

Registration number: 06182612

David Ross Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2015

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David Ross Education Trust

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David Ross Education Trust

Reference and Administrative Details

Members	The David Ross Foundation D Ross D Overton B Wood
Trustees (Directors)	D Blunkett (appointed 20 April 2015) M Bolland S Deane Professor A Dixon, Member of audit committee J Dunseath (appointed 2 February 2015) A Foster J Gordon, Member of finance committee A Hancock, Member of finance committee M Hindmarch, Member of finance committee Bishop of Brixworth J Holbrook A Medlicott-Revell D Overton Professor K Reid D Ross R Stannard, Member of audit committee M Wilde (term ended 17 November 2014) M Wilson
Company Secretary	SK Secretary Limited
Senior Management Team	W Marshall, Chief Executive D Harrison, Director of Operations M Ibbertson, Director of Finance and Resources S Northcott, Director of Enrichment H Stevenson, Director of Development N Whittle (to 31 August 2015), Director of Education D Yates (from 1 September 2015), Interim Director of Education
Principal and Registered Office	2 Hill Court Off Turnpike Close Grantham Lincolnshire NG31 7XY

David Ross Education Trust

Reference and Administrative Details (continued)

Company Registration 06182612
Number

Auditor	KPMG LLP Registered Auditor 1 Sovereign Square Sovereign Street Leeds West Yorkshire LS1 4DA
Bankers	National Westminster Bank plc 66 Victoria Street Grimsby Lincolnshire DN31 1BP Lloyds TSB Bank plc Old Market Place Grimsby Branch PO Box 1000 BX1 1LT
Solicitors	Stone King Sewell LLP 13 Queen Square Bath Somerset BA1 2HJ

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2015.

Structure, governance and management

Constitution

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

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

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

At the year end there were eight sponsor trustees, six academy trustees, one co-opted trustee and one representative of the Church of England. In June 2015 Lord David Blunkett was appointed as Chair of the Trust.

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

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

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

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Policies and procedures adopted for the induction and training of Trustees

All trustees and governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees and governors. Newly appointed trustees undertake an induction programme. This annual strategic planning day for trustees was held on 22 September 2014 (and also on 17 November 2015) to review and update the strategic plan including a review of risk, analysis of performance, review of the business context, succession planning and resource plans.

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

A governors' briefing and training sessions was held in Grantham on 11 December 2014, and on 5 and 6 July 2015 the annual governance conference was hosted by the sponsor. This event was well attended, with all of the Trust's academies and free schools represented. Part of the conference agenda included a review of the Trust's governance model, the outcomes of this review focused on four distinct areas:

- Communication
- Constitution
- Operations
- Training and recruitment

Following the conference, trustees agreed that an external review of the Trust's governance should take place and this will be commissioned during the autumn term, following the Trustee Strategic Planning meeting.

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

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

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Organisational structure

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

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

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

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

The governors of each academy are responsible for monitoring the performance of their academy, focusing on academic standards and leadership. This includes regular scrutiny and challenge of the Principal and senior leadership team. The Principal is the lead officer responsible for finance and reports to the local governing body on financial performance against delegated budget levels. Line management of the principals is delegated to the Chief Executive Officer. On 26 March 2015 a meeting to discuss academy finances and budgets, chaired by two trustees, was attended by principals and chairs of governors.

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

Risk management

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

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Connected organisations, including related party relationships

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

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

The Trust owns 100% of the share capital of David Ross Education Services Limited, This company was dormant during the year ended 31 August 2015.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Objectives and activities

Objects and aims

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

During 2014/2015 the principal activity of the charitable company was the operation of 33 academies (31 August 2014: 25 academies) in Yorkshire, NE Lincolnshire, Lincolnshire and Northamptonshire and Leicestershire. This also includes the operation of a boarding house as part of Skegness Grammar School. This is broken down as follows:

Primary Academies - 22

Secondary Academies - 10

Special Academies – 1

The Trust's largest secondary academy has 1,285 students, the smallest has less than 175. At primary level the Trust has inner-city academies with over 500 pupils, as well as smaller rural schools with fewer than 50 children

The academies have a combined pupil capacity of 16,066 with 12,401 pupils on roll at the time of the school census of October 2015.

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

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Objectives, strategies and activities

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

The Foundation's vision is as follows:

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

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

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

Our mission is to become the country's leading group of academies, committed to high quality academic education for all. This will be achieved by:

- Developing fully the talents and potential of each pupil;
- Providing an excellent academic education, supported by wide-ranging and exceptional sporting, cultural and artistic activities;
- Fostering scholarship, hard work and conscientious application;
- Enabling all pupils to become knowledgeable, confident, kind and courteous adults capable of playing a positive and active role in society.

To deliver this, the Trust makes a commitment to ensure that:

- Each academy is graded by Ofsted as 'outstanding' within five years of joining the Trust, maintains that status and is progressing towards being judged as 'world class' by the Trust;
- Each academy achieves the highest academic results within its locality;
- Each academy develops a strong reputation for the quality of its sporting and cultural activities and for its pastoral care;
- The Trust recruits and retains exceptional teachers and staff;
- Create within David Ross Education Trust academies an attractive and professional working environment that ensures the most effective and able staff are rewarded.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Public benefit

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

The Trust administers academies servicing some of the most deprived areas of the country. Students are admitted in accordance with the admissions policies agreed with the Department for Education (DfE), which is based on each academy's catchment area and published on each academy's website. There are in the region of 13,000 pupils within the Trust's academies.

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

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

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

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

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

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Strategic Report

Achievements and performance

Primary performance continued to improve in 2014/2015. There is evidence of improvement of the Trust's work in early years with a proportion of pupils achieving good levels of development and the Trust average educational results moving up 11ppt to 64% exceeding last year's national average of 61%. Combined level 4 has increased by 3ppt to 73% against national average of 79% in 2014, further evidence that the Trust is closing the gap.

Within the secondary academies the picture remained consistent overall. At Charles Read Academy 53% of students achieved five or more A*- C GCSE grades including English and maths, this represents a 21% rise in the last three years. King Edward VI Academy achieved a 26% increase in 5A*- C including English and maths. Skegness Grammar School maintained their recent success retaining its place as one of the top 500 state secondary schools in the country, with 93% of students achieving at least five or more A*- C GCSE grades including English and maths.

At Key Stage 5, students continue to achieve the grades required to go to their first choice university and college. Highlights this year with regards to KS5 results include Lodge Park Academy which achieved its best ever A Level results and Skegness Grammar School which saw 79% of students gaining 3 A* to C, and 16% achieving A* or A grades, with one student accepting a place at St. Edmund's College Oxford.

The outcomes from Ofsted results continue to be positive. Of the 17 academies inspected since joining the Trust 10 have seen their judgement improve and 5 have retained their judgement, against a more robust Ofsted framework. This includes Wold Academy which moved from Special Measures to Outstanding. The Trust now has 13 good and 3 outstanding academies. Work continues with those academies that are in a category of requiring improvement.

Capital investment this year has been significant. Extensive building work has been undertaken at Charles Read Academy to significantly improve the learning and social environments, nursery facilities have been developed at Thomas Hinderwell Academy and much-needed refurbishment of whole key stage 1 building with new classroom being created at Newnham Primary. Sports facilities across the Trust have been enhanced, with the introduction of astro-turf pitches and the re-surfacing of other courts, as well as new purpose-built cycle track being developed at Eresby Special School.

The profile of the Trust continues to grow within the sector as we have welcomed prestigious visitors during the year including Princess Beatrice, Olympic athlete Denise Lewis OBE, TV presenter Gabby Logan and Rugby World Cup legend Lawrence Dallaglio.

Key financial performance indicators

	Unit	2015	2014
Income (excluding fixed assets and pension liabilities transferred on conversions)	£ 000	73,488	62,443
Expenditure	£ 000	(75,740)	(58,216)
Net income/(expenditure)	£ 000	(2,252)	4,227

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

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Strategic Report

Key non-financial performance indicators

The key metrics used to measure the Trust's performance are KS2, GCSE and A level performance, quality of teaching and learning, Ofsted ratings 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.

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).

