

Registration number: 06182612

David Ross Education Trust
(A company limited by guarantee)
Annual Report and Financial Statements
for the Year Ended 31 August 2017

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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
	F Wood
	The Peterborough Diocese Church Schools Trust

Trustees (Directors)

D Ross, Chairman (appointed as Chairman 25 January 2017)
B Brown, Member of audit committee (appointed 27 September 2016)
J Dunseath
A Foster
A Hancock, Member of finance committee
M Hindmarch, Member of finance committee
Bishop of Brixworth J Holbrook
J Hoareau (appointed 8 February 2017)
T Maloney (appointed 26 June 2017)
A Medlicott-Revell, Member of finance committee
M Neild (appointed 8 February 2017)
N Woodcock, Member of finance committee

The following Trustees' terms of office ended during the year:

D Blunkett, (resigned 25 January 2017)
Professor A Dixon, (end of term of office 26 June 2017)
J Gordon (end of term of office 27 September 2016)
M Lovett (resigned 1 May 2017)
D Overton (end of term of office 26 June 2017)
Professor K Reid (end of term of office 26 June 2017)
D Stone (resigned 17 March 2017)
K Whitehead (resigned 26 June 2017)
M Wilson (resigned 8 February 2017)

Company Secretary

SK Secretary Limited

David Ross Education Trust

Reference and Administrative Details (continued)

**Senior Management
Team**

Chief executive: R Hackwood (appointed 4 June 2017)
W Marshall (resigned 25 January 2017; currently serving resignation)

Education: S Rose, Director of Education for Primaries (appointed 1 September 2017)
L Charlesworth Director of School Standards (left 31 August 2017)

Finance: I Haldenby, Interim Chief Financial Officer (appointed 23 October 2017),
M Ibbertson, Director of Finance (left 30 November 2017)

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

Banker

Lloyds Bank plc
65 High Street
Stamford
Lincolnshire
PE9 2AT

Solicitor

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 2017

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 2017. 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 2.

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 close of the year there were seven sponsor trustees, four academy 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 2017

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.

On 30 June 2017 a full day of review and planning was held offsite, including all Trustees, the Trust senior leadership team, and all academy principals. A full day of review and planning was held at Malcolm Arnold Academy in Northampton on 30 November 2017 with all Trustees and the Trust senior leadership team.

A review of governance is planned for late 2017, and the membership of the Trust Board has been refreshed.

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.

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 Chief Financial Officer, the Director of HR, the Director of Operations, the Directors of Primary and Secondary Education, the Director of Academic Studies and the Director of Communications and Public Affairs. 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.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

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

During the year the Executive Committee of the Trust board had responsibility for pay and remuneration. In 2016/2017 the Executive Committee was comprised of David Overton, Jamie Gordon and Sue Dean. This committee was disbanded in June 2017 being replaced by a HR and Remuneration Subcommittee, chaired by the Chair of the Trustee Board. The Chief Executive Officer's remuneration, and associated performance targets and review, is carried out by the Chair of the Board. 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 HR subcommittee 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 HR subcommittee.

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.

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 a system of internal financial approvals in operation for the year.

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 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 a new sixth form building at Havelock Academy and a new classroom at Hogsthorpe Primary School.

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, 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 2017.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

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 2016/2017 the principal activity of the charitable company was the operation of 33 academies (31 August 2016: 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, Malcolm Arnold Academy in Northampton, has in excess of 1,300 students, the smallest (Charles Read Academy in Lincolnshire) has just over 250. At primary level the Trust has inner-city academies such as Wold Academy in Hull with up to 600 pupils, as well as smaller rural schools such as Ingoldsby Academy and Hogsthorpe Primary Academy, both in Lincolnshire, with fewer than 60 children.

On 1 September 2017 the Bobby Moore Academy opened in London, bringing the total number of academies in the Trust to 34. The academies have a combined pupil capacity of 15,596 with 13,030 pupils on roll at the time of the school census of October 2017.

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 curriculum should develop the substance of the national curriculum.

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 Trust is recognised as one of 11 system leaders nationwide.

The Trust's vision is as follows:

"Our mission is to give every child attending one of our schools a world-class education. We achieve through our Trust's unique culture, where delivering academic excellence and embracing the value of enrichment and citizenship are at the heart of who are, and what we do as an organisation.

"David Ross Education Trust schools create rich and exciting learning environments that inspire our students to become their confident, academic best through a broad and balanced curriculum."

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 improved life chances in the communities that we serve.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

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 13,030 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 in the last 12 months:

- clubs and coaching - our academies provided 7,497 sports sessions across the year, and 1,904 sporting fixtures;
- the DRET Summer Cup, Spring Cup, Cross Country Cup and Primary cups are now well established;
- the All Star Netball and Football tours included matches against Hartlepool and Darlington FC;
- the All Star Rowers attended the National Indoor Rowing Championships with 1 Bronze medal and 3 4th place finishes;
- Charles Read Academy reached the National Schools Table Tennis Final;
- Charnwood College finished runners up in the boys and girls National Basketball final;
- 1,504 individual primary school aged children engaged in PE or sports clubs;
- elite athlete visits were made to several of our schools.

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

- Primary Music Festivals in Hull City Hall and Royal & Derngate Northampton involved 800 students from 19 primary academies, attended by a total audience of 1,400;
- the Secondary Music Cup included 380 students from 9 secondary academies;
- Rhythm and Stomp projects involved all northern primaries in partnership with Lincolnshire Music Service;
- wind and brass bands were established in Havelock, Thomas Middlecott, Barnes Wallis and Charles Read Academies;
- on BBC Music Day on 9th June 2017 all 33 academies focused on music all day with assemblies, performances and cross-curricular work;
- 3,000 dramatic experiences of theatre and performing arts opportunities were taken for primary pupils;
- 512 pupils engaged with dance enrichment, more than doubling the previous year's total and the first primary dance festivals were hosted in Hull City Hall and the Royal and Derngate in Northampton;
- 2,231 primary pupils engaged with visual arts opportunities;
- the St Vincent Environmental Adventure, open to students in all Trust secondary academies, provided a fully funded adventure focused on environmental awareness in the Caribbean;
- Outward Bound Canada, open to students in Trust secondary academies, provided a fully funded opportunity to test post-16 students in the 'outback' of Western Canada.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

Strategic Report

Achievements and performance

At Key Stage 2 the Trust combined average score increased by 8% in 2016/2017, with eleven academies above the national average combined measure compared to seven in the previous year, and fifteen academies showing improvements over the previous year. In reading the Trust vs national average gap narrowed by 2%.

This has been an unsettled year for Key Stage 4 results. Humberston Academy performed most strongly and consistently of the secondary schools and is in line to move towards EBACC targets over the coming 3 years. There is some evidence of turnaround in performance at Skegness Grammar School, and Malcolm Arnold Academy continues to show evidence of performance consistent with a route towards outstanding.

