Fund, those in Lincolnshire are members of the Lincolnshire Pension Fund, those in Scarborough are members of the North Yorkshire Pension Fund and those in Leicestershire are members of the Leicestershire County Council Pension Fund. Each scheme is reported on separately below.

As detailed in the notes below, all five schemes were in deficit at the end of the financial period. In order to repay this deficit all employer contribution rates incorporate additional contributions in respect of a past service adjustment. This rate varies per academy; the repayment period varies per scheme, falling between 10 and 20 years.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

East Riding Pension Fund

[Ainthorpe Primary School, Endike Academy, Edward Heneage Primary Academy, Fairfield Academy, Havelock Academy, Humberston Academy, Quay Academy, Wold Academy]

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	2.30	4.00
Rate of increase for pensions in payment/inflation	2.10	2.60
Discount rate for scheme liabilities	2.00	3.70
Inflation assumptions (CPI)	2.10	2.60
Commutation of pensions to lump sums	<u>65.00</u>	<u>65.00</u>

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.90	21.90
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Equities	8,365	5,970
Bonds	1,227	796
Property	1,227	875
Cash	334	318
Total market value of assets	11,153	7,959
Present value of scheme liabilities - funded	(19,022)	(13,525)
Deficit in the scheme	(7,869)	(5,566)

The actual return on scheme assets was £1,589,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

East Riding Pension Fund

[Ainthorpe Primary School, Endike Academy, Edward Heneage Primary Academy, Fairfield Academy, Havelock Academy, Humberston Academy, Quay Academy, Wold Academy]

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	2.30	4.00
Rate of increase for pensions in payment/inflation	2.10	2.60
Discount rate for scheme liabilities	2.00	3.70
Inflation assumptions (CPI)	2.10	2.60
Commutation of pensions to lump sums	<u>65.00</u>	<u>65.00</u>

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.90	21.90
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Equities	8,365	5,970
Bonds	1,227	796
Property	1,227	875
Cash	334	318
Total market value of assets	11,153	7,959
Present value of scheme liabilities - funded	(19,022)	(13,525)
Deficit in the scheme	(7,869)	(5,566)

The actual return on scheme assets was £1,589,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2016 £ 000	2015 £ 000
Current service cost	1,385	1,306
Past service costs	15	-
Inherited on conversion	-	1,017
Total operating charge	1,400	2,323

Analysis of pension finance (income)/costs

	2016 £ 000	2015 £ 000
Expected return on pension scheme assets	(324)	(404)
Interest on pension liabilities	531	432
Pension finance costs	207	28

Movements in the present value of defined benefit obligation

	2016 £ 000	2015 £ 000
At 1 September	13,525	10,095
Inherited on conversion	-	1,341
Current service cost	1,385	1,306
Interest cost	531	432
Employee contributions	357	334
Actuarial losses	3,280	98
Benefits paid	(71)	(81)
Past service cost	15	-
At 31 August	19,022	13,525

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

	2016 £ 000	2015 £ 000
At 1 September	7,959	6,134
Inherited on conversion	-	324
Expected return on assets	324	404
Actuarial gains/(losses)	1,265	(369)
Employer contributions	1,319	1,213
Employee contributions	357	334
Benefits paid	(71)	(81)
At 31 August	11,153	7,959

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Northamptonshire Pension Fund

[Abbey CE Academy, Briar hill Primary School, Cedar Road Primary School, Eastfield Academy, Falconer's Hill Academy, Greenfields Primary Academy, Kings Heath Primary Academy, Lodge Park Academy, Malcolm Arnold Academy, Malcolm Arnold Preparatory School, Newnham Primary School, Rockingham Primary School, The Arbours Primary Academy, Welton CE Primary Academy]

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	4.1	4.6
Rate of increase for pensions in payment/inflation	2.1	2.7
Discount rate for scheme liabilities	2.1	3.8
Inflation assumptions (CPI)	2.1	2.7
Commutation of pensions to lump sums	75	75

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	22.3	22.3
Females retiring today	24.3	24.3
Retiring in 20 years		
Males retiring in 20 years	24.0	24.0
Females retiring in 20 years	26.6	26.6

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Equities	6,197	4,314
Bonds	1,658	1,171
Property	698	555
Cash	175	123
Total market value of assets	8,728	6,163
Present value of scheme liabilities - funded	(17,672)	(11,175)
Deficit in the scheme	(8,944)	(5,012)

The actual return on the scheme assets was £1,363,000 (2015: £197,000).