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

Principal risks and uncertainties

Each academy evaluates and monitors its own risks, and the Trust maintains its own risk register. The main risks facing the Trust are centered around meeting its vision of every academy becoming outstanding within five years. The Trust is addressing risks of standards not rising sufficiently, of capacity to support this improvement and of recruiting sufficient high quality leaders. Financial risks include growth in pupil numbers, which is a key driver in funding from the government and uncertainty over the distribution of funding to academies from 2016/17 onwards.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Strategic Report

Financial review

Most of the Trust's income is received from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 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.

During the period ended 31 August 2015, total expenditure of £75,740,000 was less than recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period was £20,690,000. The greatest element of this surplus relates to the premises that were gifted to the Trust, totalling £26,903,000, offset by the pension deficit introduced on conversions of £4,628,000

At 31 August 2015 the net book value of fixed assets was £94,453,000; movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Trust balance sheet shows a net liability of £17,631,000; this includes a deficit of £4,628,000 inherited on new schools joining the Trust during the year.

The Trust held fund balances at 31 August 2015 of £83,392,000, comprising £874,000 of restricted funds, a pension reserve deficit of £17,631,000, an endowment fund of £2,033,000 and £3,149,000 of unrestricted general funds.

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

Detail is still awaited on future funding for the Trust from September 2016 onwards. The impact of national spending pressures and a national funding formula from 2017 will affect individual academy and overall Trust funding.

Financial and risk management objectives and policies

The principal financial risks facing the Trust are the future levels of government grant funding. Funding is under review, with the forthcoming introduction of a national funding formula and changes in distribution of grants. Funding is primarily driven by student numbers in the Trust, and a rapid fall in student numbers will affect funding levels. At the end of 2014/2015 the Trust held balances that should help it to smooth the impacts of short term funding changes, and enable it to plan for longer term changes.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Strategic Report

Reserves policy

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

The Trust is 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 reserves will therefore vary over the coming years, the Trust's long-term policy is that the appropriate level of reserves should be equivalent to one month's expenditure, currently estimated to be between £6,000,000 and £6,500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of reserves are £4,023,000 made up of free reserves of £3,149,000 (2014: £2,934,000) and restricted general funds of £874,000 (2014: £1,883,000).

Investment policy

The trustees agree all investments made by the Trust. Investments are currently restricted to deposit accounts in UK banks, the Money Market, to a number of corporate bonds and to some equities. Trustees have agreed that of non-cash investments held by the Trust, equities would account for no more than 20% of total investments. The Trust has received significant donated shares during this and the previous financial year which has resulted in an increase in equities owned, so that the current value is in excess of 20%. Investments are made with regard to Charity Commission guidance in relation to investments.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Strategic Report

Plans for future periods

The Trust will continue to work to raise the aspirations and outcomes of its students at all ages, 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 education, or at the end of the secondary phase to high quality routes in further or higher education or employment with training.

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

The Trust's first free school opened on 1 September 2014, and planned to open two further Free Schools in 2015 and 2016. Although these schools still fit with the Trust's overall strategic direction, both projects have been delayed and will open in September 2016 and September 2017 respectively, at the earliest.

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

To support this the Trust has, from September 2015:

- Introduced a revised structure for the delivery of back-office services, this included a Central Processing Unit for financial transactions;
- further developed the role of the Improvement Cluster Lead and revised the geographical clusters to respond more effectively to school improvement requirements;
- Re-launched the Teaching School Alliance focusing on quality teacher training and leadership development.

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

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

The Trust will seek to ensure that education is delivered effectively and with minimum overhead to secure long term viability of all academies in the Trust. Work will take place in the smaller Lincolnshire academies to develop an integrated service enabling resource sharing under a common management framework.

David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2015

Employment of disabled persons

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

Human equalities policy

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

Funds held as Custodian Trustee on behalf of others

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

Auditor

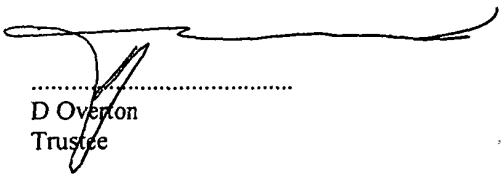
In so far as the Trustees are aware:

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

Reappointment of auditor

Following the approval of these financial statements the Trustees intend to commence a tender exercise relating to the appointment of auditor.

Approved by order of the trustees on 17 December 2015 and signed on its behalf by:



.....
D Overton
Trustee

David Ross Education Trust

Governance Statement

Statement on governance and internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in David Ross Education Trust for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Scope of responsibility

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

The Trustees have delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between the David Ross Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
D Blunkett	1	1
M Bolland	3	5
S Deane	4	5
A Foster	3	5
Professor A Dixon	5	5
J Gordon	4	5
A Hancock	5	5
M Hindmarch	5	5
Bishop of Brixworth J Holbrook	3	5
A Medicott-Revell	5	5
D Overton	5	5
Professor K Reid	4	5
D Ross	5	5
R Stannard	5	5
M Wilde	2	2
M Wilson	3	5
J Dunseath	2	2

David Ross Education Trust

Governance Statement

Governance reviews

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

A review of the effectiveness of the board will take place during the coming year.

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

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

Trustee	Meetings attended	Out of a possible
M Hindmarch	4	4
M Bolland	0	3
J Gordon	1	1
A Hancock	4	4

Mr Bolland resigned as a member of the finance committee during the year. Mr Gordon was appointed during the year.

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

Members of the committee	Meetings attended	Out of a possible
B Wood	4	5
M Wilde	1	1
R Stannard	5	5
Professor A Dixon	4	4

Mr Wood is an independent chair of the audit committee. Mr Stannard and Professor Dixon are trustees. Mr Wilde resigned from the audit committee during the year end and was replaced by Professor Dixon.

David Ross Education Trust

Governance Statement

Review of value for money

As accounting officer the chief executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Implementing economies and efficiencies in school meal provision by moving to a single catering partner who is improving food standards across the Trust. This process will complete during 2015/2016;
- Working with teacher supply agencies to secure bulk discounts, and to develop a pool of quality supply staff;
- Creating a central team to process all Trust payments. Combined with a rationalisation of bank accounts held by the Trust this will lead to better payment of invoices, reduced transaction charges and the opportunity to invest large bank balances into fixed term investments;
- Building stronger teams in the head office to provide consistent and high quality advice, guidance, and service delivery for finance, human resources, and information and communications technology;
- A detailed and developing capital programme prioritised at improving health and safety, balanced with improving standards in our academies, and using the Endowment Fund to pump prime significant capital projects;
- The development of improvement clusters for our academies, providing the opportunity to share expertise, experience, and resources between academies in geographical proximity to each other. In turn this has led to efficiency gains through a combination of shared back office services within cluster areas, and the establishment of executive principals overlooking multiple academies backed up with associate principals at each site;
- The production of detailed benchmarking information for academies. This information, which is developing constantly, is used by academies for budget planning and financial review, and is scrutinised regularly by the Trust Finance Committee;
- Regular meetings of all primary and all secondary principals to share strategies and good practice;
- Regular meetings of all academy business managers to discuss and share good practice, to meet with Trust suppliers and to share development;
- Oversight and scrutiny by a Finance Committee of Trustees;
- Annual review of the Trust financial procedure rules and all finance specific policies;
- The implementation of a single financial ledger across the Trust, allowing better scrutiny of finance and more accurate reporting;
- The implementation of cloud based ICT across the Trust;
- Joint procurement of capital projects across the Trust.

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 the Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in David Ross Education Trust for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

David Ross Education Trust

Governance Statement

Capacity to handle risk

The Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that have been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The risk and control framework

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

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

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

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

David Ross Education Trust

Governance Statement

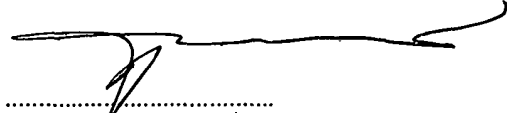
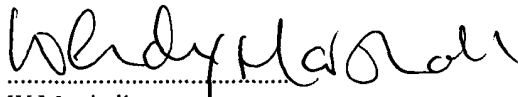
Review of effectiveness

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

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

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

Approved by order of the trustees on 17 December 2015 and signed on its behalf by:


.....
D Overton
Trustee
.....
W Marshall
Accounting officer

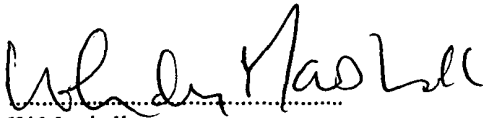
David Ross Education Trust

Statement on Regularity, Propriety and Compliance

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

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

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



W Marshall
Accounting officer

17 December 2015

David Ross Education Trust

Statement of Trustees' Responsibilities

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

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


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

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

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

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

Approved by order of the trustees on 17 December 2015 and signed on its behalf by: .



