
David Ross Education Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements Year ended 31 August 2011

David Ross Education Trust (formerly Havelock Academy)

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2011

Company Registration Number: 6182612

MONDAY



A27 *A19VCCW8* #154
28/05/2012
COMPANIES HOUSE

Contents

Page

Reference and administration information	1
Trustees' Report	2
Statement on Internal Control	12
Statement of Trustees' Responsibilities	14
Independent Auditor's Report	15
Statement of Financial Activities	17
Balance Sheet	18
Income and Expenditure Account	19
Cash flow statement	20
Notes to the financial statements	21

Reference and administration information

Trustees

David PJ Ross
David Overton
Frederick W Wood
Timothy M Hastie-Smith
Alan G Hancock

Sponsor

Chief Executive

Wendy Marshall (appointed 1 July 2011)

Finance Director

Mark Ibbertson

Registered Office

Havelock Academy
Holyoake Road
Grimsby
DN32 8JL

Principal Office

Havelock Academy
Holyoake Road
Grimsby
DN32 8JL

Registered Company Number

6182612

Auditors

KPMG LLP
1 The Embankment
Neville Street
Leeds LS1 4DW

Solicitors

Wilkin Chapman Grange Solicitors
New Oxford House
Town Hall Square
Grimsby DN31 1HE

Bankers

Lloyds TSB Bank plc
Old Market Place
Grimsby Branch
PO Box 1000
BX1 1LT

Bank of Scotland plc
600 Gorgie Road
Edinburgh
EH11 3XP

National Westminster Bank plc
66 Victoria Street
Grimsby
DN31 1BP

Academy Principals

Nicholas JB O'Sullivan
David Yates
Philip Cantwell
Brian Sarahan

Havelock Academy (resigned 31 March 2012)
Havelock Academy (appointed in acting role 1 April 2012)
Malcolm Arnold Academy
Humberston Academy

Responsible Officers

Helen Andrews
Suzi Landon

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2011.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee with no share capital (registration no 6182612) and is an exempt charity. The Trust was incorporated on 26 March 2007, originally in the name of Havelock Academy, and commenced trading on 1 September 2007. 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 Havelock Academy 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. A further endowment, in recognition of the establishment of Malcolm Arnold Academy, will also be subject to a deed of gift.

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

The Trust changed its name to the David Ross Education Trust on 23 June 2011 to reflect its expansion during the year and its planned future expansion.

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.

Indemnities

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

Principal Activities

The Trust is responsible for providing education to students aged 11 to 19 in its three academies (one of which is an 11-16 establishment). This includes direct delivery of curriculum based education to students in the academies, and an established and developing programme of extra- or co-curricular activities. The Trust has a growing capacity to support improvement within its own resources. The Trust is expanding with additional secondary level academies due to join the Trust in 2012/2013. 2011/2012 and 2012/2013 will also see the inclusion of a number of primary school level academies into the Trust.

The Trust has the capacity to bring new academies into the Trust, and to support its existing academies.

Trustees' Report *(continued)*

Method of Recruitment and Appointment or Election of Trustees and Governors

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 trustees are appointed by the Trust sponsor, the trustee board may appoint up to three co-opted trustees, and the Secretary of State for Education may appoint trustees in exceptional circumstances. No trustees were co-opted nor were appointments made by the Secretary of State in 2010/2011. Trustees may be removed by the person or persons who appointed them.

Each academy in the Trust has a separate governing body. In the case of Malcolm Arnold Academy and Havelock Academy the sponsor selects most of the respective governors, and additional members are drawn from the local authority, from parents, and from staff. The governing body at Humberston transferred from the predecessor school and is in the process of ratification by the sponsor in accordance with new standardised Terms of Reference which have been drawn up to reflect the Trust's multi-academy status.

The Young Persons Learning Agency may appoint an observer to each governing body.

Policies and Procedures Adopted for the Induction and Training of Governors

All trustees and governors are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and governors. A full day training session was held for trustees and governors on 23 September 2010, which dealt with governance, including succession planning, challenge, risk, key values and success factors for the Trust. New governors appointed since that date have undertaken induction training. A conference for trustees, chairs of governing bodies and responsible officers was held on 31 October 2011, and this will be an annual event. 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 ongoing 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 management 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. Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The trustees and governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the academies.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the activities of the Trust by the use of budgets and making major decisions about the direction of the Trust, and senior staff appointments. During the period under review the trustees held four meetings. All trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Trustees' Report *(continued)*

Organisational Structure *(continued)*

The Trust does not maintain a large central office. The Trust employs centrally the Chief Executive of the Trust with her PA, and the Finance Director. The Trust also appoints the Principal of each academy. The Chief Executive is based in proximity to the David Ross Foundation offices to facilitate good communication with the sponsor, the Chief Executive's PA and the Finance Director are based in the Trust's academies.

The governors of each academy are responsible for monitoring the performance of their academy, the Principal and the Senior Leadership Team on a regular basis. This includes regular scrutiny and challenge of academic performance, behaviour, and individual academy finances.

The Senior Leadership Team members of each academy are the Principal, Executive Directors or Vice Principals, and Directors or Assistant Principals. These managers control the academy at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Permanent Endowment Fund

The Trust maintains the Havelock Academy Endowment Fund, which is an exempt charity. The Fund was created to hold the endowment to be paid by the Trust's sponsor, the David Ross Foundation, and totals £2 million. Payments were made in accordance with a payment schedule agreed with the Department for Education, with payments phased over a five year period. The final payment was made early, in August 2011, as shown as deferred income in these accounts. The trustees are responsible for determining the specific uses of Endowment Fund income, a permanent endowment fund, which will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the catchment of Havelock Academy. This income should not be used to meet the normal running costs of an academy.

When Malcolm Arnold Academy opened the sponsor committed to establishing an endowment of £100,000. Ongoing discussions between the Trust, the DfE, and the Charities Commission have delayed the establishment of this endowment fund, which in turn have delayed the paying over of the endowment amount.

The principal amount of the investments may not be used without the express prior written consent of the Secretary of State for Education.

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 academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls.

Trustees' Report *(continued)*

Connected Organisations, including Related Party Relationships

The Trust is closely linked to the David Ross Foundation, which is the main sponsor of the Trust. The Foundation has provided the principal sum of the Havelock Academy Endowment Fund, and is meeting the costs of the expansion of the Trust and the costs of the Chief Executive in the first year of this post being established. Additionally, the Foundation is expected to pay across a total of £375,000 over the next three years to fund enhanced support and development in the Trust.

The Trust's academies are members of the Uppingham Collegiate, a group of academies that work together where there is common ground, but which have no formal links. The Trust works closely on a number of issues with Fulwood Academy in Preston. In its first two years Fulwood Academy has procured the services of the Trust Finance Director at cost.