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Current service cost	1,339	1,157
Total operating charge	<u>1,339</u>	<u>1,157</u>

Analysis of pension finance (income)/costs

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Expected return on pension scheme assets	(257)	(297)
Interest on pension liabilities	454	381
Pension finance costs	<u>197</u>	<u>84</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	11,175	9,625
Current service cost	1,339	1,157
Interest cost	454	381
Estimated benefits paid	(29)	(47)
Employee contributions	252	237
Actuarial losses/(gains)	4,481	(178)
At 31 August	<u>17,672</u>	<u>11,175</u>

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	6,163	4,883
Expected return on assets	257	297
Actuarial gains	1,106	(117)
Estimated benefits paid	(29)	(47)
Employer contributions	979	910
Employee contributions	252	237
At 31 August	<u>8,728</u>	<u>6,163</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Lincolnshire Pension Fund

[Barnes Wallis Academy, Charles Read Academy, Eresby Special School, Hogsthorpe Primary Academy, Ingoldsby Academy, King Edward VI Academy, Skegness Grammar School, Thomas Middlecott Academy]

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.6	4.0
Rate of increase for pensions in payment/inflation	2.1	2.6
Discount rate for scheme liabilities	2.0	3.7
Inflation assumptions (CPI)	2.1	2.8
Commutation of pensions to lump sums	63	63

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	22.2	22.2
Females retiring today	24.4	24.4
Retiring in 20 years		
Males retiring in 20 years	24.5	24.5
Females retiring in 20 years	26.8	26.8

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Equities	4,060	2,874
Bonds	685	498
Property	527	460
Total market value of assets	5,272	3,832
Present value of scheme liabilities - funded	(12,842)	(8,542)
Deficit in the scheme	(7,570)	(4,710)

The actual return on the scheme assets was £822,000 (2015: £64,000).

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Current service cost	700	660
Inherited on conversion	-	1,718
Total operating charge	700	2,378

Analysis of pension finance (income)/costs

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Expected return on pension scheme assets	(153)	(181)
Interest on pension liabilities	331	261
Pension finance costs	178	80

Movements in the present value of defined benefit obligation

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	8,542	5,116
Inherited on conversion	-	2,332
Current service cost	700	660
Interest cost	331	261
Estimated benefits paid	(31)	(45)
Employee contributions	143	141
Actuarial losses	3,157	77
At 31 August	12,842	8,542

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	3,832	2,594
Inherited on conversion	-	614
Expected return on assets	153	181
Actuarial gains	669	(117)
Estimated benefits paid	(31)	(45)
Employer contributions	506	464
Employee contributions	143	141
At 31 August	<u>5,272</u>	<u>3,832</u>

The estimated value of employer contributions for next period is £506,000.

North Yorkshire Pension Fund

[Thomas Hinderwell Primary Academy]

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.4	3.6
Rate of increase for pensions in payment/inflation	1.9	2.1
Discount rate for scheme liabilities	2.0	3.8
Inflation assumptions (CPI)	<u>1.9</u>	<u>2.1</u>

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	23.3	23.2
Females retiring today	25.8	25.7
Retiring in 20 years		
Males retiring in 20 years	25.6	25.4
Females retiring in 20 years	<u>28.1</u>	<u>28.0</u>

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Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

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

	At 31 August 2016	At 31 August 2015
	£000	£000
Equities	84	42
Government bonds	20	12
Other bonds	7	5
Others	13	6
Property	12	5
Cash	(1)	1
Total market value of assets	<u>135</u>	<u>71</u>
Present value of scheme liabilities - funded	<u>(622)</u>	<u>(319)</u>
Deficit in the scheme	<u>(487)</u>	<u>(248)</u>

The actual return on the scheme assets was £17,000 (2015: £3,000)

Amounts recognised in the statement of financial activities

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Current service cost	50	34
Total operating charge	<u>50</u>	<u>34</u>

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Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Analysis of pension finance (income)/costs

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Expected return on pension scheme assets	(4)	(2)
Interest on pension liabilities	12	12
Pension finance costs	<u>8</u>	<u>10</u>