.....
D Overton
Trustee

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

We have audited the financial statements of David Ross Education Trust for the year ended 31 August 2015 set out on pages 27 to 84. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 (SORP 2005) and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2015, 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 2014 to 2015 (SORP 2005) issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of David Ross Education Trust (*continued*)

Matters on which we are required to report by exception

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

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

Malcolm Harding

Malcolm Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
18 December 2015

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

In accordance with the terms of our engagement letter dated 29 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teachers/Principals on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014;

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

Approach (continued)

- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Malcolm C Harding

**Malcolm Harding
Reporting Accountant
for and on behalf of KPMG LLP**

Chartered Accountants

1 The Embankment

Neville Street

Leeds

LS1 4DW

18 December 2015

David Ross Education Trust

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

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Endowment Fund £ 000	Total 2015 £ 000	Total 2014 £ 000
Incoming resources							
<i>Incoming resources from generated funds:</i>							
Voluntary income							
Transfer on conversion	2	740	(4,628)	27,570	-	23,682	16,343
Other voluntary income	2	32	646	-	-	678	3,359
Activities for generating funds	3	2,043	1,035	-	-	3,078	2,402
Investment income	4	104	-	-	-	104	132
<i>Incoming resources from charitable activities:</i>							
Funding for the Academy's educational operations	5	4	66,405	2,015	-	68,424	54,561
Provision of boarding activities	31	-	464	-	-	464	337
Total incoming resources		<u>2,923</u>	<u>63,922</u>	<u>29,585</u>	<u>-</u>	<u>96,430</u>	<u>77,134</u>
Resources expended							
<i>Cost of generating funds:</i>							
Cost of generating funds		-	15	-	-	15	22
<i>Charitable activities:</i>							
Academy's educational operations		2,640	68,337	3,496	-	74,473	57,058
Provision of boarding activities	31	-	396	23	-	419	513
Governance costs	8	-	745	88	-	833	623
Total resources expended	6	<u>2,640</u>	<u>69,493</u>	<u>3,607</u>	<u>-</u>	<u>75,740</u>	<u>58,216</u>

David Ross Education Trust

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

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Endowment Fund £ 000	Total 2015 £ 000	Total 2014 £ 000
Net incoming/(outgoing) resources before transfers		283	(5,571)	25,978	-	20,690	18,918
Gross transfers between funds	19	(68)	(884)	2,256	(1,304)	-	-
Net income/(expenditure) for the year		215	(6,455)	28,234	(1,304)	20,690	18,918
Other recognised gains and losses							
Gains/(losses) on investment assets		-	-	-	99	99	428
Actuarial losses on defined benefit pension schemes	32	-	(742)	-	-	(742)	(2,969)
Net movement in funds/(deficit)		215	(7,197)	28,234	(1,205)	20,047	16,377
Reconciliation of funds							
Funds/(deficit) brought forward at 1 September 2014		2,934	(9,560)	66,733	3,238	63,345	46,968
Funds/(deficit) carried forward at 31 August 2015		3,149	(16,757)	94,967	2,033	83,392	63,345

Restricted general funds are made up as follows:

Restricted general fund	874
Restricted pension fund	(17,631)
Total	(16,757)

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

David Ross Education Trust

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

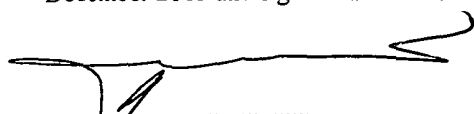
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes on pages 32 to 84 form part of these financial statements.

David Ross Education Trust
(Registration number: 06182612)
Balance Sheet as at 31 August 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	13	94,453	65,450
Investments	14	<u>2,184</u>	<u>2,734</u>
		<u>96,637</u>	<u>68,184</u>
Current assets			
Stocks	15	20	74
Debtors	16	4,495	4,515
Cash at bank and in hand		<u>9,510</u>	<u>8,798</u>
		14,025	13,387
Creditors: Amounts falling due within one year	17	<u>(9,576)</u>	<u>(6,658)</u>
Net current assets		<u>4,449</u>	<u>6,729</u>
Total assets less current liabilities		101,086	74,913
Creditors: Amounts falling due after more than one year	18	<u>(63)</u>	<u>(125)</u>
Net assets excluding pension liability		101,023	74,788
Pension scheme liability	32	<u>(17,631)</u>	<u>(11,443)</u>
Net assets including pension liability		<u>83,392</u>	<u>63,345</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		874	1,883
Restricted fixed asset fund		94,967	66,733
Restricted pension fund		(17,631)	(11,443)
Endowment fund		<u>2,033</u>	<u>3,238</u>
		80,243	60,411
Unrestricted funds			
Unrestricted general fund		<u>3,149</u>	<u>2,934</u>
Total funds	19	<u>83,392</u>	<u>63,345</u>

The financial statements on pages 27 to 84 were approved by the Trustees, and authorised for issue on 17 December 2015 and signed on their behalf by:


.....
D Overton
Trustee

David Ross Education Trust

Cash Flow Statement for the Year Ended 31 August 2015

	Note	2015 £ 000	2014 £ 000
Net cash inflow from operating activities	22	923	3,909
Returns on investments and servicing of finance	23	104	132
Capital expenditure and financial investment	24	<u>(315)</u>	<u>(2,183)</u>
Increase in cash in the year	25	<u><u>712</u></u>	<u><u>1,858</u></u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	712	1,858
Net funds at 1 September 2014	<u>8,798</u>	<u>6,940</u>
Net funds at 31 August 2015	<u><u>9,510</u></u>	<u><u>8,798</u></u>

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

1 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 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Conversions to the Trust

The conversion from state maintained schools to an academy trust involves the transfer of identifiable assets and liabilities and the operation of the schools and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for David Ross Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds, unrestricted funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of approval of the financial statements. As part of this review the Trust prepares forecasts for the three years following the date of these financial statements. These forecasts are regularly reviewed and updated throughout the year, particularly taking into account changes in projected pupil numbers, staffing levels and impacts of changes in Government policies around funding and expenditure. These forecasts provide assurance that the going concern basis is appropriate.

Incoming resources

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

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

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there 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 or services have been provided.

Interest receivable is accrued on a daily basis.

Donated services and gifts in kind

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

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

Resources expended

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

Cost of generating funds

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

Charitable activities

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

1 Accounting policies (continued)

Governance costs

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

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

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

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset class	Depreciation method and rate
Fixtures, fittings and equipment	3 - 10 years straight line
ICT equipment	3 years straight line
Motor vehicles	3 years straight line
Works of art	Nil

Investments

Investments are included at market value:

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

Leased assets

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

Stock

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

1 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.

