

The David Ross Education Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2019

Company Registration Number:
06182612 (England and Wales)



The David Ross Education Trust

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The David Ross Education Trust

Reference and Administrative Details

Members

The David Ross Foundation
D Ross
D Overton
The Peterborough Diocese Church Schools Trust

Trustees (Directors)

D Ross (chairman)
B Brown
C Counsell (appointed 21 March 2019)
R Emerton
Sir A Foster
Bishop of Brixworth J Holbrook
D Hall
J Hoareau
N Langstaff
T Maloney

The following Trustees' terms of office ended during the year or after the year end:
E M Neild (resigned 18 September 2018)
J Dunseath (resigned 2 February 2019)

Company Secretary

M Maltby (appointed 17 September 2018)
SK Secretary Limited (resigned 17 September 2018)

Senior Management Team during the year

Chief Executive:
R Hackwood

Deputy Chief Executive Officer and Director of Education for Secondary Schools:
E M Neild (appointed 1 November 2018)

Education:
S Rose, Director of Education for Primary Schools
M Watling, Director of Education for Secondary Schools (up to 31 October 2018)

Finance:
J Spencer, Chief Finance Officer

Company Name
The David Ross Education Trust

The David Ross Education Trust

Reference and Administrative Details

Principal and Registered Office

Charnwood College
Thorpe Hill
Loughborough
Leicestershire
LE11 4SQ

Company Registration Number

06182612

Independent Auditor

KPMG LLP
Registered Auditor
1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

Bankers

Lloyds Bank plc
65 High Street
Stamford
Lincolnshire
PE9 2AT

Solicitors

Stone King Sewell LLP
13 Queen Square
Bath
Somerset
BA1 2HJ

The David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1 January 2015.

The academy trust operates 34 academies, being a mixture of primary and secondary academies, as well as one all-through school, one special school and several pre-school settings within some of the trust's primaries, across a geographical area spanning London to North Yorkshire. Its academies will have a combined pupil capacity of 16,800 (excluding pre-school settings) once all cohorts at the trust's free schools are full and had a roll of 13,200 in the school census on 3rd October 2019.

Structure, Governance and Management

Constitution

The academy 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 academy trust. The trustees of The David Ross Education Trust are also the 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 was 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 during the year and to the date these accounts are approved, are included in the Reference and Administrative Information on Page 2.

Members' Liability

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

Trustees' Indemnities

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 end of the year there were eight sponsor trustees, one academy trustee and one representative of the Peterborough Church Schools Trust.

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

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Trustees' Report and Strategic Report for the Year Ended 31 August 2019

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 delegates responsibilities to the local governing bodies in accordance with the Scheme of Delegation. Where an academy is underperforming, the Trust Board reserves the right to replace the local governing body with an Academy Improvement Board and to withhold delegations as appropriate.

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 need to undertake their role as trustees and governors.

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

Following a review of governance in 2017/8, membership of the Trust Board was refreshed to ensure that it has an appropriately broad range of professional skills and expertise. New Committees of the Trust Board were also established. A revised Scheme of Delegation was also developed for consultation with Governors which was approved and published in September 2018, then reviewed, updated and reapproved in September 2019.

Organisational Structure

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

The Trust is governed by the Trust Board which delegates functions as appropriate to the local governing body of each academy.

The trustees are responsible for all areas covered under the funding agreements and all areas of statutory responsibility appertaining to the Trust which includes 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. The Trust Board also approves the appointment of all chairs of local governing bodies. During the period under review the Trust Board held seven meetings. 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 Deputy Chief Executive Officer and Director of Secondary Education, the Director of Primary Education, Chief Financial Officer and the Director of HR. 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 Loughborough 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 academy senior leadership team. Line management of the principals is delegated to the Education Directorate.

The principal and senior leadership team at each academy are responsible for implementing the policies as agreed by the trustees and any local operating procedures as approved by the local governing bodies. Principals or functional leaders of central services are responsible for the authorisation of expenditure within Trust-agreed budgets and the appointment of staff.