Objectives and Activities

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 2010/2011 the principal activities of the charitable company were the operation of the Havelock Academy and Humberston Academy in North East Lincolnshire, and Malcolm Arnold Academy in Northampton, to provide education for pupils of different abilities between the ages of 11 and 19, and preparation to expand the Trust to include further schools during 2011/2012 and beyond. During the 2011/2012 academy year the Trust will expand to include primary schools in Northampton and North East Lincolnshire.

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

The main objectives of the Trust during the period ended 31 August 2011 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all pupils
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To maintain close links with industry and commerce
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness

Trustees' Report (continued)

Objectives, Strategies and Activities

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

The Foundation's vision is as follows

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

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

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

In addition to its key strategic role, the Trust is able to commission research into areas of best practice, and offer a wide range of opportunities for students and staff, whilst also creating maximum benefit for its Academies through economies of scale and access to specialist expertise

To this end the Trust's role is to

- deliver the Foundation's vision in each of its academies and across the network To do this the Trust will focus on Establishing strong and sustainable local networks of academies
- Develop and deliver bespoke academy improvement for each academy and regional hub
- Ensure best practice is shared across its academies
- Reinforce its impact and legacy in terms of raising standards and transforming young people's life chances
- Support children moving from primary to secondary, including those with particular learning needs
- Safeguard the stability and independence of its academies in times of rapid change
- Ensure all students reach their academic and personal potential
- Develop all academies to outstanding within five years
- Grow the network as a place where teachers and leaders want to work and students want to learn
- Ensure the academies are academies of student and parental choice
- Regenerate communities through education, working to improve opportunities and raise aspirations for all

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

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.

Trustees' Report *(continued)*

Public Benefit

The Trust administers academies whose catchments include 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. Students are able to study a wide range of subjects. All academies offer a range of activities and experiences for their students, funded from donations and other non-restricted income, which help our students to broaden their horizons beyond their immediate area. Many of these activities now take place on a trust-wide basis, with staff and students from each of the Trust's academies interacting with each other.

2010/2011 was the fourth academic year of the Trust, and the first year where the Trust operated more than one academy. Malcolm Arnold Academy in Northampton joined the Trust from September 2010, Humberston Academy in North East Lincolnshire joined the Trust on 1 August 2011. Havelock Academy and Malcolm Arnold Academy both have sixth forms, Humberston Academy provides education for students aged 11 to 16 years. By the end of the year the Trust was responsible for providing education to over 2,700 students across all three academies.

Student attainment saw mixed results across the Trust, from Academies at different stages of development, with the proportion of students attaining five GCSEs at grades A* to C including English and Mathematics ranging from 34% at Malcolm Arnold Academy, 36% at Havelock Academy, to 79% at Humberston Academy. The Academies are working together to share best practice and to develop strategies for intervention.

The co-curricular programmes in each academy developed strongly during the year, with a number of guest speakers and activity leaders being provided courtesy of the Trust sponsor.

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).

Financial Review

During 2010/2011 the Trust admitted two further secondary Academies, which opened as the Malcolm Arnold Academy in Northampton on 1 September 2010, and as Humberston Academy in North East Lincolnshire on 1 August 2011. Malcolm Arnold Academy is on a long term lease, and the value of buildings and equipment transferred across was £20,023,000. Humberston academy's buildings, which are freehold, are valued at £2,580,000. A pension deficit for both academies totalling £934,000 was also transferred to the Trust.

The predecessor school to Malcolm Arnold Academy in Northampton, was Unity College, which occupied the same site as the Academy now does. Unity College closed on 31 August 2010 and staff employed at the school were transferred to the employment of the Trust at Malcolm Arnold Academy on 1 September 2010. In accordance with the Transfer of Undertakings (Protected Employment) Regulations 2006 staff were transferred on their existing terms and conditions.

Humberston Academy was formerly known as Humberston Maths and Computing College, on the change of status of the school to academy on 1 August 2011 employees of the school were transferred to the Trust under the TUPE regulations and retained their existing terms and conditions.

It is a condition of the funding agreements for the Trust and its academies that staff newly appointed to an academy are offered entry to the Teacher's Pension Scheme or the Local government Pension Scheme, as appropriate. Further details are provided in note 3.

Trustees' Report *(continued)*

Financial Review *(continued)*

Most of the Trust's income is received from the YPLA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the YPLA during the period ended 31 August 2011 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 YPLA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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.

The new build for Havelock Academy was handed over for occupation by the contractors on 1 September 2011. The Trust will occupy the academy on a long term lease from 1 September 2012 after the completion of final snagging. Whilst the costs and project management of the main building project were dealt with by the local authority, Havelock Academy was responsible for arranging and paying for the refurbishment of ICT for the new build, funded by grant from the DfE, and for setting up a managed service for ICT support once the build is complete. Work commenced at Malcolm Arnold Academy to refurbish and enhance the premises there, and to refresh ICT provision at that academy, as at Havelock the building works are being managed on the Trust's behalf by the local authority, a grant for the ICT refresh is being paid by the DfE, and the Trust is meeting those bills. Costs incurred and income received to the end of the year are shown as restricted funds in the statement of financial activities.

The key measures used to measure the Trust's performance will be student attainment at GCSE and A level, quality of teaching and learning, external opinion, and growth in pupil numbers. The Trust's aim is that every academy becomes outstanding within five years. 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.

During the period ended 31 August 2011, total expenditure of £14,982,000 was less than recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period (including the permanent endowments received of £475,000) was £24,670,000. The greatest element of this surplus relates to the premises at Humberston Academy and at Malcolm Arnold Academy, that were gifted to the Trust, totalling £22,603,000.

At 31 August 2011 the net book value of fixed assets was £23,247,000 and movements in tangible fixed assets are shown in note 15 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 ('LGPS'). 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 £907,000, compared with a net liability of £481,000 as at 31 August 2010. This includes a deficit of £934,000 inherited in relation to Malcolm Arnold Academy and Humberston Academy in the year.

Our pension liability, valued in accordance with FRS 17, continues to cause concern for the Trust, as it does for many academies in the UK. Note 27 explains these commitments more clearly and shows that as at 31 August 2011, the Trust had a shortfall of £907,000 (2010 481,000). Academies are in discussion with DfE to determine how these commitments will be satisfied.

Trustees' Report *(continued)*

Financial Review *(continued)*

All instalments of the sponsor's endowment of £2,000,000 have now been received. The final payment, due on 1 September 2011, was received in advance in August 2011. When Malcolm Arnold Academy opened the sponsor committed to establishing an endowment of £100,000. Ongoing discussions between the Trust, the DfE, and the Charities Commission have delayed the establishment of this endowment fund, which in turn have delayed the paying over of the endowment amount.