Pension benefits

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

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

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

Fund accounting

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

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

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

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

2 Voluntary income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Transfer on conversion	740	(4,628)	27,570	23,682	16,343
Other voluntary income					
Donations - capital	-	-	-	-	61
Other donations	32	646	-	678	3,298
	<u>32</u>	<u>646</u>	<u>-</u>	<u>678</u>	<u>3,359</u>
Total voluntary income	<u>772</u>	<u>(3,982)</u>	<u>27,570</u>	<u>24,360</u>	<u>19,702</u>

3 Activities for generating funds

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Hire of facilities	261	-	261	224
Catering income	801	-	801	812
Sundry income	981	418	1,399	748
Gift in kind - rent receivable	-	617	617	618
	<u>2,043</u>	<u>1,035</u>	<u>3,078</u>	<u>2,402</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

4 Investment income

	Unrestricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Bank interest	28	28	51
Dividends	76	76	81
	<u>104</u>	<u>104</u>	<u>132</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

5 Funding for Academy's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
DfE/EFA capital grants					
ICT grant	-	-	-	-	6
Capital grants	-	-	1,770	1,770	1,785
	-	-	1,770	1,770	1,791
DfE/EFA revenue grants					
General Annual Grant	-	56,893	-	56,893	45,613
Start up grants	-	1,098	-	1,098	566
Pupil Premium	-	4,244	-	4,244	2,990
Other DfE / EFA grants	-	2,152	-	2,152	1,174
	-	64,387	-	64,387	50,343
Other government grants					
Funding via local authority	-	2,015	-	2,015	2,376
Others	4	3	245	252	51
	4	2,018	245	2,267	2,427
Total grants	4	66,405	2,015	68,424	54,561

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

6 Resources expended

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2015 £ 000	Total 2014 £ 000
Costs of activities for generating funds	-	-	15	15	22
Academy's educational operations					
Direct costs	41,027	-	8,604	49,631	39,893
Allocated support costs	<u>11,321</u>	<u>8,086</u>	<u>5,435</u>	<u>24,842</u>	<u>17,166</u>
	<u>52,348</u>	<u>8,086</u>	<u>14,039</u>	<u>74,473</u>	<u>57,059</u>
Boarding activities					
Direct costs	-	-	50	50	81
Allocated support costs	<u>293</u>	<u>34</u>	<u>42</u>	<u>369</u>	<u>431</u>
	293	34	92	419	512
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>833</u>	<u>833</u>	<u>623</u>
	<u>52,641</u>	<u>8,120</u>	<u>14,979</u>	<u>75,740</u>	<u>58,216</u>

Net incoming/outgoing resources for the year include:

	2015 £ 000	2014 £ 000
Operating leases - plant and machinery	247	201
Operating leases - other leases	610	402
Fees payable to auditor - audit	104	103
- other audit services	<u>-</u>	<u>22</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

7 Charitable activities - Academy's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Direct costs					
Teaching and educational support staff costs	1,208	39,819	-	41,027	31,985
Educational supplies	52	4,185	-	4,237	3,201
Examination fees	-	562	-	562	505
Staff development	5	578	-	583	389
Technology costs	9	706	-	715	642
Educational consultancy	2	471	-	473	823
Other direct costs	43	997	-	1,040	887
Provision of boarding activities	-	50	-	50	81
Depreciation	-	-	994	994	1,461
	<u>1,319</u>	<u>47,368</u>	<u>994</u>	<u>49,681</u>	<u>39,974</u>
Allocated support costs					
Support staff costs	536	7,433	24	7,993	5,818
FRS 17 service cost adjustment	-	3,328	-	3,328	2,141
Depreciation	-	-	1,538	1,538	1,097
Maintenance of premises and equipment	90	1,396	882	2,368	1,075
PFI charges	22	636	-	658	313
Technology costs	3	1,261	-	1,264	784
Cleaning	31	563	-	594	435
Rent, rates and utilities	108	2,071	-	2,179	1,746
Insurance	67	683	-	750	645
Recruitment and support	-	296	-	296	297
Security and transport	-	654	-	654	498
Catering	460	1,514	-	1,974	1,422

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

7 Charitable activities (continued)

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Bank interest and charges	1	25	-	26	22
Expected return on pension scheme assets	-	(927)	-	(927)	(591)
Interest on defined benefit pension scheme	-	1,147	-	1,147	798
Professional fees	-	128	-	128	100
Other support costs	3	811	58	872	565
Provision of boarding activities	-	346	23	369	432
	<u>1,321</u>	<u>21,365</u>	<u>2,525</u>	<u>25,211</u>	<u>17,597</u>
	<u>2,640</u>	<u>68,733</u>	<u>3,519</u>	<u>74,892</u>	<u>57,571</u>

Educational consultancy costs include the support to the Trust's existing academies to aid their school improvement programmes. Resources were also provided for new and prospective academies to aid them in developing their curriculum models in line with the vision of the Trust. These costs also include the project management costs of bringing new academies into the Trust; this work was fully funded by government grants.

8 Governance costs

	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Legal and professional fees	604	88	692	474
Audit of financial statements	104	-	104	103
Internal audit fees	35	-	35	43
Trustees' reimbursed expenses	<u>2</u>	<u>-</u>	<u>2</u>	<u>3</u>
	<u>745</u>	<u>88</u>	<u>833</u>	<u>623</u>

The legal and professional fees reflect the work required in advance of admitting academies to the Trust. Funding has been received to offset a level of these costs. Costs also reflect the introduction of specific projects during the year, such as the move to a single catering partner. These costs will create savings in future years.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

9 Staff costs

	2015 £ 000	2014 £ 000
Staff costs during the year were:		
Wages and salaries	40,679	31,454
Social security costs	2,895	2,246
Pension costs	6,591	4,780
Supply teacher costs	2,045	1,554
Compensation payments	431	239
	<u>52,641</u>	<u>40,273</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £282,000. Individually, the payments were for: two amounts of £23,000, two amounts of £16,000, two amounts of £14,000, two amounts of £9,000, three amounts of £7,000, and individual amounts of £30,000, £11,000, £6,000, £5,000, £4,000 and £3,000.

When Charnwood College joined the Trust on 1 April 2015 a grant from the Education Funding Agency to cover anticipated redundancy costs had been secured. Included in the compensation payments referred to above are costs of £146,000 which were funded directly out of this grant.

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

	2015 No	2014 No
Charitable Activities		
Teachers and educational support	1,307	1,112
Administration and support	349	219
Management	38	28
	<u>1,694</u>	<u>1,359</u>

The above numbers are, for the academies which joined the Trust during the year, based on the average numbers of persons employed on the basis the school was part of the Trust for twelve months.

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

9 Staff costs (continued)

	2015 No	2014 No
£60,001 - £70,000	19	14
£70,001 - £80,000	3	2
£80,001 - £90,000	7	4
£90,001 - £100,000	4	2
£100,001 - £110,000	2	1
£110,001 - £120,000	2	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1

25 (2014 - 20) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £258,000 (2014 - £188,000). 12 (2014 - 7) of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £200,000 (2014 - £132,000).

10 Central services

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

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

The Trust charges for these services on the following basis:

A flat percentage based on funding received from the Education Funding Agency. This percentage, which is between 2% and 6%, is dependent on the specific circumstances of each academy (such as secondary, primary or special school).

The actual amounts charged during the year were as follows:

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

10 Central services (continued)

	2015 £ 000
Abbey CE Academy	42
Ainthorpe Primary Academy	60
Barnes Wallis Academy	50
Briar Hill Primary School	73
Brighthurst Primary School	28
Cedar Road Primary School	76
Charles Read Academy	30
Charnwood College	46
Eastfield Academy	54
Edward Heneage Primary Academy	75
Endike Primary Academy	88
Eresby Special School	19
Fairfield Academy	41
Falconer's Hill Academy	48
Greenfields Primary School	61
Havelock Academy	166
Hogthorpe Primary Academy	16
Humberston Academy	77
Ingoldsby Academy	7
King Edward VI Academy	69
Kings Heath Primary Academy	80
Lodge Park Academy	134
Malcolm Arnold Academy	175
Malcolm Arnold Preparatory School	18
Newnham Primary school	20
Quay Academy	56
Rockingham Primary School	63
Skegness Grammar School	71
The Arbours Primary Academy	82
Thomas Hinderwell Primary Academy	49
Thomas Middlecott Academy	34
Welton CE Primary Academy	28
Wold Academy	98
	<hr/>
	2,034

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

11 Trustees' remuneration and expenses

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

During the year ended 31 August 2015, travel and expenses totalling £2,000 (2014 - £3,000) were reimbursed to 4 trustees (2014 - 5).

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

12 Trustees' and officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was included in the total insurance premia which was reimbursed by the Education Funding Agency.