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Trustees' Report and Strategic Report for the Year Ended 31 August 2019

Arrangements for setting pay and remuneration of key management personnel

During the year the Executive Committee of the Trust Board had responsibility for pay and remuneration. In response to the governance review, this committee was replaced in 2018 by an HR, Remuneration and Nominations Committee, with new Terms of Reference which include responsibilities to recommend pay and conditions for key management personnel, including Principals. Setting of the Chief Executive Officer's remuneration, and associated performance targets and review, is carried out by the Chair of the Trust Board. The Chief Finance Officer and Company Secretary appointments must be approved by Trust Board. Other members of the senior management team are appointed by the Chief Executive Officer and their salaries determined by benchmarking against market rates.

Principals are appointed by the Directors of Education in consultation with the CEO and their salaries are set by benchmarking against national guidance and market rates.

Senior leadership teams of individual academies are appointed by the Principal.

Trade union facility time

Relevant union officials

| Number of employees who were relevant union officials during the year | Full-time equivalent employee number |
|---|--------------------------------------|
| 4 | 4 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 1881 |
| 1% - 50% | 4 |
| 51% - 99% | 0 |
| 100% | 0 |

Percentage of pay bill spent on facility time

| | |
|---|--------|
| Total cost of facility time: | £1,000 |
| Total pay bill: | £55m |
| % of total pay bill spent on facility time: | 0.002% |

Paid trade union activities

| | |
|---|----|
| Time spent on paid trade union activities as a % of total paid facility time hours: | 0% |
|---|----|

Related Parties and other Connected Charities and Organisations

The Trust maintains The David Ross Education Trust Endowment Fund and The Havelock Academy Endowment Fund. The Funds were created to hold the endowments paid by the Trust's sponsor, The David Ross Foundation, in respect of Havelock Academy and of Malcolm Arnold Academy. Further donations from the Foundation have subsequently been received. The trustees are responsible for determining the specific uses of the Endowment Funds, which have now been fully invested in enhancing the provision of education at the Trust's academies.

The Trust is closely linked to The David Ross Foundation, which is the principal sponsor of the Trust. The Trust continues to benefit from the Foundation's many partners including (but not exclusively), Uppingham School and Nevill Holt Opera, as well as receiving continued fundraising support from the Foundation.

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The Trust owns 100% of the share capital of David Ross Education Services Ltd. This company was dormant during the year ended 31 August 2019.

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 the year ended 31 August 2019 the principal activity of the charitable company was the operation of 34 academies in Yorkshire, Lincolnshire, Northamptonshire, Leicestershire and London. 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 |
| All-through Academies | 1 |
| Special Academies | 1 |

The Trust's largest secondary academy, Malcolm Arnold Academy in Northampton, has circa 1,300 pupils, the smallest (Charles Read Academy in Lincolnshire) has just over 250. The average number of pupils on roll in the trust's secondary academies, based on the October 2018 census, was 678.

In the primary phase, the Trust has inner-city academies such as Wold Academy in Hull with approaching 600 pupils, as well as smaller rural schools such as Ingoldsby Academy in Lincolnshire, with fewer than 50 pupils. The average number of pupils on roll in the trust's primary academies excluding pre-school provision, based on the October 2018 census, was 266.

In September 2018, the primary phase of Bobby Moore Academy opened in London, following the opening of the secondary phase the previous year. At the October 2018 census, the number of pupils on roll at Bobby Moore Academy was 316, out of a total available capacity of 420. Once all cohorts are operating, the total capacity of this academy will be 1,560, including a sixth form of 240 pupils.

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 pupils to the academies and that the curriculum should develop the substance of the national curriculum.

Objectives, Strategies and Activities

The David Ross Education Trust was established in 2007 to enable the vision of The David Ross Foundation for broadening young people's horizons to be delivered through its academies. The Trust is recognised as one of 11 system leaders nationwide.

The Trust's mission is to broaden the horizons of young people through a world-class education. The Trust aims to deliver this through the following strategic priorities:

- Academic excellence and ambition: excellent academic outcomes for all our pupils, no matter what, with pupils' academic ambitions inspired by outstanding teaching and a stimulating, challenging curriculum.
- An outstanding all-round education: life-changing experiences that develop the confidence and skills that stay with pupils for life, which open pupils' eyes to the world around them to help them discover their talents and passions.