At Key Stage 5 the outcomes were variable for each of our five academies that offer KS5 provision. Lodge Park Academy and Malcolm Arnold Academy made more positive progress in applied subjects (sport and ICT), and Skegness Grammar School, Havelock Academy and Malcolm Arnold Academy made more positive progress in A levels across the Trust.

The outcomes from Ofsted results continue to be positive. 81% of primary pupils are now educated in an academy judged to be good or better. For the academic year 2016/2017, the number of good schools increased by 6, those requiring improvement reduced by two and the number of inadequate schools reduced by three. 81% of primary academies are now good or better compared to 62% at the start of the academic year – a 19% increase. Upon joining the Trust, 21% of our secondary students were educated in good or better academies. This has now more than doubled and currently 45% of secondary students are educated in a good or better academy. Work continues with those academies that are in a category of requiring improvement and with all academies to move them to outstanding.

Capital investment has continued at a pace against the Trust's three year estates plan. The primary school at Bobby Moore Academy in London was completed to allow us to base the first year 7 students there for 12 months. Progress continues to complete the secondary building in 2018. Thanks to a generous donation of £0.5m from the David Ross Foundation, together with a contribution from school funds a new 6th Form centre has been built at Havelock Academy. This has both the learning and social areas to move forward our offering at this academy. We have completed a project funded by the Government's MAT Loan scheme to replace leaking roofs at four of our academies and under the Salix interest free loan scheme we have replaced lighting in three academies. We have also carried out a full external health and safety review of all 34 sites with resulting action plans. Progress has also been made on plans for four nurseries which will be opened or refreshed by the end of the current academic year.

Key financial performance indicators

	Unit	2017	2016
Income (excluding fixed assets and pension liabilities transferred on conversions)	£ 000	99,828	93,678
Expenditure	£ 000	(81,480)	(82,375)
Net income/(expenditure)	£ 000	18,348	11,303

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.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

Key non-financial performance indicators

The Trust's academic performance is measured by national performance tables based on public examinations covering KS2, KS4 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 2017

Strategic Report

Financial review

Most of the Trust's income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 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 ESFA. 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 2017, total expenditure of £81,480,000 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 £18,348,000. The greatest element of this surplus relates to the grant in respect of the Bobby Moore Academy, totalling £23,082,000.

At 31 August 2017 the net book value of fixed assets was £133,570,000; 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 £21,217,000 (2016: £27,681,000)

The Trust held fund balances at 31 August 2017 of £113,043,000, comprising £6,000 of restricted funds, a pension reserve deficit of £21,217,000, restricted fixed asset funds of £134,207,000 and £47,000 of unrestricted general funds.

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

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 2016/2017 the Trust held a low level of balances and has put in place plans to restore the level of balances initially to over £1 million.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

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.

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 net pay costs, currently estimated to be between £4,000,000 and £4,500,000. 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 £53,000 made up of free reserves of £47,000 (2016: £1,178,000) and restricted general funds of £6,000 (2016: £814,000). The Trust has put into place plans to increase the level of reserves back to a sustainable position.

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 2017

Strategic Report

Plans for future periods

The Trust has refreshed its board for the coming years. A new chair was appointed in March 2017, with a new Chief Executive Officer commencing in June 2017, and new Director appointments made for Education, Communications and Public Affairs, and Finance through the summer and the early autumn. At school level headteacher posts have been reviewed and refreshed.

The Trust Strategy for the next three years has been updated and is built around the vision of believing that all children in the Trust have a right to world-class education and the Trust is focusing all its efforts in achieving this objective via three strategic pillars:

- 1) Every school is on the path to world-class:
 - We believe that education should be deep, knowledge-based and challenging;
 - We are focused on implementing the 'DRET way' across all stages;
 - We are delivering this by:
 - 'Embedding the basics' across our Trust;
 - Developing a standardised school transformation model to ensure all schools are on the path to outstanding;
 - Standardising our curriculum to enable subject leadership and sharing of good practice;
 - Using data effectively to support performance;
 - Training our teachers, leaders and middle leaders well against an agreed model of pedagogy.
- 2) World-class enrichment:
 - We believe that all children in our Trust should have access to a broad range of enrichment opportunities;
 - We are delivering this by:
 - Continuing to develop our outstanding enrichment and acclaimed partnerships, covering sport, arts, culture and music;
 - Increasing participation;
 - Inspiring and motivating children;
 - Developing talent and elite pathways;
 - Competition;
 - Aligning enrichment with curriculum to ensure greatest impact;
 - Continuing to develop the case for enrichment to transform outcomes and drive social mobility.
- 3) School of choice in our community:
 - Our focus on communities means that we want to be the first choice school for children in our localities;
 - We are delivering this by:
 - Ensuring that every school is on a journey to outstanding, moving rapidly to deal with improvement needs so that all of our communities genuinely have access to outstanding provision;
 - Communicating better with parents so that they understand their role in their child's education;
 - Marketing our schools more effectively so that parents and children are aware of our 'world-class education' offer and aspiration.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

Strategic Report

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. 2017/2018 will see more accurate target setting for schools, sharper and more consistent interventions and support, enhanced central expertise that can be deployed to support performance improvement, greater consistency in the use of tools that are proven to improve outcomes e.g. Effective Maths, ReadWriteInc, Core Knowledge Curriculum, as well as a more forensic focus on data to ensure that all children are achieving their potential.

The Trust's second free school, Bobby Moore Academy, opened in September 2017 in the Queen Elizabeth Olympic Park, London. This school, which currently has one secondary year intake, will expand rapidly to become a through school offering access to the Trust's education and enrichment for children and young people aged 3 to 19.

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 seeks 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. From September 2017 a thorough revision of all back offices services was implemented, supported through enhanced ICT provision, with resulting structures designed to maximise efficiency and release resources for the classroom.

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.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2017

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 19 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T. Maloney', written over a dotted line.

T Maloney
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 2017 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 met formally 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 Ross	5	5
D Blunkett	2	2
Professor A Dixon	4	5
J Dunseath	2	5
A Foster	1	5
A Hancock	5	5
M Hindmarch	5	5
Bishop of Brixworth J Holbrook	2	5
J Hoareau	3	3
M Lovett	4	5
A Medicott-Revell	5	5
M Neild	3	3
Professor K Reid	5	5
D Overton	5	5
D Stone	1	3
K Whitehead	3	5
N Woodcock	5	5

David Ross Education Trust

Governance Statement

Governance reviews

The Trust Board continues to critically evaluate its makeup. The first half of 2017 saw a number of trustees' terms of office come to an end and the opportunity was taken to refresh the board of trustees, in particular to ensure the representation of trustees with a strong educational and school improvement background.

A full review of governance in the Trust will take place in late 2017/early 2018.