13 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Assets under construction £ 000	Total £ 000
Cost							
At 1 September 2014	21,927	44,440	2,039	61	4,874	-	73,341
Additions	20,648	7,921	1,042	-	873	1,074	31,558
At 31 August 2015	42,575	52,361	3,081	61	5,747	1,074	104,899
Depreciation							
At 1 September 2014	644	2,113	868	35	4,231	-	7,891
Charge for the year	570	991	509	20	465	-	2,555
At 31 August 2015	1,214	3,104	1,377	55	4,696	-	10,446
Net book value							
At 31 August 2015	41,361	49,257	1,704	6	1,051	1,074	94,453
At 31 August 2014	21,283	42,327	1,171	26	643	-	65,450

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

14 Investments

	Investments £ 000
Cost	
At 1 September 2014	2,734
Revaluation	(450)
Additions	1,009
Disposals	(1,109)
At 31 August 2015	2,184
Provision	
At 31 August 2015	-
Net book value	
At 31 August 2015	2,184
At 31 August 2014	2,734

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

	2015	2014
UK high income		
Carphone Warehouse Group plc ord 0.001	25%	35%
Talk Talk Telecom Group plc ord 0.001	41%	36%

The Academy owns 100% of the ordinary shares of David Ross Education Services Ltd, a company incorporated in England and Wales. The principal activity of the company is dormant. Turnover for the year ended 31 August 2015 was £Nil, expenditure was £Nil and the profit/(loss) for the year was £Nil. The assets of the company at 31 August 2015 were £1, liabilities were £Nil and capital and reserves were £1.

15 Stock

	2015 £ 000	2014 £ 000
Sundry stock	20	74

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

16 Debtors

	2015 £ 000	2014 £ 000
Trade debtors	276	162
Prepayments and accrued income	882	799
VAT recoverable	906	780
Other debtors	2,431	2,774
	<u>4,495</u>	<u>4,515</u>

17 Creditors: amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade creditors	5,369	3,261
Other taxation and social security	923	733
Other creditors	1,021	879
Pension scheme creditor	800	619
Accruals	1,463	1,070
EFA creditor: abatement of GAG	-	96
	<u>9,576</u>	<u>6,658</u>

The secondary academies with post-16 provision distribute 16-19 bursary funds to students as an agent for the Education Funding Agency. During the year the Trust received £68,000 and disbursed £47,000 from the fund. An amount of £21,000 is included in other creditors relating to undistributed funds that is repayable to the Education Funding Agency.

Included in other creditors are interest free loans of £65,000 from Salix. Amounts falling due after one year of £63,000 are included within creditors falling due after one year. Two of these loans are fully repayable within the next twelve months, one in the year thereafter and one by 31 August 2019.

18 Creditors: amounts falling due after one year

	2015 £ 000	2014 £ 000
Other creditors	<u>63</u>	<u>125</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

19 Funds

	Balance at 1 September 2014 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2015 £ 000
Restricted general funds					
General Annual Grant	1,347	56,893	(57,270)	(825)	145
Start up grants	-	1,098	(1,098)	-	-
Pupil Premium	34	4,244	(4,278)	-	-
Special grants	272	2,152	(2,046)	(59)	319
Local Authority funding	20	2,025	(1,876)	-	169
Donations in lieu of rent	-	617	(617)	-	-
Voluntary income	315	1,057	(1,094)	-	278
Provision of boarding facilities	(105)	464	(396)	-	(37)
	<u>1,883</u>	<u>68,550</u>	<u>(68,675)</u>	<u>(884)</u>	<u>874</u>
Restricted fixed asset funds					
DfE capital grants	3,647	1,770	(1,368)	-	4,049
Capital expenditure from grant income	3,280	-	(644)	2,256	4,892
Private sector capital donations	258	245	(94)	-	409
Donation of transferred assets from local authority	<u>59,548</u>	<u>27,570</u>	<u>(1,501)</u>	<u>-</u>	<u>85,617</u>
	66,733	29,585	(3,607)	2,256	94,967
Restricted pension funds					
Pension reserve	(11,443)	(4,628)	(818)	(742)	(17,631)
Other restricted funds					
Endowment fund	<u>3,238</u>	<u>-</u>	<u>-</u>	<u>(1,205)</u>	<u>2,033</u>
Total restricted funds	60,411	93,507	(73,100)	(575)	80,243
Unrestricted funds					
Unrestricted general funds	<u>2,934</u>	<u>2,923</u>	<u>(2,640)</u>	<u>(68)</u>	<u>3,149</u>
Total funds	<u>63,345</u>	<u>96,430</u>	<u>(75,740)</u>	<u>(643)</u>	<u>83,392</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

19 Funds (continued)

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

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

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

19 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows (£ 000s):

Abbey CE Academy	137
Ainthorpe Primary Academy	123
Briar Hill Primary School	115
Brighthurst Primary School	(2)
Cedar Road Primary School	107
Charles Read Academy	420
Charnwood College	6
Eastfield Academy	89
Edward Heneage Primary Academy	401
Endike Primary Academy	214
Eresby Special School	616
Fairfield Academy	131
Falconer's Hill Academy	139
Greenfields Primary School	202
Havelock Academy	915
Hogsthorpe Primary Academy	103
Humberston Academy	636
Ingoldsby Academy	81
King Edward VI Academy	(51)
Kings Heath Primary Academy	120
Lodge Park Academy	626
Malcolm Arnold Academy	366
Malcolm Arnold Preparatory School	73
Newnham Primary school	124
Quay Academy	184
Rockingham Primary School	53
Skegness Grammar School	(740)
The Arbours Primary Academy	417
Thomas Hinderwell Primary Academy	61
Thomas Middlecott Academy	125
Welton CE Primary Academy	153
Wold Academy	234
Endowment	2,033
Central services	(2,155)
Total before fixed assets and pension reserve	6,056
Restricted fixed asset fund	94,967
Pension reserve	(17,631)
Total	83,392

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

19 Funds (continued)

Academies in deficit:

Skegness Grammar School: Prior to joining the Trust the school employed staff in excess of its requirements, given the number of pupils. A staff restructuring took place during the year ended 31 August 2013. As result of increased occupancy in this financial year, the boarding house ended with an in-year surplus. This will have a positive impact on the academy as lagged pupil funding catches up with boarding numbers.

King Edward VI Academy: Pupil numbers have historically been low, however, the academy's recent key stage 4 results continue to show improvement. Pupil numbers as indicated on the October 2015 census show an increasing trend which will have a positive impact on the academy's budget.

The deficit on central services is due to a number of significant investments during the year. The Trust has increased its focus on educational improvement and safeguarding, several programmes have been introduced including PIXl across the Trust and Read Write Inc has been fully implemented into all primary academies. The Trust has developed the Teaching School alliance. The capacity within the central team has been increased. Furthermore, a Trust-wide information technology system has been introduced and a centralised financial accounting system was installed. The contribution from academies to central costs was increased with effect from 1 September 2015.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total £ 000
Abbey CE Academy	498	81	59	183	821
Ainthorpe Primary Academy	829	140	57	221	1,247
Barnes Wallis Academy	1,459	284	94	400	2,237
Briar Hill Primary School	1,006	88	59	340	1,493
Brighthurst Primary School	485	57	25	91	658
Cedar Road Primary School	1,077	90	160	319	1,646
Charles Read Academy	1,121	125	74	242	1,562
Charnwood College	1,619	392	67	245	2,323
Eastfield Academy	727	54	100	248	1,129
Edward Heneage Primary Academy	1,069	179	54	224	1,526
Endike Primary Academy	1,239	98	123	405	1,865
Eresby Special School	736	92	22	112	962
Fairfield Academy	607	74	40	134	855
Falconer's Hill Academy	653	87	41	139	920
Greenfields Primary School	834	131	101	253	1,319
Havelock Academy	4,081	588	528	1,525	6,722

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

19 Funds (continued)

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total £ 000
Hogsthorpe Primary Academy	230	25	37	74	366
Humberston Academy	2,693	542	180	660	4,075
Ingoldsby Academy	115	16	4	23	158
King Edward VI Academy	2,015	469	65	643	3,192
Kings Heath Primary Academy	1,322	78	122	352	1,874
Lodge Park Academy	3,445	843	186	747	5,221
Malcolm Arnold Academy	4,285	641	447	1,959	7,332
Malcolm Arnold Preparatory School	241	29	38	75	383
Newnham Primary school	299	42	9	78	428
Quay Academy	811	55	27	176	1,069
Rockingham Primary School	839	126	59	175	1,199
Skegness Grammar School	2,316	536	188	610	3,650
The Arbours Primary Academy	1,012	124	98	313	1,547
Thomas Hinderwell Primary Academy	817	76	52	195	1,140
Thomas Middlecott Academy	949	188	66	172	1,375
Welton CE Primary Academy	372	72	30	119	593
Wold Academy	1,594	170	113	329	2,206
Central services	1,255	2,803	1,238	3,977	9,273
Trust	<u>42,650</u>	<u>9,395</u>	<u>4,563</u>	<u>15,758</u>	<u>72,366</u>