Detail is still awaited on future funding for the Trust from September 2012 onwards. Pupil numbers in all three academies are expected to continue to grow, and whilst this will generate additional grant funding, the impact of national spending cuts and of redirecting funding into the pupil premium for example, may have an adverse effect on grant 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 possibility of changes in distribution of grants from 2013/2014. 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 2010/2011 the Trust held balances, that should help it to smooth the impacts of short term funding changes, and enable it to plan for longer term changes.

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 centred around meeting its vision of every academy becoming outstanding within 5 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 2013/2014 onwards.

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 is not yet been spent, committed or designated.

The Trust is in a development phase – new academies are joining the Trust, student numbers are increasing in the Trust's existing academies, building refurbishments are taking place. Whilst demands on the Trust's free reserves will therefore vary over the coming years, the Trust's long-term policy is that the appropriate level of free reserves should be equivalent to one month's expenditure, currently estimated to be between £1,000,000 and £1,500,000. 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 free reserves is £731,000 (2010 £349,000) which falls short of the range stated above. The Trust intends to continue building up free reserves to the level required.

Trustees' Report *(continued)*

Investment Policy

The trustees agree all investments made by the Trust. Investments are currently restricted to deposit accounts in UK banks, the Money Market, and to a number of corporate bonds. Investments are made with regard to Charity Commission guidance in relation to investments.

Financial Position

The Trust held fund balances at 31 August 2011 of £26,841,000, comprising £27,017,000 of restricted funds, a pension reserve deficit of £907,000, and £731,000 of unrestricted general funds.

Payments to Suppliers

It is the policy of the Trust to agree terms of payment with their suppliers when the order for goods and services is placed and to adhere to these arrangements when making payment.

Plans for Future Periods

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust will continue to work to raise both the aspirations and outcomes of all its students at whatever age, closing gaps between the performance of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education. This may be the transition from primary to secondary at age 11, or at the end of the secondary phase to high quality routes in further/ higher education or employment with training.

As part of developing specific clusters of Academies which will bring together primary and secondary experience in Northamptonshire and North East Lincolnshire and support the development of 'hubs of excellence' within the Trust, Malcolm Arnold Academy opened in September 2010, and Humberston Academy opened in August 2011. Cedar Road Primary School in Northampton will transfer to the Trust on 1 May 2012, and Humberston Cloverfields Primary School in Grimsby will transfer on 1 June 2012. Further academies will transfer on 1 September 2012 refer to the post balance sheet events note for further details. All academies will seek to broaden the horizons of children and young people who pass through their doors. Whilst maintaining their own unique identities, all academies within the Trust will work together, sharing expertise across the age ranges and subject areas, as well as in relation to leadership and governance, in looking at how best to attain their common goals.

Basis of preparation of financial statements and accounting policies and practices

The financial statements have been prepared in accordance with the accounting policies set out on page 21 to 25 and comply with the charitable company's memorandum and articles of association, applicable laws and requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005.

So far as the Accounting Officer and Governing Body are aware, the Academy has disclosed all relevant information to the financial statement auditors. The Accounting Officer believes he has taken all steps that he ought to make himself aware of any information relevant to the audit and to establish that the financial statement auditors are aware of that information.

The financial statement auditors, KPMG LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report *(continued)*

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

Approved by order of the members of the Trustee Body on 25 May 2012 and signed on its behalf by

Frederick W Wood
Trustee

A handwritten signature in black ink, appearing to read 'F. Wood', written over the printed name of the trustee.

Statement on Internal Control

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the 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 Governing Body of each academy has delegated the day-to-day responsibility to the Principal, 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 Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 the Trust for the year ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trustee Body has 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 Trustee Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2011 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 each Governing Body and the Trustees,
- regular reviews 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

Statement on Internal Control *(continued)*

The Risk and Control Framework *(continued)*

The Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, each academy Governing Body has appointed a governor as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO reports to each Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The RO function has been fully delivered in line with the YPLA's requirements. No material control issues have arisen as a result of the RO's work.

Review of Effectiveness

As Accounting Officer, the Principals have 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 Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officers have been advised of the implications of the result of their review of the system of internal control by the Governing Bodies and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trustees on 25 May 2012 and signed on its behalf by

Frederick W Wood
Trustee



Statement of Trustees' Responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

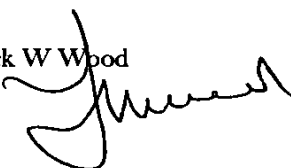
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Trustee Body on 25 May 2012 and signed on its behalf by

Frederick W Wood
Trustee





KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of the David Ross Education Trust (formerly Havelock Academy)

We have audited the financial statements of the David Ross Education Trust (formerly Havelock Academy) for the year ended 31 August 2011 set out on pages 17 to 50. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's (the Academy's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinions in relation to regularity and compliance with the Accounts Direction 2010/11 issued by the Young Peoples Learning Agency ("YPLA"), on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinions in relation to regularity and compliance with the Accounts Direction 2010/11 issued by the YPLA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditor

As explained more fully in the Statement of Responsibilities set out on page 14, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Board of Trustees, and, the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs at 31 August 2011, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006,
- have been prepared in accordance with the Academies: Accounts Direction 2010/11 issued by the YPLA

Opinion on regularity

In our opinion, in all material respects, grants from the DfE/YPLA have been applied by the Academy for the purposes intended

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Academy, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns,
- certain disclosures of Trustees' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit.

Malcolm C Harding

Malcolm C Harding (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

1 The Embankment

Neville Street

Leeds

LS1 4DW

25 May 2012

David Ross Education Trust

Statement of Financial Activities for the year ended 31 August 2011

	Note	Unrestricted Funds £000	Restricted Funds – Non- Fixed Assets £000	Restricted Fixed Asset Funds £000	Endowment Fund £000	Total Year Ended 31 August 2011 £000	Total year ended 31 August 2010 £000
Incoming Resources							
Incoming resources from generated funds							
Voluntary income	4	24	231	-	750	1,005	885
Activities for generating funds	5	459	593	-	-	1,052	705
Investment income	6	38	2	5	-	45	40
Other incoming resources – fixed assets in kind	3-4	-	-	22,603	-	22,603	-
Incoming resources from charitable activities							
Funding for the Trust's educational operations	7	9	14,203	1,462	-	15,674	6,810
Total incoming resources		530	15,029	24,070	750	40,379	8,440
Resources expended							
Charitable activities							
Trust's educational operations	9	(124)	(14,039)	(781)	-	(14,944)	(8,039)
Governance costs	10	(21)	(7)	-	-	(28)	(38)
Other finance costs	11	-	(10)	-	-	(10)	(15)
Total resources expended	8	(145)	(14,056)	(781)	-	(14,982)	(8,092)
Net incoming resources before transfers		385	973	23,289	750	25,397	348
Gross transfers between funds		(3)	-	-	3	-	-
Net income for the year		382	973	23,289	753	25,397	348
Actuarial gain/(loss) on defined pension benefit scheme	27	-	531	-	-	531	(103)
Inherited pension deficit	3	-	(934)	-	-	(934)	-
Change in market value of fixed asset investments	16	-	-	-	(49)	(49)	50
Net movement in funds		382	570	23,289	704	24,945	295
Reconciliation of funds							
Funds brought forward at 31 August 2010		349	(451)	676	1,322	1,896	1,601
Funds carried forward at 31 August 2011		731	119	23,965	2,026	26,841	1,896