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
A Hancock	6	6
M Hindmarch	6	6
A Medlicott-Revell	4	6
N Woodcock	4	6

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	6	6
R Stannard	5	6
Professor A Dixon	5	5
B Brown	3	4

Mr Wood is a Member of the company and serves as an independent chair of the audit committee. Mr Stannard is an independent member of the committee. Professor Dixon's term as a trustee ended on 26 June 2017 and he stood down from the committee at that time. Mr Brown, a trustee, joined the committee in January 2017.

David Ross Education Trust

Governance Statement

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:

- Working with teacher supply agencies to secure bulk discounts, and to develop a pool of quality supply staff;
- Group procurement of a number of goods and services, including energy, multi-function devices, and parent communication software;
- Tendering out of internal audit services
- 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 areas 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 regional 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;
- Oversight and scrutiny by a Finance Committee of Trustees;
- Annual review of the Trust financial procedure rules and all finance specific policies.

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 2017 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 Haines Watts, 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.

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:

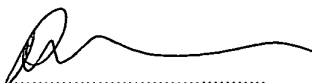
- the work of the internal auditor;
- the work of the external auditor;
- the work of the Trust's Audit Committee and the Finance Committee;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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 19 December 2017 and signed on its behalf by:



T Maloney
Trustee



R Hackwood
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 ESFA 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 ESFA.



R Hackwood
Accounting officer

19 December 2017

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 applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2016 to 2017;
- make judgements 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/Department for Education 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the trustees on 19 December 2017 and signed on its behalf by:



T Maloney
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID ROSS EDUCATION TRUST

Opinion

We have audited the financial statements of David Ross Education Trust ("the charitable company") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2016 to 2017* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Report and Strategic Report, Governance Statement, Statement on Regularity, Propriety and Compliance and Statement of Trustee's Responsibilities. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report and Strategic Report, for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 3, the Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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. 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 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.



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

20 December 2017

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

In accordance with the terms of our engagement letter dated 27 April 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw 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 Principal 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 2016;

- 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 2016 to 2017.

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 2016 to 31 August 2017 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
LS1 4DA, Leeds

10 December 2017

David Ross Education Trust
Statement of Financial Activities for the Year Ended 31 August 2017
(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 2017 £000	Total 2016 £000
Incoming resources							
<i>Income and endowments from:</i>							
Donations and capital grants							
Donations and capital grants	2	78	1,080	26,258	-	27,416	19,921
Other trading activities	3	1,757	1,128	-	-	2,885	3,189
Investment income	4	57	-	-	-	57	115
<i>Charitable activities:</i>							
Funding for the Trust's educational operations	5	41	69,051	-	-	69,092	69,960
Provision of boarding activities	32	-	378	-	-	378	493
Total incoming resources		1,933	71,637	26,258	-	99,828	93,678
Resources expended							
Raising funds		8	-	-	-	8	10
<i>Charitable activities:</i>							
Trust's educational operations		1,716	75,381	3,970	30	81,097	81,916
Provision of boarding activities	32	-	354	21	-	375	449
Total resources expended	6	1,724	75,735	3,991	30	81,480	82,375
Net (outgoing)/incoming resources before transfers		209	(4,098)	22,267	(30)	18,348	11,303
Gross transfers between funds	19	(1,340)	883	588	(131)	-	-
Net (expenditure)/income for the year		(1,131)	(3,215)	22,855	(161)	18,348	11,303
Other recognised gains and losses							
Gains/(losses) on investment assets		-	(289)	-	-	(289)	(243)
Actuarial gains/(losses) on defined benefit pension schemes	33	-	9,160	-	-	9,160	(8,628)
Net movement in (deficit)/funds		(1,131)	5,656	22,855	(161)	27,219	2,432
Reconciliation of funds							
Funds/(deficit) brought forward at 1 September 2016		1,178	(26,867)	111,352	161	85,824	83,392
Funds/(deficit) carried forward at 31 August 2017		47	(21,211)	134,207	-	113,043	85,824

Restricted general funds are made up as follows:

Restricted general fund	6
Restricted pension fund	(21,217)
Total	(21,211)

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 30 to 63 form part of these financial statements.

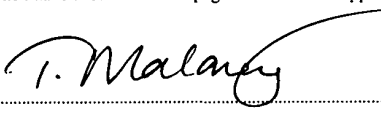
David Ross Education Trust
Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Fund £000	Total 2016 £000
Incoming resources						
<i>Income and endowments from:</i>						
Donations and capital grants						
Donations and capital grants	2	33	810	19,078	-	19,921
Other trading activities	3	2,016	1,173	-	-	3,189
Investment income	4	115	-	-	-	115
<i>Charitable activities:</i>						
Funding for the Trust's educational operations	5	41	69,890	29	-	69,960
Provision of boarding activities	32	-	493	-	-	493
Total incoming resources		2,205	72,366	19,107	-	93,678
Resources expended						
Raising funds						
		-	10	-	-	10
<i>Charitable activities:</i>						
Trust's educational operations		2,609	74,438	4,869	-	81,916
Provision of boarding activities	32	-	428	21	-	449
Total resources expended	6	2,609	74,876	4,890	-	82,375
Net incoming/(outgoing) resources before transfers		(404)	(2,510)	14,217	-	11,303
Gross transfers between funds	19	(1,567)	1,028	2,168	(1,629)	-
Net income/(expenditure) for the year		(1,971)	(1,482)	16,385	(1,629)	11,303
Other recognised gains and losses						
Gains/(losses) on investment assets		-	-	-	(243)	(243)
Actuarial losses on defined benefit pension schemes	33	-	(8,628)	-	-	(8,628)
Net movement in funds/(deficit)		(1,971)	(10,110)	16,385	(1,872)	2,432
Reconciliation of funds						
Funds/(deficit) brought forward at 1 September 2015		3,149	(16,757)	94,967	2,033	83,392
Funds/(deficit) carried forward at 31 August 2016		1,178	(26,867)	111,352	161	85,824

David Ross Education Trust
(Registration number: 06182612)
Balance Sheet as at 31 August 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	12	48	148
Tangible assets	13	132,712	110,588
Investments	14	810	1,941
		<u>133,570</u>	<u>112,677</u>
Current assets			
Stocks	15	20	108
Debtors	16	6,145	6,352
Cash at bank and in hand		10,164	3,915
		<u>16,329</u>	<u>10,375</u>
Creditors: Amounts falling due within one year	17	(14,958)	(9,529)
Net current assets		<u>1,371</u>	<u>846</u>
 Total assets less current liabilities		 134,941	 113,523
Creditors: Amounts falling due after more than one year	18	(681)	(18)
Net assets excluding pension liability		<u>134,260</u>	<u>113,505</u>
Pension scheme liability	33	(21,217)	(27,681)
Net assets including pension liability		<u>113,043</u>	<u>85,824</u>
 Funds of the Trust			
Restricted funds			
Restricted general fund		6	814
Restricted fixed asset fund		134,207	111,352
Restricted pension fund		(21,217)	(27,681)
Endowment fund		-	161
		<u>112,996</u>	<u>84,646</u>
 Unrestricted income funds			
Unrestricted general fund		47	1,178
Total funds	19	<u>113,043</u>	<u>85,824</u>

The financial statements on pages 26 to 63 were approved by the Trustees, and authorised for issue on 19 December 2017 and signed on their behalf by:


.....
T Maloney
Trustee

David Ross Education Trust
Cash Flow Statement for the Year Ended 31 August 2017

	Note	2017 £000	2016 £000
Net cash (outflow)/inflow from operating activities	22	3,697	(4,815)
Returns on investments and servicing of finance	23	57	115
Capital expenditure and financial investment	24	1,739	(895)
Financing	25	756	-
(Decrease)/increase in cash in the year	26	<u>6,249</u>	<u>(5,595)</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the year		6,249	(5,595)
Net funds at 1 September 2016		<u>3,915</u>	<u>9,510</u>
Net funds at 31 August 2017		<u>10,164</u>	<u>3,915</u>

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

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 2016 to 2017 issued by the Education and Skills 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.