The above represents the expenditure incurred before the adjustments required under Financial Reporting Standard 17 (FRS17) Retirements Benefits in respect of the local government pension scheme.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

20 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Endowment fund £ 000	Total funds £ 000
Tangible fixed assets	-	-	94,453	-	94,453
Investments	-	-	-	2,184	2,184
Current assets	3,149	10,362	514	-	14,025
Current liabilities	-	(9,425)	-	(151)	(9,576)
Creditors over 1 year	-	(63)	-	-	(63)
Pension scheme liability	-	(17,631)	-	-	(17,631)
Total net assets	<u>3,149</u>	<u>(16,757)</u>	<u>94,967</u>	<u>2,033</u>	<u>83,392</u>

21 Financial commitments

Operating leases

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2015 £ 000	2014 £ 000
Land and buildings		
Within one year	47	-
Over five years	<u>746</u>	<u>441</u>
	<u>793</u>	<u>441</u>
Other		
Within one year	110	21
Within two to five years	145	187
Over five years	<u>6</u>	<u>1</u>
	<u>261</u>	<u>209</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

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

	2015 £ 000	2014 £ 000
Net income	20,690	18,918
Depreciation	2,555	2,581
Donations in kind on academy conversion	(27,541)	(17,056)
Donated capital and capital grants	(2,015)	(1,797)
Endowment fund receipts	-	(2,543)
Interest receivable	(104)	(132)
FRS 17 expected return on scheme assets	(927)	(591)
FRS 17 interest on defined benefit pension scheme	1,147	798
FRS17 service cost adjustment net of contributions payable	598	249
Decrease/(increase) in stocks	54	(71)
Increase in debtors	(989)	(968)
Increase in creditors	2,827	2,156
FRS17 pension liability transferred on conversion	4,628	2,365
Net cash inflow from operating activities	<u>923</u>	<u>3,909</u>

23 Returns on investments and servicing of finance

	2015 £ 000	2014 £ 000
Interest received	<u>104</u>	<u>132</u>
Net cash inflow from returns on investments and servicing of finance	<u>104</u>	<u>132</u>

24 Capital expenditure and financial investment

	2015 £ 000	2014 £ 000
Purchase of tangible fixed assets	(3,988)	(4,663)
Purchase of investments	-	(49)
Sale of investments	1,658	232
Capital grants from DfE	1,770	1,791
Capital grants from others	245	6
Endowment fund income	-	500
Net cash outflow from capital expenditure and financial investment	<u>(315)</u>	<u>(2,183)</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

25 Analysis of changes in net funds

	At 1 September 2014 £ 000	Cash flows £ 000	At 31 August 2015 £ 000
Cash at bank and in hand	<u>8,798</u>	<u>712</u>	<u>9,510</u>

26 Capital commitments

	2015 £ 000	2014 £ 000
Contracted for, but not provided in the financial statements	<u>1,315</u>	<u>2,137</u>

27 Contingent liabilities

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

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

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

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

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

28 Members' liability

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

29 Related party transactions

During the year the Trust purchased goods and services from organisations which, under Financial Reporting Standard 8, are considered to be connected to the trustees: two trustees are trustees of Uppingham School £4,000 (training); one trustee is connected to the Peterborough Diocesan - £1,000 (training); three trustees are connected with Nottingham University expenditure of £2,000 (training) and income of £2,000 (student placements); one trustee is a director and shareholder in Duncan & Toplis Limited £35,000 (internal audit services). All of these transactions were acquired at arm's length in accordance with the Trust's financial regulations and normal procurement procedures. None of the aforementioned transactions fall under the definition of connected parties as set out in the Academies Financial Handbook.

Mr D Ross and Mr M Bolland are trustees of the David Ross Foundation, which, during the year ended 31 August 2015, allowed the Trust use of its office space without charge. This has been valued at £82,000. The Foundation also made specific donations of £500,000.

30 Post balance sheet events

The Trust has been given approval to establish two free schools: The Ashworth Preparatory School in Corby, which is expected to open on 1 September 2016 and an all-through school on the Olympic Park in London, which is planned to open in the academic year commencing 1 September 2017.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

31 Academy boarding trading account

	£ 000
Income	
Fee income	464
Expenditure - Direct costs	
Other direct costs	50
Expenditure - Indirect costs	
Staff costs	293
Utilities	21
Rent and rates	5
Security	1
Buildings maintenance	7
Depreciation	23
Other indirect costs	19
Total indirect costs	<u>369</u>
Total operating costs	<u>419</u>
Surplus on boarding	45
Deficit brought forward at 1 September 2014	<u>(149)</u>
Deficit carried forward at 31 August 2015	<u><u>(104)</u></u>

32 Pension and similar obligations

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

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

Contributions amounting to £800,000 (2014 - £619,000) were payable to the schemes at 31 August 2015 and are included within creditors.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £3,303,000 (2014: £2,637,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions' website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £3,485,000 (2014 - £2,400,000), of which employer's contributions totalled £2,730,000 (2014 - £1,892,000) and employees' contributions totalled £755,000 (2014 - £508,000). The agreed contribution rates for future years for employers vary across academies and vary according to gross salaries for employees.

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

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

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

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

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

East Riding Pension Fund

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

Principal actuarial assumptions

	At 31 August 2015 %	At 31 August 2014 %
Rate of increase in salaries	4.00	3.90
Rate of increase for pensions in payment/inflation	2.60	2.60
Discount rate for scheme liabilities	3.70	3.70
Inflation assumptions (CPI)	2.60	2.80
RPI increases	3.50	3.60
Commutation of pensions to lump sums	<u>65.00</u>	<u>65.00</u>

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males retiring today	21.90	21.90
Females retiring today	24.10	24.10
Retiring in 20 years		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

	At 31 August 2015 £ 000	At 31 August 2014 £ 000
Equities	5,970	4,724
Bonds	796	613
Property	875	429
Cash	318	368
Total market value of assets	7,959	6,134
Present value of scheme liabilities - funded	(13,525)	(10,095)
Deficit in the scheme	(5,566)	(3,961)

The expected rates of return were:

	At 31 August 2015 %	At 31 August 2014 %
Equities	3.70	6.40
Bonds	3.70	3.20
Property	3.70	4.50
Cash	3.70	3.30

The expected return on assets is set equal to the discount rate.

The actual return on scheme assets was £35,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2015 £ 000	2014 £ 000
Current service cost	1,306	860
Inherited on conversion	1,017	1,141
Total operating charge	<u>2,323</u>	<u>2,001</u>

Analysis of pension finance (income)/costs

	2015 £ 000	2014 £ 000
Expected return on pension scheme assets	(404)	(250)
Interest on pension liabilities	432	296
Pension finance costs	<u>28</u>	<u>46</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £2,016,000 loss (2014 - £ 1,549,000 loss).