An analysis between continuing operations and acquired operations is shown in note 3 and 19

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

Registered number 6182612/31 August 2011

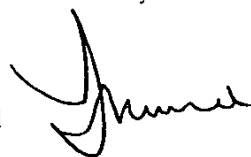
David Ross Education Trust

Balance sheet at 31 August 2011

	Note	2011 £000s	2010 £000s
Fixed assets			
Tangible assets	15	23,247	139
Investments	16	583	545
		<u>23,830</u>	<u>684</u>
Current assets			
Debtors	17	732	245
Cash at bank and in hand		5,293	2,133
		<u>6,025</u>	<u>2,378</u>
Current liabilities			
Creditors: Amounts falling due within one year	18	(2,107)	(685)
Net current assets		<u>3,918</u>	<u>1,693</u>
Total assets less current liabilities		<u>27,748</u>	<u>2,377</u>
Net assets excluding defined benefit pension liability			
Defined benefit pension scheme liability	27	27,748 (907)	2,377 (481)
Net assets including defined benefit pension liability		<u>26,841</u>	<u>1,896</u>
Funds			
Restricted funds			
Permanent endowment	19	2,026	1,322
Restricted fixed asset funds	19	23,965	676
Restricted non-fixed asset fund - before defined benefit pension liability	19	1,026	30
Defined benefit pension scheme liability	19	(907)	(481)
Restricted non-fixed asset fund - after defined benefit pension liability		<u>119</u>	<u>(451)</u>
		<u>26,110</u>	<u>1,547</u>
Unrestricted funds			
Unrestricted fund	19	731	349
Total funds		<u>26,841</u>	<u>1,896</u>

The financial statements were approved by the trustees, and authorised for issue on 25 May 2012 and are signed on their behalf by

Frederick W Wood
Trustee



Registered number 6182612/31 August 2011

Income and expenditure account

For the year ended 31 August 2011

	Note	2011 £000	2010 £000
Income			
General Annual Grant (GAG)	7	10,547	5,251
Start up Grants	7	856	232
DfE Capital Grants	7	1,462	584
Other DfE Grants	7	1,750	666
Other Government Grants	7	1,059	77
Private Sponsorship and Donations	4	255	510
Fixed Assets - Donations in kind	4	22,603	-
Permanent Endowment	4	750	375
Bank Interest	6	45	40
Other Income	5	1,052	705
Total Income		40,379	8,440
Expenditure			
General Annual Grant (GAG) related expenditure		(11,403)	(6,937)
Other DfE grant expenditure		(2,358)	(648)
Other grant expenditure		-	(10)
Depreciation	15	(633)	(240)
Other expenditure		(588)	(257)
Total Expenditure	8	(14,982)	(8,092)
Excess of income over expenditure		25,397	348

The surplus for the year is shown on the historical cost basis

David Ross Education Trust
Cash flow statement for the year ended 31 August 2011

	Note	2011 £000s	2010 £000s
Net cash inflow from operating activities	22	2,036	(401)
Permanent endowment funds receipt	4	750	375
Returns on investments and servicing of finance	6	45	40
Capital income and expenditure	23	229	329
Cash inherited on acquisition	24	100	-
		<hr/>	<hr/>
Increase in cash in the year	24	3,160	343
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2010		2,133	1,790
		<hr/>	<hr/>
Net funds at 31 August 2011		5,293	2,133
		<hr/> <hr/>	<hr/> <hr/>

Notes

(Forming part of financial statements)

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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. The key driver of finance in the Trust is student numbers. The existing academies are all for secondary aged students, and all three academies are experiencing growth in student numbers in the 11 to 16 age range. Two academies have sixth forms, and numbers can be volatile. Any material changes to student numbers are considered by trustees in formulating their business plans.

Incoming Resources

All incoming resources are recognised when the Trust has entitlement to the funds, certainty of receipt 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.

- **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 is certainty of receipt 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 have been provided or on completion of the service.

- **Interest receivable**

Interest receivable is accrued on a daily basis.

Notes (continued)

Statement of Accounting Policies (continued)

- **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 written down market value. During 2010/2011 buildings for Humberston Academy (freehold, valued at £2,580,000) and for Malcolm Arnold Academy (long term lease, valued at £19,610,000), were transferred into the Trust.

Basis of valuation

The RICS Valuation Standards (Practice Statement 4.1) require the use of Market Value when providing valuations for financial statements.

Market Value is defined as -

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion."

In the case of Specialised Property, that is impractical to value on this basis, it is appropriate to derive a Market Value adopting the method of assessment by reference to its Depreciated Replacement Cost. Malcolm Arnold and Humberston Academy comprise purpose-built secondary schools. We consider that these properties fall into the category of Specialised Property that is rarely, if ever, sold in the open market, except by way of a sale of the business in occupation, due to the specialised nature and design of the buildings, size, and location. We have therefore valued it on the basis of Depreciated Replacement Cost.

Depreciated replacement cost is defined as

"The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation."

The Trust holds land and buildings on a lease from North East Lincolnshire Council for Havelock Academy and from Northamptonshire County Council for Malcolm Arnold Academy, with a rental of one peppercorn a year to be paid in each case. The lease for Havelock Academy expires on 31 August 2012, and the accounts show a notional rental for the buildings based on building valuations compiled by the Valuation Office Agency. Construction of a new building took place in 2010/2011, and on completion of a year's snagging in 2011/2012 the Trust will enter into a 125 year lease for the entire site. At this point all of the Trust premises will be valued and entered into the balance sheet and depreciated over their estimated useful life, as they have been for Malcolm Arnold Academy. The Trust also owns the freehold for the land and buildings for Humberston Academy.

Notes (continued)

Statement of Accounting Policies (continued)

- **Donated Services and gifts in kind (continued)**

A number of fixed assets were transferred from North East Lincolnshire Council for Humberston Academy, and from Northamptonshire County Council for Malcolm Arnold Academy. These assets are principally school furniture, office equipment and gallery display equipment, the majority of which were old. Inherited assets for Malcolm Arnold Academy totalling £413,000 (with an estimated individual value of over £1,000) are being depreciated over a three year period.

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.

- **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 governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Investments

Investments are included at market value.

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

All unrecognised gains and losses are included at each balance sheet date in the Statement of Financial Activities.