The Trust meets the definition of a public benefit entity under FRS102

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 three 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 there is an unconditional entitlement 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.

The Trust is benefitting from the ESFA's free school building programme for the construction of two sites for Bobby Moore Academy. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the Trust controls the site where the development is occurring. The expenditure is capitalised in assets under construction until a site is complete.

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.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies (continued)

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 its 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.

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

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. 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

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.

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.

Financial instruments

The Trust only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the accounts. Neither stock, prepayments nor investments are financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in the notes to the accounts. Taxation and social security are not included in the financial instruments disclosure definition. Long-term loans are measured at the amount of the principal advanced.

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies (continued)

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 and Education and Skills 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.

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 2016 has been used by the actuaries in valuing the pensions liability at 31 August 2017. 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.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

2 Donations and capital grants

	Unrestricted funds	Restricted funds	Restricted fixed asset	Endowment	Total	Total
	£000	£000	£000	£000	2017	2016
	£000	£000	£000	£000	£000	£000
Other voluntary income						
Donations - capital	-	-	24	-	24	10,022
Other donations	78	1,080	-	-	1,158	843
Capital grants	-	-	26,234	-	26,234	9,056
Total voluntary income	78	1,080	26,258	-	27,416	19,921

3 Other trading activities

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2017	2016
	£000	£000	£000	£000
Hire of facilities	406	-	406	433
Catering income	355	-	355	481
Sundry income	996	552	1,548	1,630
Gift in kind - rent receivable	-	576	576	645
	1,757	1,128	2,885	3,189

4 Investment income

	Unrestricted funds	Total	Total
	£000	2017	2016
	£000	£000	£000
Bank interest	10	10	39
Dividends	47	47	76
	57	57	115

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

5 Funding for Trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset £000	Total 2017 £000	Total 2016 £000
DfE/EFA revenue grants					
General Annual Grant	-	60,365	-	60,365	61,252
Start up grants	-	559	-	559	703
Pupil Premium	-	4,518	-	4,518	4,520
Other DfE / EFA grants	-	1,162	-	1,162	1,282
	-	66,604	-	66,604	67,757
Other grants					
Funding via local authority	-	2,335	-	2,335	1,993
Others	41	112	-	153	210
	41	2,447	-	2,488	2,203
Total grants	41	69,051	-	69,092	69,960

6 Resources expended

	Staff costs £000	Premises £000	Other costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	8	8	10
Trust's educational operations					
Direct costs	46,493	-	7,792	54,285	54,575
Allocated support costs	13,413	5,378	8,021	26,812	27,341
	59,906	5,378	15,813	81,097	81,916
Boarding activities					
Direct costs	-	-	99	99	96
Allocated support costs	210	25	41	276	353
	210	25	140	375	449
	60,116	5,403	15,961	81,480	82,375

Net incoming/outgoing resources for the year include:

	2017 £000	2016 £000
Operating leases - plant and machinery	150	241
Operating leases - other leases	770	784
Fees payable to auditor - audit	80	80
- non-audit services	-	8
Depreciation	3,337	3,127
Deficit/ (surplus) on disposal of tangible fixed assets	-	563

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

7 Charitable activities - Trust's educational operations

	Total 2017 £000	Total 2016 £000
Analysis of support costs		
Support staff costs	13,413	12,352
Depreciation, including deficit on disposal	2,089	2,407
Premises costs	5,378	6,987
Technology costs	1,059	903
Other support costs	4,301	4,231
Provision of boarding activities	276	353
Governance costs	572	461
	<u>27,088</u>	<u>27,694</u>

8 Staff

	2017 £000	2016 £000
Staff costs during the year were:		
Wages and salaries	43,861	44,259
Social security costs	3,718	3,281
Pension costs	10,026	8,662
Apprenticeship levy	80	-
Supply teacher costs	1,777	1,940
Compensation payments	654	445
	<u>60,116</u>	<u>58,587</u>

Compensation payments comprise redundancy payments totalling £523,000, the majority of which were voluntary, and severance payments totalling £131,000. Non-statutory/non-contractual payments totalled £25,000 and individually there were two amounts of £11,000 and individual amounts of £2,000 and £1,000.

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

	2017 No	2016 No
Charitable Activities		
Teachers and educational support	1,501	1,539
Administration and support	449	462
Management	41	38
	<u>1,991</u>	<u>2,039</u>

8 Staff (continued)

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

	2017	2016
	No	No
£60,001 - £70,000	27	25
£70,001 - £80,000	11	10
£80,001 - £90,000	3	4
£90,001 - £100,000	5	5
£100,001 - £110,000	4	2
£110,001 - £120,000	1	3
£120,001 - £130,000	2	1
£170,001 - £180,000	-	1
£190,001 - £200,000	1	-

Key management personnel

The key management personnel of the Trust comprise the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £545,000 (2016: £493,000).

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
 Governance 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 and Skills 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).

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

9 Central services (continued)

The actual amounts charged during the year were as follows:

	2017
	£000
Abbey CE Academy	53
Ainthorpe Primary Academy	73
Barnes Wallis Academy	98
Briar Hill Primary School	99
Brighthurst Primary School	37
Cedar Road Primary School	92
Charles Read Academy	80
Chamwood College	219
Eastfield Academy	62
Edward Heneage Primary Academy	95
Endike Primary Academy	112
Eresby Special School	19
Fairfield Academy	78
Falconer's Hill Academy	61
Greenfields Primary School	103
Havelock Academy	356
Hogsthorpe Primary Academy	20
Humberston Academy	259
Ingoltsby Academy	14
King Edward VI Academy	154
Kings Heath Primary Academy	104
Lodge Park Academy	290
Malcolm Arnold Academy	431
Malcolm Arnold Preparatory School	45
Newnham Primary school	28
Quay Academy	112
Rockingham Primary School	79
Skegness Grammar School	159
The Arbours Primary Academy	110
Thomas Hinderwell Primary Academy	59
Thomas Middlecott Academy	158
Welton CE Primary Academy	33
Wold Academy	120
	<u>3,812</u>

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 2017, travel and subsistence expenses totalling £4,000 (2016 - £3,000) were reimbursed or paid directly to 7 trustees (2016 - 8).