Movements in the present value of defined benefit obligation

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	319	248
Current service cost	50	34
Interest cost	12	12
Employee contributions	13	10
Estimated benefits paid	(2)	(1)
Actuarial losses	230	16
At 31 August	<u>622</u>	<u>319</u>

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	71	30
Expected return on assets	4	2
Actuarial gains	13	1
Estimated benefits paid	(2)	(1)
Employer contributions	36	29
Employee contributions	13	10
At 31 August	<u>135</u>	<u>71</u>

Leicestershire County Council Pension Fund [Brighthelm Primary Academy and Charnwood College]

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.1	4.5
Rate of increase for pensions in payment/inflation	2.1	2.6
Discount rate for scheme liabilities	2.0	3.7
Inflation assumptions (CPI)	2.1	2.6
Commutation of pensions to lump sums	<u>75</u>	<u>75</u>

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

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Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	22.2	22.2
Females retiring today	24.3	24.3
Retiring in 20 years		
Males retiring in 20 years	24.2	24.2
Females retiring in 20 years	26.6	26.6

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

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Equities	1,706	1,117
Bonds	427	356
Property	213	186
Cash	24	34
Total market value of assets	2,370	1,693
Present value of scheme liabilities - funded	(5,181)	(3,788)
Deficit in the scheme	(2,811)	(2,095)

The actual return on the scheme assets was £392,000 (2015: £(61,000)).

Amounts recognised in the statement of financial activities

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Current service cost	328	171
Past service cost	2	-
Inherited on conversion	-	1,893
Total operating charge	330	2,064

Analysis of pension finance (income)/costs

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Expected return on pension scheme assets	(68)	(43)
Interest on pension liabilities	147	61
Pension finance costs	79	18

Movements in the present value of defined benefit obligation

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Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	3,788	-
Inherited on conversion	-	3,500
Current service cost	328	171
Past service cost	2	-
Interest cost	147	61
Employee contributions	59	33
Actuarial losses	857	23
At 31 August	<u>5,181</u>	<u>3,788</u>

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	1,693	-
Inherited on conversion	-	1,607
Expected return on assets	68	43
Actuarial gains	324	(104)
Employer contributions	226	114
Employee contributions	59	33
At 31 August	<u>2,370</u>	<u>1,693</u>

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Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Total of all schemes

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

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Equities	20,412	14,317
Bonds	4,017	2,838
Property	2,677	2,081
Other	20	6
Cash	532	476
Total market value of assets	27,658	19,718
Present value of schemes' liabilities - funded	(55,339)	(37,349)
Deficit in the schemes	(27,681)	(17,631)

Amounts recognised in the statement of financial activities

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Current service cost	3,802	3,328
Past service cost	17	-
Inherited on conversion	-	4,628
Total operating charge	3,819	7,956

Analysis of pension finance (income)/costs

	At 31 August 2016	At 31 August 2015
	£ 000	£ 000
Expected return on pension scheme assets	(806)	(927)
Interest on pension liabilities	1,475	1,147
Pension finance costs	669	220

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Notes to the Financial Statements for the Year Ended 31 August 2016

32 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	37,349	25,084
Inherited on conversion	-	7,173
Current service cost	3,802	3,328
Past service cost	17	-
Interest cost	1,475	1,147
Employee contributions	824	755
Actuarial losses	12,005	36
Benefits paid	(133)	(174)
At 31 August	<u>55,339</u>	<u>37,349</u>

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
At 1 September	19,718	13,641
Inherited on conversion	-	2,545
Expected return on assets	806	927
Actuarial gains	3,377	(706)
Employer contributions	3,066	2,730
Employee contributions	824	755
Benefits paid	(133)	(174)
At 31 August	<u>27,658</u>	<u>19,718</u>

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Notes to the Financial Statements for the Year Ended 31 August 2016

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33 Transition to FRS102

These financial statements are the first financial statements of the Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Charities SORP (SORP 2015). The financial statements of the Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently the trustees have amended certain accounting policies to comply with FRS102 and SORP 2015.

Comparative figure have been restated to reflect the adjustments made.

	Amount
	£000
Net income/(expenditure) previously reported under GAAP	20,690
Change in recognition of LGPS interest cost	(313)
Net movement in funds reported under FRS102	<u>20,377</u>