Leased Assets

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

The Havelock Academy building is currently leased from North East Lincolnshire Council on a peppercorn rent. The accounts show a national rent of £426,000 (2010 £426,000) based on building valuations compiled by the Valuation Office Agency, to reflect the fair value of the buildings, funded by a national donation of the same amount.

Notes (continued)

Statement of Accounting Policies (continued)

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.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the 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 on a straight-line basis over its expected useful lives, as follows:

Fixtures, fittings and equipment	3-10 years
ICT equipment	3 years
Freehold site improvements	10-20 years

Buildings are valued on entering the trust at their written down depreciated value, and depreciated over their remaining lifespan for a maximum of 50 years.

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 Young People's Learning Agency 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 Young People's Learning Agency.

Notes (continued)

Statement of Accounting Policies (continued)

Pensions 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 the East Riding Pension Fund for Humberston and Havelock Academies, and by the Northamptonshire Pension Scheme for Malcolm Arnold Academy. These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 Note 27, 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.

Notes (continued)

2 General Annual Grant (GAG)

2a. Results and Carry Forward for the Year	Havelock Academy	Humberston Academy	Malcolm Arnold Academy	Total 2011	Total 2010
	£000	£000	£000	£000	£000
GAG brought forward from previous year	-	-	-	-	-
GAG allocation for current year	5,347	286	4,914	10,547	5,239
Total GAG available to spend	5,347	286	4,914	10,547	5,239
Recurrent expenditure from GAG	(5,347)	(262)	(4,914)	(10,523)	(5,239)
Fixed assets purchased from GAG	-	-	-	-	-
Transfer from unrestricted fund	-	-	-	-	-
	-	24	-	24	-
Other restricted GAG funds	-	-	-	-	-
GAG carried forward to next year	-	24	-	24	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(642)	(34)	(590)	(1,266)	(629)
GAG to surrender to DfE					
(12% rule breached if result is positive)	-	-	-	-	-
	no breach	no breach	no breach	no breach	no breach
b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes					
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)					
Recurrent expenditure from GAG in current year	-	-	-	-	-
GAG allocation for current year	-	-	-	-	-
GAG allocation for previous year x 2%	-	-	-	-	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	-	-	-	-	-
(2% rule breached if result is positive)	-	-	-	-	-
	no breach	no breach	no breach	no breach	no breach

3 Acquisition

	Malcolm Arnold £000	Humberston £000	Total £000
Assets			
Buildings -leased	19,610	-	19,610
Buildings - freehold	-	2,580	2,580
Fixtures and fittings	413	-	413
Cash at bank	-	100	100
Other debtors	-	131	131
Total assets gifted	20,023	2,811	22,834
Pension deficit inherited	(207)	(727)	(934)
Total net assets gifted by Local Authority			21,900

All other assets and liabilities not disclosed above resided with the predecessor funder at the date of transition

Notes (continued)

3 Acquisition (continued)

	Continuing operations year ended 31 August 2011 £000	Acquisition year ended 31 August 2011 £000	Total year ended 31 August 2011 £000
Incoming resources			
Incoming resources from generated funds			
Voluntary income			
Activities for generating funds	774	231	1,005
Investment income	1,052	-	1,052
Other incoming resources - property donations in kind	45	-	45
	-	22,603	22,603
Incoming resources from charitable activities			
Funding for the Trust's educational operations	15,674	-	15,674
Total incoming resources	17,545	22,834	40,879
Resources expended			
Charitable activities			
Trust's educational Operations	(14,944)	-	(14,944)
Governance costs	(28)	-	(28)
Other finance costs	(10)	-	(10)
Total resources expended	(14,982)	-	(14,982)
Net incoming resources before transfers	2,563	22,834	25,397
Actuarial gain on defined pension benefit scheme	531	-	531
Inherited pension deficit	-	(934)	(934)
Change in market value of investments	(49)	-	(49)
Net movement in funds	3,045	21,900	24,945
Reconciliation of funds			
Funds brought forward	1,896	-	1,896
Funds carried forward at 31 August 2011	4,941	21,900	26,841

The acquisition results represent Malcolm Arnold Academy from 1 September 2010 and Humberstone Academy from 1 August 2011

During the year two properties, Malcolm Arnold and Humberston Academy, were gifted to the Trust by their respective Local Authorities. Malcolm Arnold Academy was transferred on a long leasehold, the freehold for Humberston passed to the Trust. These properties were subject to formal valuations to enable the Trustees to quantify the value of the assets gifted in kind to them. The valuations were performed by Ian Palmer BSc FRICS and by David Tuckett BSc MRICS of Rushton International.

3 Acquisition *(continued)*

The pension deficits inherited were valued by Douglas Green FFA on behalf of Hymans Robertson LLP, on a consistent FRS 17 basis to the year end valuations

The predecessor school to Malcolm Arnold Academy in Northampton, was Unity College, which occupied the same site as the Academy now does. Unity College closed on 31 August 2010 and staff employed at the school were transferred to the employment of the Trust at Malcolm Arnold Academy on 1 September 2010. In accordance with the Transfer of Undertakings (Protected Employment) Regulations 2006 staff were transferred on their existing terms and conditions.

Humberston Academy was formerly known as Humberston Maths and Computing College, on the change of status of the school to academy on 1 August 2011 employees of the school were transferred to the Trust under the TUPE regulations and retained their existing terms and conditions.

It is a condition of the funding agreements for the Trust and its academies that staff newly appointed to an academy are offered entry to the Teacher's Pension Scheme or the Local government Pension Scheme, as appropriate.

Notes (continued)

4 Voluntary income

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
Private sponsorship	-	-	-	82
Other donations	24	231	255	2
Trust premises -- gift in kind donation from Local Authority	-	22,603	22,603	426
Permanent endowment	-	750	750	375
	<u>24</u>	<u>23,584</u>	<u>23,608</u>	<u>885</u>

5 Activities for generating funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
Hire of facilities	113	-	113	54
Sundry income	346	426	772	163
New academies projects	-	167	167	488
	<u>459</u>	<u>593</u>	<u>1,052</u>	<u>705</u>

6 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2011 £000	Total 2010 £000
Bank interest	38	7	45	40

Notes (continued)

7 Funding for the Trust's educational operations

	Unrestricted funds	Restricted funds non fixed assets	Restricted fixed assets funds	Total 2011	Total 2010
	£000	£000	£000	£000	£000
DfE/YPLA capital grant					
ICT special grant	-	-	1,405	1,405	469
Capital grants	-	-	57	57	115
	<u>-</u>	<u>-</u>	<u>1,462</u>	<u>1,462</u>	<u>584</u>
DfE / YPLA revenue grants					
General Annual Grant (GAG) (note 2)	-	10,547	-	10,547	5,251
Start Up Grants	-	856	-	856	232
Standards Fund	-	1,095	-	1,095	519
Pupil Premium	-	48	-	48	-
Other DfE / YPLA grants	-	607	-	607	147
	<u>-</u>	<u>13,153</u>	<u>-</u>	<u>13,153</u>	<u>6,149</u>
Other Government grants					
Funding via Local Authority	-	1,050	-	1,050	67
Heritage Lottery Fund	9	-	-	9	10
	<u>9</u>	<u>1,050</u>	<u>-</u>	<u>1,059</u>	<u>77</u>
	<u>9</u>	<u>14,203</u>	<u>1,462</u>	<u>15,674</u>	<u>6,810</u>