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

11 Trustees' and officers' insurance

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

	Software £000	Total £000
Cost		
At 1 September 2016	369	369
Additions	-	-
Transfers	-	-
At 31 August 2017	369	369
Amortisation		
At 1 September 2016	221	221
Charge for the year	100	100
Transfers	-	-
At 31 August 2017	321	321
Net book value		
At 31 August 2017	48	48
At 31 August 2016	148	148

13 Tangible fixed assets

	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 2016	42,629	64,730	3,306	61	5,882	7,311	123,919
Additions	1,357	746	212	-	655	22,391	25,361
Disposals	-	-	-	-	-	-	-
Transfers	294	16,585	-	-	-	(16,879)	-
At 31 August 2017	44,280	82,061	3,518	61	6,537	12,823	149,280
Depreciation							
At 1 September 2016	1,934	4,214	1,952	60	5,171	-	13,331
Charge for the year	720	1,381	613	-	523	-	3,237
Eliminated on disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
At 31 August 2017	2,654	5,595	2,565	60	5,694	-	16,568
Net book value							
At 31 August 2017	41,626	76,466	953	1	843	12,823	132,712
At 31 August 2016	40,695	60,516	1,354	1	711	7,311	110,588

By the end of the year the Trust had completed the building of the primary school at Bobby Moore Academy. The total cost was £10,837,000. This project was fully funded by external sources.

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

14 Investments

	Investments
	£000
Cost	
At 1 September 2016	1,941
Additions	102
Disposals	(957)
Revaluation	(276)
At 31 August 2017	<u>810</u>
Provision	
At 31 August 2017	<u>-</u>
Net book value	
At 31 August 2017	<u>810</u>
At 31 August 2016	<u>1,941</u>

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

	2017	2016
UK high income		
Carphone Warehouse Group plc ord 0.001	27%	24%
Talk Talk Telecom Group plc ord 0.001	73%	32%
M&G Global Convertibles STG	0%	6%
Schroder Unit Trusts Income Maximiser	0%	6%

The Trust owns 100% of the ordinary shares of David Ross Education Services Ltd, a company incorporated in England and Wales. The company is dormant. Turnover for the year ended 31 August 2017 was £Nil, expenditure was £Nil and the profit/(loss) for the year was £Nil. The assets of the company at 31 August 2017 were £Nil, liabilities were £Nil and capital and reserves were £Nil.

15 Stock

	2017	2016
	£000	£000
Sundry stock	<u>20</u>	<u>108</u>

16 Debtors

	2017	2016
	£000	£000
Trade debtors	253	277
Prepayments and accrued income	1,041	846
VAT recoverable	959	1,130
Other debtors	3,892	4,099
	<u>6,145</u>	<u>6,352</u>

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

17 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	9,471	4,140
Other taxation and social security	1,003	1,023
Other creditors	2,181	2,814
Pension scheme creditor	846	868
Accruals	1,434	672
ESFA creditor: abatement of GAG	23	12
	<u>14,958</u>	<u>9,529</u>

The secondary academies with post-16 provision distribute 16-19 bursary funds to students as an agent for the Education and Skills Funding Agency. During the year the Trust received £51,000 and disbursed £65,000 from the fund. An amount of £15,000 is included in other creditors relating to undistributed funds that is repayable to the Education and Skills Funding Agency.

Included in other creditors is an interest free loan of £8,000 from Salix. Amounts falling due after one year of £9,000 are included within creditors falling due after one year. This loan is fully repayable by 31 August 2019.

18 Creditors: amounts falling due after one year

	2017	2016
	£000	£000
Other creditors	<u>681</u>	<u>18</u>

Included in other creditors is a loan from the Education and Skills Funding Agency totalling £756,000. Of this £84,000 is included within creditors falling due within one year and £672,000 as falling due after more than one year and less than five years. Further loans were made after the year end. Interest is charged at 1.91%. This loan is wholly in respect of capital projects.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

19 Funds

	Balance at 1 September 2016	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant	69	60,365	(61,960)	628	(898)
Start up grants	-	559	(559)	-	-
Pupil Premium	8	4,518	(4,520)	-	6
Special grants	78	1,162	(1,199)	-	41
Local Authority funding	195	2,335	(2,308)	-	222
Donations in lieu of rent	-	576	(576)	-	-
Voluntary income	436	1,744	(1,563)	(34)	583
Provision of boarding facilities	28	378	(354)	-	52
	<u>814</u>	<u>71,637</u>	<u>(73,039)</u>	<u>594</u>	<u>6</u>
Restricted fixed asset funds					
DfE capital grants	11,392	26,234	(1,417)	-	36,209
Capital expenditure from grant income	6,416	-	(533)	457	6,340
Private sector capital donations	344	24	(78)	131	421
Donation of transferred assets from local authority	93,200	-	(1,963)	-	91,237
	<u>111,352</u>	<u>26,258</u>	<u>(3,991)</u>	<u>588</u>	<u>134,207</u>
Restricted pension funds					
Pension reserve	(27,681)	-	(2,696)	9,160	(21,217)
Other restricted funds					
Endowment fund	161	-	(30)	(131)	-
Total restricted funds	<u>84,646</u>	<u>97,895</u>	<u>(79,756)</u>	<u>10,211</u>	<u>112,996</u>
Unrestricted funds					
Unrestricted general funds	1,178	1,933	(1,724)	(1,340)	47
Total funds	<u>85,824</u>	<u>99,828</u>	<u>(81,480)</u>	<u>8,871</u>	<u>113,043</u>

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

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. 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.
- (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 2017.

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

19 Funds (continued)

Analysis of academies by fund balance	£000
Fund balances at 31 August 2017 were allocated as follows (£000s):	
Abbey CE Academy	347
Ainthorpe Primary Academy	105
Barnes Wallis Academy	(519)
Briar Hill Primary School	375
Brighthurst Primary School	(22)
Cedar Road Primary School	173
Charles Read Academy	(558)
Charnwood College	(268)
Eastfield Academy	178
Edward Heneage Primary Academy	367
Endike Primary Academy	397
Eresby Special School	720
Fairfield Academy	287
Falconer's Hill Academy	313
Greenfields Primary School	793
Havelock Academy	1,458
Hogsthorpe Primary Academy	140
Humberston Academy	1,157
Ingoldsby Academy	(3)
King Edward VI Academy	(164)
Kings Heath Primary Academy	319
Lodge Park Academy	80
Malcolm Arnold Academy	393
Malcolm Arnold Preparatory School	192
Newnham Primary school	173
Quay Academy	224
Rockingham Primary School	218
Skegness Grammar School	(1,592)
The Arbours Primary Academy	787
Thomas Hinderwell Primary Academy	(129)
Thomas Middlecott Academy	(250)
Welton CE Primary Academy	193
Wold Academy	136
Endowment	-
Central services	(5,967)
Total before fixed assets and pension reserve	53
Restricted fixed asset fund	134,207
Pension reserve	(21,217)
Total	<u>113,043</u>

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

19 Funds (continued)

Academies in deficit:

Barnes Wallis Academy: Whilst pupil numbers have started to increase at this academy, the academy has suffered from the effects of lagged funding. Costs were reduced during the year, particularly at senior management team level, and the academy has a balanced budget for 2017/2018.