Movements in the present value of defined benefit obligation

	2015 £ 000	2014 £ 000
At 1 September	10,095	4,627
Inherited on conversion	1,341	1,729
Current service cost	1,306	860
Interest cost	432	296
Employee contributions	334	226
Actuarial losses	98	2,425
Benefits paid	(81)	(68)
At 31 August	<u>13,525</u>	<u>10,095</u>

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

	2015 £ 000	2014 £ 000
At 1 September	6,134	3,212
Inherited on conversion	324	588
Expected return on assets	404	250
Actuarial (losses)/gains	(369)	1,104
Employer contributions	1,213	822
Employee contributions	334	226
Benefits paid	(81)	(68)
At 31 August	<u>7,959</u>	<u>6,134</u>

The estimated value of employer contributions for next period is £1,304,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current and previous 4 periods are as follows:

	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Present value of scheme liabilities	(13,525)	(10,095)	(4,627)	(3,453)	(2,516)
Fair value of scheme assets	7,959	6,134	3,212	2,299	1,745
Deficit in the scheme	(5,566)	(3,961)	(1,415)	(1,154)	(771)
	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Experience adjustments arising on scheme assets	245	1,104	243	37	170
Experience adjustments arising on scheme liabilities	98	(1,647)	-	-	-

Northamptonshire Pension Fund

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

Principal actuarial assumptions

	At 31 August 2015 %	At 31 August 2014 %
Rate of increase in salaries	4.6	4.5
Rate of increase for pensions in payment/inflation	2.7	2.7
Discount rate for scheme liabilities	3.8	3.7
Inflation assumptions (CPI)	2.7	2.9
RPI increases	3.6	3.7
Commutation of pensions to lump sums	75.0	75.0

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males retiring today	22.3	22.3
Females retiring today	24.3	24.3
Retiring in 20 years		
Males retiring in 20 years	24.0	24.0
Females retiring in 20 years	26.6	26.6

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Equities	4,314	3,467
Bonds	1,171	928
Property	555	342
Cash	123	146
Total market value of assets	6,163	4,883
Present value of scheme liabilities - funded	(11,175)	(9,625)
Deficit in the scheme	(5,012)	(4,742)

The expected rates of return were:

	At 31 August 2015	At 31 August 2014
	%	%
Equities	3.8	6.4
Bonds	3.8	2.9
Property	3.8	4.5
Cash	3.8	3.3

The expected return on assets is set equal to the discount rate.

The actual return on the scheme assets was £180,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Current service cost	1,157	825
Losses/(gains) on curtailments and settlements	-	18
Inherited on conversion	-	874
Total operating charge	<u>1,157</u>	<u>1,717</u>

Analysis of pension finance (income)/costs

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Expected return on pension scheme assets	(297)	(215)
Interest on pension liabilities	381	306
Pension finance costs	<u>84</u>	<u>91</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a loss of £1,304,000 (2014: £1,365,000).

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	9,625	5,367
Inherited on conversion	-	1,315
Current service cost	1,157	825
Interest cost	381	306
Estimated benefits paid	(47)	(36)
Employee contributions	237	180
Losses/(gains) on curtailments	-	(36)
Actuarial losses/(gains)	(178)	1,650
At 31 August	<u>11,175</u>	<u>9,625</u>

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	4,883	2,945
Inherited on conversion	-	441
Expected return on assets	297	215
Actuarial gains	(117)	401
Estimated benefits paid	(47)	(36)
Employer contributions	910	737
Employee contributions	237	180
At 31 August	<u>6,163</u>	<u>4,883</u>

The estimated value of employer contributions for next period is £989,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current and previous four periods are as follows;

	At 31 August 2015	At 31 August 2014	At 31 August 2013	At 31 August 2012	At 31 August 2011
	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of scheme liabilities	(11,175)	(9,625)	(5,367)	(1,836)	(1,175)
Fair value of scheme assets	6,163	4,883	2,945	1,371	1,039
	<u>(5,012)</u>	<u>(4,742)</u>	<u>(2,422)</u>	<u>(465)</u>	<u>(136)</u>
Experience adjustments arising on scheme assets	167	401	167	35	(38)
Experience adjustments arising on scheme liabilities	148	83	148	-	-

Lincolnshire Pension Fund

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

Principal actuarial assumptions

	At 31 August 2015	At 31 August 2014
	%	%
Rate of increase in salaries	4.0	3.9
Rate of increase for pensions in payment/inflation	2.6	2.6
Discount rate for scheme liabilities	3.7	3.7
Inflation assumptions (CPI)	2.8	2.8
RPI increases	3.5	3.6
Commutation of pensions to lump sums	<u>63.0</u>	<u>63.0</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males retiring today	22.2	22.2
Females retiring today	24.4	24.4
Retiring in 20 years		
Males retiring in 20 years	24.5	24.5
Females retiring in 20 years	26.8	26.8

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Equities	2,874	1,972
Bonds	498	337
Property	460	285
Cash	-	-
Total market value of assets	3,832	2,594
Present value of scheme liabilities - funded	(8,542)	(5,116)
Deficit in the scheme	(4,710)	(2,522)

The expected rates of return were:

	At 31 August 2015	At 31 August 2014
	%	%
Equities	3.7	6.3
Bonds	3.7	3.6
Property	3.7	4.5
Cash	3.7	3.3

The expected return on assets is set equal to the discount rate.

The actual return on the scheme assets was £64,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Current service cost	660	415
Inherited on conversion	1,718	166
Total operating charge	<u>2,378</u>	<u>581</u>

Analysis of pension finance (income)/costs

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Expected return on pension scheme assets	(181)	(126)
Interest on pension liabilities	261	188
Pension finance costs	<u>80</u>	<u>62</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £561,000 (2014: £367,000).

Movements in the present value of defined benefit obligation

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	5,116	3,318
Inherited on conversion	2,332	546
Current service cost	660	415
Interest cost	261	188
Estimated benefits paid	(45)	(33)
Employee contributions	141	95
Actuarial losses	77	587
At 31 August	<u>8,542</u>	<u>5,116</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	2,594	1,502
Inherited on conversion	614	380
Expected return on assets	181	126
Actuarial gains	(117)	213
Estimated benefits paid	(45)	(33)
Employer contributions	464	311
Employee contributions	141	95
At 31 August	<u>3,832</u>	<u>2,594</u>

The estimated value of employer contributions for next period is £510,000.

History of experience adjustments

Amounts for the current and previous three periods are as follows;

	At 31 August 2015	At 31 August 2014	At 31 August 2013	At 31 August 2012
	£ 000	£ 000	£ 000	£ 000
Present value of scheme liabilities	(8,542)	(5,116)	(3,318)	-
Fair value of scheme assets	3,832	2,594	1,502	-
	<u>(4,710)</u>	<u>(2,522)</u>	<u>(1,816)</u>	<u>-</u>
Experience adjustments arising on scheme assets	86	213	86	-
Experience adjustments arising on scheme liabilities	-	(73)	-	-

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

North Yorkshire Pension Fund

[Thomas Hinderwell Primary Academy]

Principal actuarial assumptions

	At 31 August 2015	At 31 August 2014
	%	%
Rate of increase in salaries	3.6	3.9
Rate of increase for pensions in payment/inflation	2.1	2.4
Discount rate for scheme liabilities	3.8	4.6
Inflation assumptions (CPI)	2.1	2.4
RPI increases	3.2	3.2
Commutation of pensions to lump sums	-	-

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males retiring today	23.2	23.0
Females retiring today	25.7	23.0
Retiring in 20 years		
Males retiring in 20 years	25.4	25.3
Females retiring in 20 years	28.0	25.3

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

	At 31 August 2015	At 31 August 2014
	£000	£000
Equities	42	18
Government bonds	12	3
Other bonds	5	4
Others	6	-
Property	5	2
Cash	1	3
Total market value of assets	71	30
Present value of scheme liabilities - funded	(319)	(248)
Deficit in the scheme	(248)	(218)

The expected rates of return were:

	At 31 August 2015	At 31 August 2014
	%	%
Equities	3.8	7.0
Government bonds	3.8	2.9
Other bonds	3.8	3.8
Property	3.8	6.2
Cash	3.8	0.5

The expected return on assets are set equal to the discount rate.

The actual return on the scheme assets was £3,000.

Amounts recognised in the statement of financial activities

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Current service cost	34	23
Inherited on conversion	-	184
Total operating charge	34	207

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Analysis of pension finance (income)/costs

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Expected return on pension scheme assets	(2)	-
Interest on pension liabilities	12	8
Pension finance costs	<u>10</u>	<u>8</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £40,000 loss (2014 - £25,000 loss).

Movements in the present value of defined benefit obligation

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	248	-
Inherited on conversion	-	184
Current service cost	34	23
Interest cost	12	8
Employee contributions	10	7
Estimated benefits paid	(1)	-
Actuarial losses	16	26
At 31 August	<u>319</u>	<u>248</u>

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	30	-
Inherited on conversion	-	-
Expected return on assets	2	-
Actuarial gains	1	1
Estimated benefits paid	(1)	-
Employer contributions	29	22
Employee contributions	10	7
At 31 August	<u>71</u>	<u>30</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

The estimated value of employer contributions for next period is £48,000.