Notes (continued)

8 Resources expended

	Staff costs £000	Non-pay premises £000	Expenditure other costs £000	Total 2011 £000	Total 2010 £000
Trust's educational operations					
Direct costs	8,878	-	2,018	10,896	4,937
Allocated support costs	1,434	237	2,377	4,048	3,102
	<u>10,312</u>	<u>237</u>	<u>4,395</u>	<u>14,944</u>	<u>8,039</u>
 Governance costs including allocated support costs	 -	 -	 28	 28	 38
Other finance costs	-	-	10	10	15
	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>	<u>53</u>
	<u>10,312</u>	<u>237</u>	<u>4,433</u>	<u>14,982</u>	<u>8,092</u>
				2011	2010
				£000	£000
Outgoing resources for the year include:					
Fees payable to auditor – audit				<u>21</u>	<u>16</u>

Notes (continued)

9 Charitable activities – Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
Direct costs				
Teaching and educational support staff costs	33	8,845	8,878	4,360
Depreciation	-	230	230	240
Educational supplies	60	656	716	217
Examination fees	-	164	164	102
Staff development	3	75	78	36
Educational consultancy	-	65	65	18
Other direct costs	-	765	765	204
	<u>96</u>	<u>10,800</u>	<u>10,896</u>	<u>5,177</u>
Allocated support costs				
Support staff costs	-	1,434	1,434	743
Depreciation	-	403	403	-
Recruitment and support	-	21	21	25
Maintenance of premises and equipment	4	233	237	61
Cleaning	-	188	188	10
Rent & Rates	-	484	484	440
Heat and lighting	-	200	200	138
Insurance	-	158	158	50
Security and Transport	-	15	15	30
Catering	-	307	307	146
Bank interest and charges	-	7	7	-
Other support costs	24	570	594	848
	<u>28</u>	<u>4,020</u>	<u>4,048</u>	<u>2,491</u>
	<u>124</u>	<u>14,820</u>	<u>14,944</u>	<u>8,039</u>

10 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
Legal and professional fees	-	7	7	17
Audit of financial statements	21	-	21	16
Governors' reimbursed expenses	-	-	-	5
	<u>21</u>	<u>7</u>	<u>28</u>	<u>38</u>

Notes (continued)

11 Other finance costs

	2011 £000	2010 £000
Net interest cost on defined benefit pension obligation (see note 27)		
Havelock Academy	6	15
Humberston Academy	3	-
	<u>9</u>	<u>15</u>
Net finance cost of pension scheme		
Bank charges	1	-
	<u>10</u>	<u>15</u>

12 Staff costs

Staff costs charged against restricted funds during the year were	2011 £000	2010 £000
Wages and salaries	8,250	4,299
Social security costs	634	344
Pension costs	1,023	440
Supply teacher costs	405	63
	<u>10,312</u>	<u>5,146</u>

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

	2011 No.	2010 No.
Teachers	199	78
Administration and support	203	78
Management	6	2
	<u>408</u>	<u>158</u>

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

	2011 No.	2010 No.
£60,001 – £70,000	4	3
£70,001 – £80,000	-	1
£90,001 – £100,000	1	-
£120,001-£130,000	1	-
£130,001 – £140,000	1	-
£150,001-£160,000	1	-
£160,001-£170,000	-	1
	<u>8</u>	<u>5</u>

All but one of the above employees participated in the Teachers' Pension Scheme. The other employee was a member of the East Riding Pension Fund. During the year ended 31 August 2011, pension contributions for these staff amounted to £68,981 (2010 £58,764)

Notes (continued)

13 Trustees' remuneration and expenses

Two trustees of the charity received a total of £1,542 from the Trust during the period ended 31 August 2011 (2010 £755), for travel expenses to attend trustee and governors' meetings. No trustees received remuneration as an employee of the Trust.

14 Governors', trustees' and officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect governors, trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for year ended 31 August 2011 was included within the overall insurance premia.

15 Tangible fixed assets

	Buildings – long leasehold £000s	Buildings freehold £000s	Site improve- ments £000	Furniture and equipment £000s	Computer equipment and software £000s	Total £000s
Cost						
At 1 September	-	-	-	238	495	733
Additions	-	-	34	32	1,072	1,138
Assets inherited from local authorities	18,310	2,310	1,570	146	267	22,603
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August	18,310	2,310	1,604	416	1,834	24,474
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation						
At 1 September	-	-	-	186	408	594
Charged in period	367	3	33	83	147	633
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August	367	3	33	269	555	1,227
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book values						
At 31 August 2011	17,943	2,307	1,571	147	1,279	23,247
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2010	-	-	-	52	87	139
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

15 Tangible fixed assets (continued)

Tangible fixed assets have been funded from the following sources	2011	2010
	£000s	£000s
YPLA/DfE capital grants	1,379	241
Inherited assets	22,754	151
General purpose fund (grant income)	341	341
Cost of fixed assets at 31 August	24,474	733
Less Accumulated depreciation	(1,227)	(594)
Net book value of fixed assets at 31 August	23,247	139

16 Endowment

The Trust administers the Havclock Academy Endowment Fund. This is a permanent endowment that has received donations totalling £2 million from the David Ross Foundation.

The endowment is held in a combination of cash and investments. During 2010/2011 investments totalling £95,000 were made, the total market value of the Fund's investments is shown below.

Analysis of permanent endowment fund	2011	2010
	£000s	£000s
Cash	1,443	777
Investments	583	545
	<u>2,026</u>	<u>1,322</u>

Notes (continued)

16 Endowment (continued)

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

	2011	2010
Fixed Interest Bonds		
Tesco 6 125% 24/02/2022	-	11%
Marks and Spencer 5 625% 24/03/2014	8%	10%
National Grid Gas Plc 6% 13/05/2038	8%	10%
Glaxosmithkline Capital Plc 5 25% 10/04/42	-	10%
Standard Chartered 7 75% 03/04/18	-	10%
Lloyds TSB Bank Plc 6 9625% 29/05/2020	8%	9%
	<u>24%</u>	<u>60%</u>
Equity & Unit Trusts		
UK Investment and Unit Trust - fixed income		
ishares IBOXX GBP Corporate Bond Fund	<u>28%</u>	<u>20%</u>
UK high income		
Schroders Unit Trusts Income Maximiser Account	27%	20%
AXA Fund Managers STG	11%	-
Cazenove Investment Strategic Bond	10%	-
	<u>48%</u>	<u>20%</u>
	<u>100%</u>	<u>100%</u>
	<u>£000</u>	<u>£000</u>
Original book cost	595	500
Cumulative change in market value	<u>(12)</u>	<u>45</u>
Market value at 31 August	<u>583</u>	<u>545</u>