Brighthelm Primary School: The location of the academy impacts on pupil numbers, which affect the main grant income that the academy receives. The academy continues to review its costs with a view to maintaining an in-year balanced budget.

Charles Read Academy: The academy has growing pupil numbers and the pressures of balancing current year staffing and curriculum needs with lagged funding. Pupil numbers have stabilised as the academy has filled to capacity, and senior management team costs have been addressed.

Chamwood College: The academy has suffered from rapidly declining pupil numbers and has been actively reducing staff numbers. Management costs are being reviewed with a view to significantly costs.

Ingoldsby Academy: This academy has fewer than 60 pupils and small variations in pupil numbers can significantly affect the in-year financial position. The small size of the academy means that it has high fixed costs compared with larger schools, and the impacts of inflation are more significant.

King Edward VI Academy: Whilst pupil numbers have started to increase at this academy, the academy has suffered from the effects of lagged funding. Costs were reduced during the year, particularly at senior management team level, and the academy has a balanced budget for 2017/2018.

Skegness Grammar School: The school has suffered from a continuing imbalance in funding and resources as the drive to attain excellence in a grammar school setting has conflicted with the funds available. Following a change in leadership at the school senior management costs have been addressed and significantly reduced, and the school has a balanced budget in 2017/2018.

Thomas Hinderwell Primary Academy: The academy's non-teaching staff costs have been high. These are being addressed in the current year.

Thomas Middlecott Academy: The academy has suffered from declining pupil numbers and high senior management costs. During the year significant additional resources were committed on a temporary basis to improve standards in the school. Teacher numbers have been reduced for 2017/2018 and senior management structures have been revised.

The Trust has invested heavily on supporting its schools to move towards the provision of excellent education and enrichment opportunities for its pupils. In the last two years the Trust has invested in creating the structures for shared services, which were implemented from September 2017. 2017/2018 will see the head office in balance, with a recovery of the deficit from that year.

Analysis of academies by cost

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Abbey CE Academy	517	90	71	120	798
Ainthorpe Primary Academy	817	124	54	218	1,213
Barnes Wallis Academy	1,468	248	68	332	2,116
Briar Hill Primary School	1,052	82	141	317	1,592
Brighthelm Primary School	480	58	27	87	652
Cedar Road Primary School	1,003	94	115	329	1,541
Charles Read Academy	1,218	168	93	327	1,806
Chamwood College	2,947	517	172	703	4,339
Eastfield Academy	703	46	89	225	1,063
Edward Heneage Primary Academy	1,107	121	73	244	1,545

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

19 Funds (continued)

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Endike Primary Academy	1,360	82	100	438	1,980
Eresby Special School	820	95	15	112	1,042
Fairfield Academy	975	111	64	201	1,351
Falconer's Hill Academy	674	79	78	129	960
Greenfields Primary School	1,027	114	69	235	1,445
Havelock Academy	3,667	569	285	1,178	5,699
Hogsthorpe Primary Academy	223	25	28	77	353
Humberston Academy	2,732	443	183	519	3,877
Ingoldsby Academy	241	27	25	46	339
King Edward VI Academy	1,960	299	72	596	2,927
Kings Heath Primary Academy	1,258	85	84	346	1,773
Lodge Park Academy	3,572	454	186	672	4,884
Malcolm Arnold Preparatory School	4,771	587	398	1,226	6,982
Malcolm Arnold Academy	540	57	65	160	822
Newnham Primary school	287	60	32	50	429
Quay Academy	1,360	83	50	310	1,803
Rockingham Primary School	843	136	48	168	1,195
Skegness Grammar School	2,207	430	85	657	3,379
The Arbours Primary Academy	1,002	125	109	313	1,549
Thomas Hinderwell Primary Academy	757	96	53	210	1,116
Thomas Middlecott Academy	2,122	219	237	427	3,005
Welton CE Primary Academy	389	61	21	101	572
Wold Academy	1,766	166	95	324	2,351
Central services	2,516	3,088	915	2,430	8,949
Trust	48,381	9,039	4,200	13,827	75,447

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	Restricted general funds	Restricted fixed asset funds	Endowment fund	Total funds
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	132,712	-	132,712
Intangible fixed assets	-	-	48	-	48
Investments	-	810	-	-	810
Current assets	47	7,072	9,210	-	16,329
Current liabilities	-	(7,867)	(7,091)	-	(14,958)
Creditors over 1 year	-	(9)	(672)	-	(681)
Pension scheme liability	-	(21,217)	-	-	(21,217)
Total net assets	47	(21,211)	134,207	-	113,043

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

21 Financial commitments

Operating leases

At 31 August 2017 the Academy had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2017	2016
	£000	£000
Land and buildings		
Within one year	795	783
Within two to five years	3,181	3,132
Over five years	60,867	62,366
	<u>64,843</u>	<u>66,281</u>
Other		
Within one year	140	137
Within two to five years	150	89
	<u>290</u>	<u>226</u>

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

	2017	2016
	£000	£000
Net income	18,348	11,303
Amortisation	100	115
Depreciation	3,237	3,012
Loss on disposal of tangible fixed assets	-	563
Donated capital and capital grants	(26,258)	(19,078)
Interest receivable	(57)	(115)
Defined benefit pension scheme service cost adjustment net of contributions payable	2,696	1,422
(Increase)/decrease in stocks	88	(88)
Increase/(decrease) in debtors	207	(1,857)
(Decrease)/increase in creditors	5,336	(92)
Net cash (outflow)/inflow from operating activities	<u>3,697</u>	<u>(4,815)</u>

23 Returns on investments and servicing of finance

	2017	2016
	£000	£000
Interest received	57	115
Net cash inflow from returns on investments and servicing of finance	<u>57</u>	<u>115</u>

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

24 Capital expenditure and financial investment

	2017	2016
	£000	£000
Purchase of intangible fixed assets	-	(168)
Purchase of tangible fixed assets	(25,337)	(9,783)
Sale of investments	944	-
Purchase of investments	(102)	-
Capital grants from DfE/ESFA	26,234	9,056
Net cash outflow from capital expenditure and financial investment	<u>1,739</u>	<u>(895)</u>

25 Financing

	2017	2016
	£000	£000
Cash inflows from new borrowing	756	-
Net cash inflow from financing	<u>756</u>	<u>-</u>

The details in note 18 provide additional information on this loan

26 Analysis of changes in net funds

	At 1 September 2016	Cash flows	At 31 August 2017
	£000	£000	£000
Cash at bank and in hand	3,915	6,249	10,164

27 Capital commitments

	2017	2016
	£000	£000
Contracted for, but not provided in the financial statements	<u>20,559</u>	<u>443</u>

As set out in note 31 to the accounts the Trust is due to open a secondary academy on 1 September 2018. A commitment has been made to build a new school and the costs thereof, along with commitments on other projects, are included above.