History of experience adjustments

Amounts for the current and previous 3 periods are as follows;

	2015	2014	2013	2012
	£ 000	£ 000	£ 000	£ 000
Present value of scheme liabilities	(319)	(248)	-	-
Fair value of scheme assets	71	30	-	-
	<u>(248)</u>	<u>(218)</u>	<u>-</u>	<u>-</u>
Experience adjustments arising on scheme assets	1	1	-	-
Experience adjustments arising on scheme liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

Principal actuarial assumptions

	At 31 August 2015	At 31 August 2014
	%	%
Rate of increase in salaries	4.5	-
Rate of increase for pensions in payment/inflation	2.6	-
Discount rate for scheme liabilities	3.7	-
Inflation assumptions (CPI)	2.6	-
RPI increases	3.5	-
Commutation of pensions to lump sums	75%	-

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males retiring today	22.2	-
Females retiring today	24.3	-
Retiring in 20 years		
Males retiring in 20 years	24.2	-
Females retiring in 20 years	26.6	-

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Equities	1,117	-
Bonds	356	-
Property	186	-
Cash	34	-
Total market value of assets	1,693	-
Present value of scheme liabilities - funded	(3,788)	-
Deficit in the scheme	(2,095)	-

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

The expected rates of return were:

	At 31 August 2015	At 31 August 2014
	%	%
Equities	3.7	-
Bonds	3.7	-
Property	3.7	-
Cash	3.7	-

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

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

Amounts recognised in the statement of financial activities

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Current service cost	171	-
Inherited on conversion	1,893	-
Total operating charge	2,064	-

Analysis of pension finance (income)/costs

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Expected return on pension scheme assets	(43)	-
Interest on pension liabilities	61	-
Pension finance costs	18	-

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a loss of £1,910,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	-	-
Inherited on conversion	3,500	-
Current service cost	171	-
Interest cost	61	-
Estimated benefits paid	-	-
Employee contributions	33	-
Actuarial losses	23	-
At 31 August	<u>3,788</u>	<u>-</u>

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	-	-
Inherited on conversion	1,607	-
Expected return on assets	43	-
Actuarial gains	(104)	-
Estimated benefits paid	-	-
Employer contributions	114	-
Employee contributions	33	-
At 31 August	<u>1,693</u>	<u>-</u>

The estimated value of employer contributions for next period is £254,000.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current and previous period are as follows;

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Present value of scheme liabilities	(3,788)	-
Fair value of scheme assets	1,693	-
Deficit in the scheme	(2,095)	-
	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Experience adjustments arising on scheme assets	(104)	-
Experience adjustments arising on scheme liabilities	-	-

Total of all schemes

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

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Equities	14,317	10,181
Bonds	2,838	1,885
Property	2,081	1,058
Other	6	-
Cash	476	517
Total market value of assets	19,718	13,641
Present value of schemes' liabilities - funded	(37,349)	(25,084)
Deficit in the schemes	(17,631)	(11,443)

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Current service cost	3,328	2,123
Losses/(gains) on curtailments and settlements	-	28
Inherited on conversion	4,628	2,365
Total operating charge	<u>7,956</u>	<u>4,506</u>

Analysis of pension finance (income)/costs

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
Expected return on pension scheme assets	(927)	(591)
Interest on pension liabilities	1,147	798
Pension finance costs	<u>220</u>	<u>207</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a deficit of £5,831,000 (2014: £1,985,000)

Movements in the present value of defined benefit obligation

	At 31 August 2015	At 31 August 2014
	£ 000	£ 000
At 1 September	25,084	13,312
Inherited on conversion	7,173	3,774
Current service cost	3,328	2,123
Interest cost	1,147	798
Employee contributions	755	508
Losses/(gains) on curtailments and settlements	-	18
Actuarial losses	36	4,688
Benefits paid	(174)	(137)
At 31 August	<u>37,349</u>	<u>25,084</u>

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

32 Pension and similar obligations (continued)

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

	At 31 August 2015 £ 000	At 31 August 2014 £ 000
At 1 September	13,641	7,659
Inherited on conversion	2,545	1,409
Expected return on assets	927	591
Actuarial gains	(706)	1,719
Employer contributions	2,730	1,892
Employee contributions	755	508
Benefits paid	(174)	(137)
At 31 August	<u>19,718</u>	<u>13,641</u>

The estimated value of employer contributions for next period is £3,105,000.

History of experience adjustments

Amounts for the current and previous four periods are as follows:

	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Present value of scheme liabilities	(37,349)	(25,084)	(13,313)	(5,289)	(3,691)
Fair value of scheme assets	19,718	13,641	7,659	3,670	2,784
Deficit in the scheme	<u>(17,631)</u>	<u>(11,443)</u>	<u>(5,653)</u>	<u>(1,619)</u>	<u>(907)</u>

	2015 £ 000	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Experience adjustments arising on scheme assets	395	1,719	496	72	132
Experience adjustments arising on scheme liabilities	246	(1,637)	148	-	-

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

33 Conversion to an academy trust

During the year seven schools joined the Trust; all the operations assets and liabilities were transferred to David Ross Education Trust from the appropriate local authority for £Nil consideration in all cases.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

Barnes Wallis Academy

[conversion date 1 September 2014 - Lincolnshire County Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Freehold land and buildings	-	-	3,215	3,215
Other tangible fixed assets	-	-	110	110
Budget surplus on LA funds	17	-	-	17
Net assets	17	-	3,325	3,342

The above net assets include £17,000 that were transferred as cash.

Brighthurst Primary School

[conversion date 1 September 2014 - Leicestershire County Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	1,200	1,200
Other tangible fixed assets	-	-	18	18
Budget surplus on LA funds	67	-	-	67
Net assets	67	-	1,218	1,285

The above net assets include £67,000 that were transferred as cash.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

33 Conversion to an academy trust (continued)

Fairfield Academy

[conversion date 1 January 2015 - North East Lincolnshire Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	2,425	2,425
Other tangible fixed assets	-	-	53	53
Budget surplus on LA funds	54	-	-	54
Net assets	54	-	2,478	2,532

The above net assets include £54,000 that were transferred as cash.

Quay Academy

[conversion date 1 February 2015 - East Riding of Yorkshire Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	-	-
Other tangible fixed assets	-	-	70	70
Budget surplus on LA funds	207	-	-	207
Net assets	207	-	70	277

The above net assets include £207,000 that were transferred as cash.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

33 Conversion to an academy trust (continued)

Thomas Middlecott Academy

[conversion date 1 March 2015 - Lincolnshire County Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	3,540	3,540
Other tangible fixed assets	-	-	101	101
Salix loan	(39)	-	-	(39)
Budget surplus on LA funds	135	-	-	135
Net assets	96	-	3,641	3,737

The above net assets include £135,000 that were transferred as cash. This amount was outstanding at the year end and is included in debtors.

Ingoldsby Academy

[conversion date 1 March 2015 - Lincolnshire County Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Leasehold land and buildings	-	-	283	283
Other tangible fixed assets	-	-	13	13
Budget surplus on LA funds	88	-	-	88
Net assets	88	-	296	384

The above net assets include £88,000 that were transferred as cash. This amount was outstanding at the year end and is included in debtors.

David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

33 Conversion to an academy trust (continued)

Charnwood College

[conversion date 1 April 2015 - Leicestershire County Council]

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Freehold land and buildings	-	-	16,240	16,240
Other tangible fixed assets	-	-	302	302
Budget surplus on LA funds	211	-	-	211
Net assets	211	-	16,542	16,753

The above net assets include £211,000 that were transferred as cash. This amount was outstanding at the year end and is included in debtors.

TOTAL

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£ 000	£ 000	£ 000	£ 000
Tangible fixed assets				
Freehold and leasehold land and buildings	-	-	26,903	26,903
Other tangible fixed assets	-	-	667	667
Salix loan	(39)	-	-	(39)
Budget surplus on LA funds	779	-	-	779
Net assets	740	-	27,570	28,310

The above net assets include £779,000 that were transferred as cash, of which £434,000 is included in debtors.