Notes (continued)

17 Debtors

	2011 £000	2010 £000
Amounts due within one year:		
Trade and other debtors	361	245
VAT receivable	371	-
	<u>732</u>	<u>245</u>

18 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	1,184	134
Other taxation and social security	241	106
Accruals	682	445
	<u>2,107</u>	<u>685</u>

Notes (continued)

19 Funds

	Balance at 1 September 2010 £000s	Incoming resources £000s	Resources expended £000s	Acquisitions £000s	Gains, losses and transfers £000s	Balance at 31 August 2011 £000s
Restricted non-fixed asset funds including pension liability						
General Annual Grant (GAG)	30	11,403	(11,403)	-	-	30
Standards Fund	-	1,095	(482)	-	-	613
Pupil premium	-	48	(48)	-	-	-
Special Grants	-	607	(607)	-	-	-
LEA funding	-	1,050	(1,050)	-	-	-
Donation for rent of premises	-	426	(426)	-	-	-
Voluntary income	-	-	-	231	-	231
Activities for generating funds	-	169	(17)	-	-	152
	30	14,798	(14,033)	231	-	1,026
Pension reserve	(481)	-	(23)	(934)	531	(907)
	(451)	14,798	(14,056)	(703)	531	119
Restricted permanent endowment fund	1,322	750	-	-	(46)	2,026
Restricted Fixed Asset Funds						
DfE capital grants	669	1,462	(365)	-	-	1,766
Private sector capital sponsorship	7	5	-	-	-	12
Donation of transferred assets from local authority	-	-	(416)	22,603	-	22,187
	676	1,467	(781)	22,603	-	23,965
Unrestricted Funds						
Voluntary income	142	24	-	-	-	166
Activities for generating funds	44	459	(145)	-	-	358
Charitable activities	-	9	-	-	-	9
Investment income	163	38	-	-	(3)	198
	349	530	(145)	-	(3)	731

Notes (continued)

19 Funds (continued)

Restricted funds can be analysed across the Academies as follows	2011	2010
	£000s	£000s
Havelock Academy	3,533	1,547
Humberstone Academy	2,233	-
Malcolm Arnold Academy	20,344	-
	<u>26,110</u>	<u>1,547</u>

Notes

- (i) General Annual Grant must be used for the normal running costs of the Academies. Each academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.
- (ii) The Standards Fund must be used to boost standards of attainment within the Academy. Grant can be carried forward to the following August.
- (iii) The Pupil Premium is allocated to academies on the basis of deprivation and is intended to support education for children from disadvantaged backgrounds.
- (iv) Special grants are awarded by the DfE to boost performance within the Academy.
- (v) LEA funding relates to funding supplied for pupils with Statements of Special Educational Need, passed on to the Academy from the authority's own funding.
- (vi) The loss in the endowment represents a fall in investments values to the end of the year.
- (vii) Restricted fixed assets were funded by government grants.
- (viii) The restricted permanent endowment funds are the Havelock Academy Endowment Fund and the Malcolm Arnold Academy Fund. These are permanent endowment funds. The interest may be transferred to unrestricted funds and will be used to counter the educational impact of disadvantage and deprivation, and for educational work within the local communities. This income should not be used to meet the normal running costs of the academies. The principal amount of the investment may not be used without the express prior written consent of the Secretary of State for Education. The final payment of £375,000 into the Havelock Academy Endowment Fund was due to be received on 1 September 2011, but was actually received in August 2011.
- (ix) 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, including contributions to the East Riding Pension Fund and the Northamptonshire Pension Fund, and the pension liability has therefore been aligned with these costs.

Notes (continued)

20 Analysis of net assets between funds

Fund balances at 31 August 2011 are represented by	Unrestricted funds £000s	Restricted funds – non-fixed asset £000s	Restricted fixed asset funds £000s	Permanent endowment £000s	Total 2011 £000s	Total 2010 £000s
Tangible fixed assets	-	-	23,247	-	23,247	139
Investments	-	-	-	583	583	545
Current assets	731	3,133	718	1,443	6,025	2,378
Current liabilities	-	(2,107)	-	-	(2,107)	(685)
Defined benefit pension scheme liability	-	(907)	-	-	(907)	(481)
	<u>731</u>	<u>119</u>	<u>23,965</u>	<u>2,026</u>	<u>26,841</u>	<u>1,896</u>

21 Financial commitments

Operating leases

At 31 August 2011 the Trust had annual commitments under non-cancellable operating leases as follows

	2011 £000	2010 £000
Other	-	-
Expiring within one year	19	-
Expiring within two and five years inclusive	-	19
	<u>19</u>	<u>19</u>

Notes (continued)

22 Reconciliation of net income to net cash inflow from operating activities

	2011 £000	2010 £000
Net income for the year	25,397	348
Depreciation (note 15)	633	240
Donations in kind (note 3)	(22,603)	-
Capital grants from DfE and other capital income	(1,462)	(584)
Interest receivable (note 6)	(45)	(40)
Permanent endowment funds receipts	(750)	(375)
FRS 17 pension cost less contributions payable (note 27)	148	58
FRS 17 pension finance income (note 27)	(125)	(152)
Increase in debtors	(356)	(162)
Increase in creditors	1,199	266
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	2,036	(401)
	<hr/>	<hr/>

23 Capital expenditure and financial investment:

	2011 £000	2010 £000
Purchase of tangible fixed assets	(1,138)	(55)
Capital grants from DfE/YPLA	1,462	584
Purchase of investments	(95)	(200)
	<hr/>	<hr/>
Net cash inflow from capital expenditure and financial investment	229	329
	<hr/>	<hr/>

24 Analysis of changes in net funds

	At 1 September 2010 £000	Cash Flows £000	On acquisition £000	At 31 August 2011 £000
Cash in hand and at bank	2,133	3,060	100	5,293
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

25 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

26 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

Notes (continued)

27 Pension and similar obligations

The Trust's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the East Riding Pension Fund and the Northamptonshire Pension Fund 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 2004 and of the LGPS 31 March 2010
There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	3.5 per cent per annum
Salary scale increases per annum	4.5 per cent per annum
Notional value of assets at date of last valuation	£163 million
Proportion of members' accrued benefits covered by the notional value of the assets	(1.2)%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period.

Notes (continued)

27 Pension and similar obligations (continued)

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

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 2011 was £144,000 of which employer's contributions totalled £103,000 and employees' contributions totalled £41,000. The agreed contribution rates for the period ended 31 August 2011 were 17.8% for Malcolm Arnold Academy, 19.4% for Havelock Academy, and 21.4% for Humberston Academy. Employees' rates varied according to salary.