28 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.

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.

29 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 2017

30 Related party transactions

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. 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 £8,000 (music residential course and swimming lessons); one trustee is connected to the Peterborough Diocesan - expenditure of £4,000 (training); three trustees are connected with Nottingham University - expenditure of £1,000 (training); two trustees are connected with Neville Holt Opera - income of £2,000; one trustee is connected with University of Northampton - expenditure of £7,000 (training) and income of £1,000; one trustee is a director and shareholder in Duncan & Topliss Limited - expenditure £12,000 (audit services); one trustee is a board member of the British Olympic Association - income £5,000. 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 is a trustee of the David Ross Foundation, which, during the year ended 31 August 2017, allowed the Trust use of its office space without charge; this has been valued at £41,000. The Foundation also made specific donations of £1,315,000, donated furniture with a value of £24,000 and procured consultancy services on behalf of the Trust at a cost of £25,000. In addition, the Trust's academies have undertaken significant amounts of fundraising during the year, the majority of which has been paid into an on-line giving platform in the name of the David Ross Foundation. Donations made by 31 August 2017 totalling £167,000 are due to be paid to the Trust and are included in debtors.

31 Post balance sheet events

The Trust opened the primary site on an all-through free school, the Bobby Moore Academy, on the Olympic Park in London on 1 September 2017. The secondary site is due to open 1 September 2018.

Since the year end the Trust has become involved in litigation in respect of three employment cases.

32 Academy boarding trading account

	2017	2016
	£000	£000
Income		
Fee income	378	493
Expenditure - Direct costs		
Other direct costs	99	96
Expenditure - Indirect costs		
Staff costs	210	286
Utilities	22	18
Rent and rates	1	7
Security	2	1
Buildings maintenance	-	4
Depreciation	21	21
Other indirect costs	20	16
Total indirect costs	<u>276</u>	<u>353</u>
Total operating costs	<u>375</u>	<u>449</u>
Surplus on boarding	3	44
Deficit brought forward	<u>(60)</u>	<u>(104)</u>
Deficit carried forward	<u>(57)</u>	<u>(60)</u>

33 Pension and similar obligations

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 2016.

Contributions amounting to £846,000 (2016 - £868,000) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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 £4,320,000 (2016: £4,248,000). 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 2017

33 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 2017 were £2,938,000 (2016 - £3,890,000), of which employer's contributions totalled £2,351,000 (2016 - £3,066,000) and employees' contributions totalled £587,000 (2016 - £824,000). 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.

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 2017 %	At 31 August 2016 %
Rate of increase in salaries	2.6	2.3
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	2.5	2.0
Inflation assumptions (CPI)	2.4	2.1
Commutation of pensions to lump sums	80.0	65.0

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 2017	At 31 August 2016
Retiring today		
Males retiring today	21.7	21.9
Females retiring today	24.2	24.1
Retiring in 20 years		
Males retiring in 20 years	23.7	24.2
Females retiring in 20 years	26.4	26.7

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

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

	At 31 August 2017	At 31 August 2016
	£000	£000
Equities	10,076	8,365
Bonds	1,845	1,227
Property	1,561	1,227
Cash	710	334
Total market value of assets	14,192	11,153
Present value of scheme liabilities - funded	(20,013)	(19,022)
Deficit in the scheme	(5,821)	(7,869)

The actual return on scheme assets was 12.2% (2016: £1,589,000)

Amounts recognised in the statement of financial activities

	2017	2016
	£000	£000
Current service cost	2,086	1,385
Past service costs	-	15
Total operating charge	2,086	1,400

Analysis of pension finance (income)/costs

	2017	2016
	£000	£000
Expected return on pension scheme assets	(237)	(324)
Interest on pension liabilities	402	531
Pension finance costs	165	207

Movements in the present value of defined benefit obligation

	2017	2016
	£000	£000
At 1 September	19,022	13,525
Current service cost	2,086	1,385
Interest cost	402	531
Employee contributions	372	357
Actuarial losses	(1,644)	3,280
Benefits paid	(225)	(71)
Past service cost	-	15
At 31 August	20,013	19,022

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

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

	2017	2016
	£000	£000
At 1 September	11,153	7,959
Expected return on assets	237	324
Actuarial gains/(losses)	1,345	1,265
Employer contributions	1,310	1,319
Employee contributions	372	357
Benefits paid	(225)	(71)
At 31 August	<u>14,192</u>	<u>11,153</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

33 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 2017 %	At 31 August 2016 %
Rate of increase in salaries	2.7	4.1
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	2.5	2.1
Inflation assumptions (CPI)	2.4	2.1
Commutation of pensions to lump sums	75.0	75.0

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 2017	At 31 August 2016
Retiring today		
Males retiring today	22.1	22.3
Females retiring today	24.2	24.3
Retiring in 20 years		
Males retiring in 20 years	23.9	24.0
Females retiring in 20 years	26.1	26.6

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

	At 31 August 2017 £000	At 31 August 2016 £000
Equities	8,147	6,197
Bonds	1,761	1,658
Property	771	698
Cash	330	175
Total market value of assets	11,009	8,728
Present value of scheme liabilities - funded	(17,580)	(17,672)
Deficit in the scheme	(6,571)	(8,944)

The actual return on the scheme assets was 13.3% (2016: £1,363,000)

Amounts recognised in the statement of financial activities

	At 31 August 2017 £000	At 31 August 2016 £000
Current service cost	1,661	1,339
Total operating charge	1,661	1,339

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

Analysis of pension finance (income)/costs

	At 31 August 2017 £000	At 31 August 2016 £000
Expected return on pension scheme assets	(196)	(257)
Interest on pension liabilities	391	454
Pension finance costs	195	197

Movements in the present value of defined benefit obligation

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	17,672	11,175
Current service cost	1,661	1,339
Interest cost	391	454
Estimated benefits paid	-	(29)
Employee contributions	253	252
Actuarial losses/(gains)	(2,397)	4,481
At 31 August	17,580	17,672

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

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	8,728	6,163
Expected return on assets	196	257
Actuarial gains	868	1,106
Estimated benefits paid	-	(29)
Employer contributions	964	979
Employee contributions	253	252
At 31 August	11,009	8,728

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 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 2017	At 31 August 2016
	%	%
Rate of increase in salaries	2.8	3.6
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	2.5	2.0
Inflation assumptions (CPI)	2.4	2.1
Commutation of pensions to lump sums	75.0	63.0

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 2017	At 31 August 2016
Retiring today		
Males retiring today	22.1	22.2
Females retiring today	24.4	24.4
Retiring in 20 years		
Males retiring in 20 years	24.1	24.5
Females retiring in 20 years	26.6	26.8

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

	At 31 August 2017	At 31 August 2016
	£000	£000
Equities	4,700	4,060
Bonds	723	685
Property	542	527
Cash	60	-
Total market value of assets	6,025	5,272
Present value of scheme liabilities - funded	(12,239)	(12,842)
Deficit in the scheme	(6,214)	(7,570)

The actual return on the scheme assets was 13.1% (2016: £822,000)

Amounts recognised in the statement of financial activities

	At 31 August 2017	At 31 August 2016
	£000	£000
Current service cost	964	700
Total operating charge	964	700

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

Analysis of pension finance (income)/costs

	At 31 August 2017	At 31 August 2016
	£000	£000
Expected return on pension scheme assets	(111)	(153)
Interest on pension liabilities	267	331
Pension finance costs	156	178

Movements in the present value of defined benefit obligation

	At 31 August 2017	At 31 August 2016
	£000	£000
At 1 September	12,842	8,542
Current service cost	964	700
Interest cost	267	331
Estimated benefits paid	(114)	(31)
Employee contributions	141	143
Actuarial losses	(1,861)	3,157
At 31 August	12,239	12,842

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

	At 31 August 2017	At 31 August 2016
	£000	£000
At 1 September	5,272	3,832
Expected return on assets	111	153
Actuarial gains	86	669
Estimated benefits paid	(114)	(31)
Employer contributions	529	506
Employee contributions	141	143
At 31 August	6,025	5,272

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

North Yorkshire Pension Fund

[Thomas Hinderwell Primary Academy]

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
	%	%
Rate of increase in salaries	3.2	3.4
Rate of increase for pensions in payment/inflation	1.9	1.9
Discount rate for scheme liabilities	2.5	2.0
Inflation assumptions (CPI)	1.9	1.9

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 2017	At 31 August 2016
Retiring today		
Males retiring today	22.8	23.3
Females retiring today	26.3	25.8
Retiring in 20 years		
Males retiring in 20 years	25.0	25.6
Females retiring in 20 years	28.6	28.1

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

	At 31 August 2017	At 31 August 2016
	£000	£000
Equities	115	84
Government bonds	22	20
Other bonds	5	7
Others	16	13
Property	14	12
Cash	1	(1)
Total market value of assets	173	135
Present value of scheme liabilities - funded	(565)	(622)
Deficit in the scheme	(392)	(487)

The actual return on the scheme assets was £(12,000) (2016: £17,000)

Amounts recognised in the statement of financial activities

	At 31 August 2017	At 31 August 2016
	£000	£000
Current service cost	81	50
Total operating charge	81	50

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

Analysis of pension finance (income)/costs

	At 31 August 2017 £000	At 31 August 2016 £000
Expected return on pension scheme assets	(3)	(4)
Interest on pension liabilities	13	12
Pension finance costs	<u>10</u>	<u>8</u>

Movements in the present value of defined benefit obligation

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	622	319
Current service cost	81	50
Interest cost	13	12
Employee contributions	13	13
Estimated benefits paid	(1)	(2)
Actuarial losses	(163)	230
At 31 August	<u>565</u>	<u>622</u>

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

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	135	71
Expected return on assets	3	4
Actuarial gains	(15)	13
Estimated benefits paid	(1)	(2)
Employer contributions	38	36
Employee contributions	13	13
At 31 August	<u>173</u>	<u>135</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

Leicestershire County Council Pension Fund

[Brighthurst Primary Academy and Chamwood College]

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
	%	%
Rate of increase in salaries	3.4	3.1
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	2.5	2.0
Inflation assumptions (CPI)	2.4	2.1
Commutation of pensions to lump sums	75.0	75.0

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 2017	At 31 August 2016
Retiring today		
Males retiring today	22.1	22.2
Females retiring today	24.3	24.3
Retiring in 20 years		
Males retiring in 20 years	23.8	24.2
Females retiring in 20 years	26.2	26.6

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

	At 31 August 2017	At 31 August 2016
	£000	£000
Equities	1,757	1,706
Bonds	524	427
Property	210	213
Cash	131	24
Total market value of assets	2,622	2,370
Present value of scheme liabilities - funded	(4,841)	(5,181)
Deficit in the scheme	(2,219)	(2,811)

The actual return on the scheme assets was 12.9% (2016: £392,000).

Amounts recognised in the statement of financial activities

	At 31 August 2017	At 31 August 2016
	£000	£000
Current service cost	374	328
Past service cost	21	2
Total operating charge	395	330

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

Analysis of pension finance (income)/costs

	At 31 August 2017 £000	At 31 August 2016 £000
Expected return on pension scheme assets	(50)	(68)
Interest on pension liabilities	108	147
Pension finance costs	58	79

Movements in the present value of defined benefit obligation

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	5,181	3,788
Current service cost	374	328
Past service cost	21	2
Interest cost	108	147
Employee contributions	52	59
Actuarial losses	(875)	857
Benefits paid	(20)	-
At 31 August	4,841	5,181

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

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	2,370	1,693
Expected return on assets	50	68
Actuarial gains	(64)	324
Employer contributions	234	226
Employee contributions	52	59
Benefits paid	(20)	-
At 31 August	2,622	2,370

David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2017

33 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 2017 £000	At 31 August 2016 £000
Equities	24,795	20,412
Bonds	4,880	4,017
Property	3,098	2,677
Other	16	20
Cash	1,232	532
Total market value of assets	34,021	27,658
Present value of schemes' liabilities - funded	(55,238)	(55,339)
Deficit in the schemes	(21,217)	(27,681)

Amounts recognised in the statement of financial activities

	At 31 August 2017 £000	At 31 August 2016 £000
Current service cost	5,166	3,802
Past service cost	21	17
Total operating charge	5,187	3,819

Analysis of pension finance (income)/costs

	At 31 August 2017 £000	At 31 August 2016 £000
Expected return on pension scheme assets	(597)	(806)
Interest on pension liabilities	1,181	1,475
Pension finance costs	584	669

Movements in the present value of defined benefit obligation

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	55,339	37,349
Current service cost	5,166	3,802
Past service cost	21	17
Interest cost	1,181	1,475
Employee contributions	831	824
Actuarial losses	(6,940)	12,005
Benefits paid	(340)	(133)
At 31 August	55,258	55,339

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

33 Pension and similar obligations (continued)

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

	At 31 August 2017 £000	At 31 August 2016 £000
At 1 September	27,658	19,718
Expected return on assets	597	806
Actuarial gains	2,220	3,377
Employer contributions	3,075	3,066
Employee contributions	831	824
Benefits paid	(340)	(133)
At 31 August	<u>34,041</u>	<u>27,658</u>