Principal Actuarial Assumptions

	Havelock		Humbertson		Malcolm Arnold	
	At 31 August 2011	At 31 August 2010	At 31 August 2011	At 31 August 2011	At 31 August 2011	At 31 August 2010
Rate of increase in salaries	4.9%	4.7%	4.9%	5.0%	4.9%	4.7%
Rate of increase for pensions in payment / inflation	2.6%	2.7%	2.6%	3.6%	2.6%	2.6%
Discount rate for scheme liabilities	5.4%	5.3%	5.4%	5.2%	5.4%	5.3%
Inflation assumption (CPI)	3.9%	4.0%	3.9%	3.9%	3.9%	4.0%
Expected return on assets	6.2%	6.2%	6.2%	6.3%	6.2%	6.3%

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

	Havelock		Humbertson	Malcolm Arnold
	At 31 August 2011	At 31 August 2010	At 31 August 2011	At 31 August 2011
<i>Retiring today</i>				
Males	22.9	21.2	22.9	21.4
Females	25.7	24.1	25.7	23.3
<i>Retiring in 20 years</i>				
Males	24.9	22.2	24.9	23.4
Females	27.7	25.0	27.7	25.5

Notes (continued)

27 Pension and similar obligations (continued)

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

Havelock	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £000	Expected return at 31 August 2010 %	Fair value at 31 August 2010 £000
Equities	6.8%	1,175	6.9%	831
Bonds	4.6%	170	4.3%	120
Property	4.8%	93	4.9%	55
Cash	3.9%	108	4.0%	87
Total market value of assets		1,546		1,093
Present value of scheme liabilities - Funded		(1,676)		(1,574)
Deficit in the scheme		(130)		(481)
Humberston	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £000	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £000
Equities	6.8%	151	6.8%	151
Bonds	4.6%	22	4.6%	20
Property	4.8%	12	4.8%	11
Cash	3.9%	14	3.9%	13
Total market value of assets		199		195
Present value of scheme liabilities - Funded		(840)		(922)
Deficit in the scheme		(641)		(727)

Notes (continued)

27 Pension and similar obligations (continued)

Malcolm Arnold	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £000	Expected return at 1 September 2010 %	Fair value at 1 September 2010 £000
Equities	6.8%	758	6.9%	612
Bonds	4.6%	187	4.3%	148
Property	4.8%	73	4.9%	53
Cash	3.9%	21	4.0%	15
Total market value of assets		1,039		828
Present value of scheme liabilities - Funded		(1,175)		(1,035)
Deficit in the scheme		(136)		(207)

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the period were

	2011 £000	2010 £000
Havelock	93	93
Humberston	(10)	-
Malcolm Arnold	41	-
	124	93

Notes (continued)

27 Pension and similar obligations (continued)

Total expenditure recognised in statement of financial activities

	Havelock		Humbertson	Malcolm Arnold
	2011	2010	2011	2011
	£000	£000	£000	£000
Current service cost	163	146	10	127
Interest cost	81	74	4	55
Expenditure return on scheme assets	(75)	(60)	(1)	(57)
Post service costs	8	(92)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	177	68	13	125
	<hr/>	<hr/>	<hr/>	<hr/>

Net gains/(loss) recognised in statement of total recognised gains and losses

	Havelock		Humbertson	Malcolm Arnold
	2011	2010	2011	2011
	£000	£000	£000	£000
Actuarial gains/(losses) on pension scheme assets	180	32	(10)	(16)
Actuarial gains/(losses) on pension scheme liabilities	192	(135)	99	86
	<hr/>	<hr/>	<hr/>	<hr/>
Total amounts recognised in STRGL	372	(103)	89	70
	<hr/>	<hr/>	<hr/>	<hr/>

The actuarial gains and losses for the current year are recognised in the statement of financial activities and totalled a gain of £531,000 (2010 loss of £103,000)

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £132,000 gain (2010 £399,000 loss)

Notes (continued)

27 Pension and similar obligations (continued)

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

	Havelock	Humberston	Malcolm Arnold
	2011	2010	2011
	£000	£000	£000
At 1 September	1,574	1,273	-
On date of transfer to DRET	-	-	922
Current service cost	163	146	10
Interest cost	81	74	4
Employee contributions	48	47	3
Actuarial (gain)/loss	(192)	135	(99)
Benefits paid	(6)	(9)	-
Past service cost	8	(92)	-
At 31 August	1,676	1,574	840

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

	Havelock	Humberston	Malcolm Arnold
	2011	2010	2011
	£000	£000	£000
At 1 September	1,093	801	-
On date of transfer to DRET	-	-	195
Expected return on assets	75	60	1
Actuarial gain/(loss)	180	32	(10)
Employer contributions	156	162	10
Employee contributions	48	47	3
Benefits paid	(6)	(9)	-
At 31 August	1,546	1,093	199

The estimated value of employer contributions for the year ended 31 August 2012 is:

	£000
Havelock	161
Humbertson	123
Malcolm Arnold	121
	405

Notes (continued)

27 Pension and similar obligations (continued)

The four-year history of experience adjustments is as follows:

	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligations	3,691	1,574	1,273	930
Fair value of share of scheme assets	2,784	1,093	801	661
Deficit in the scheme	<u>907</u>	<u>481</u>	<u>472</u>	<u>269</u>
Experience adjustments on share of scheme assets	132	78	106	78
Experience adjustments on scheme liabilities	-	1	108	1

28 Related party transactions

The remuneration of the trustees is disclosed in note 13

The Trust's non-trustee governors made claims totalling £1,249 during the year for travel expenses to attend meetings. Each academy principal is also a governor, and there are staff governors on each governing body. During the year nine governors received a salary and benefits in kind totalling £534,983.

Fulwood Academy, which is a separate company, paid the Trust for the services of its Finance Director, totalling £43,187 in the year. The trustees consider this an arms length transaction that was at cost, so the David Ross Education Trust did not profit from this arrangement.

Notes (continued)

29 Post balance sheet events

The new build for Havelock Academy was handed over for occupation by the contractors on 1 September 2011. The Trust will occupy the academy on a long term lease from 1 September 2012 after the completion of final snagging. At the same date the Trust will inherit the pool and leisure facilities on the site by way of a gift in kind from the LEA. It is currently expected that the total value of the donation will exceed £25 million.

The following Academy Orders have been issued by DfE in respect of conversion dates for the following schools that will join the Trust:

- Cedar Road Primary School effective from 1 June 2012
- Edward Heneage Primary School effective from 1 September 2012
- Welton Church of England Primary School effective from 1 September 2012
- King Edward VI Humanities College effective from 1 September 2012
- Lady Jane Franklin School effective from 1 September 2012
- Skegness Grammar School effective from 1 September 2012