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- School of choice in our communities: schools that exhibit with the following characteristics – Ofsted 'outstanding' schools, exceptional teachers, strong pupil admissions demand and strong parental and governor advocacy.

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'.

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.

Some of the Trust's academies serve financially deprived areas of the country. Pupils 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.

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

Across The David Ross Education Trust, 2018/19 has been one of the most successful years for sport with a total of seven national titles won across Basketball, Indoor Rowing and Table Tennis. This enrichment programme continued to offer our pupils opportunities to participate, compete and excel.

- Clubs and coaching - our academies provided 7,072 sports sessions across the year, and 1,496 sporting fixtures. In total, there were 135,752 visits to sports clubs and fixtures across our secondary academies;
- 1,582 secondary students took part in an additional hour of sport per week (22% of all secondary students, 29% Years 7-10);
- The Trust Winter Cup, Spring Cup, Summer Cup, Cross Country Cup and Primary Cup events continue to go from strength to strength;
- The All-Star Netball squads (drawing together our most talented players from across all trust academies) won both their tournaments on their tour, and played matches against Uppingham, Queen Elizabeth Grammar and Oundle;
- All-Star footballers played Nottingham Forest and Boston United, with the U13 team finishing third at the St Georges Park Tournament and U15 winning both games on their tour to Portugal;
- The All-Star Rowers attended the National Indoor Rowing Championships with 12 pupils competing, achieving 2 Gold medal titles;
- The All-Star Rugby team went unbeaten in games versus Carre's Grammar, Trent College and De Aston School;
- Charles Read Academy won the U16 Schools' Table Tennis National Title and a pupil, Connor Green, claimed the singles National title too.

The Horizon Programme in primary academies continued to expand and now covers all year groups. The programme involved 5,064 children with a total of 11,336 Horizon Certificates awarded.

The programme also delivered:

- 32 Sports Association competitions with 970 competitors
- 1,737 virtual competition competitors
- 200 staff working with through team teaching
- 21 staff CPD sessions
- 9 masterclasses in netball, multi-skills and hockey

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In addition to sports, the Trust's enrichment programme offers a range of opportunities incorporating the arts and music. This year:

- The award-winning Singing Schools programme has expanded to 14 of the Trust's primary schools, part-funded by the Paul Hamlyn Foundation. The effectiveness of the programme is being evaluated over two years by Sound Connections and Birmingham City University;
- 1,600 pupils took part in the Primary and Secondary Music Festivals at Hull City Hall, Northampton Royal & Derngate and Kelham Hall;
- Following the Trust's Youth Choir's first performance at Ely Cathedral with Gabrieli Roar in July 2018, an album (An English Coronation) was released and reached No. 3 in the Classical Charts. The Youth Choir sang evensong in Lincoln Cathedral, led BBC Radio Northampton's Carol Service (together with a new All-Star Primary Choir) and performed in concert with the Britten Sinfonia and tenor Mark Padmore;
- 50 pupils from Edward Heneage Primary Academy, Greenfields Primary School and King's Heath Primary Academy performed at St John's Smith Square, as part of the Voices Foundation 25th anniversary concert;
- 10 primary academies presented 'Snappy Operas' with Mahogany Opera at Bridlington Theatre and Nevill Holt Theatre;
- The trust provided the Children's Chorus for Nevill Holt Opera's production of A Midsummer Night's Dream and were critically acclaimed ("the excellent children's chorus" – Daily Telegraph; "finely honed" – The Stage; "superb and immaculately drilled" – The Arts Desk; "a super crew of fairies" – Bachtrack);
- Three Dance Festivals (Hull City Hall and Corby Cube) involved 22 primary and secondary academies;
- The National Malcolm Arnold Festival was hosted at Malcolm Arnold Academy for the first time.

Strategic Report

Achievements and Performance

Academic Outcomes

Trustees are delighted to report that, at the end of Key Stage 2 the Trust achieved a combined average score of 68%, a 5% increase on prior year, building on the 7% increase achieved in the prior year. The sustained nature of improvement delivered across the Trust's primaries gives trustees confidence that the approach taken is being effective.

At Key Stage 4, the board of trustees is disappointed to report that, whilst a few of the Trust's academies continue to perform either in line with or above national average in term of Progress 8 measure, most of the Trust's academies continue to perform below national average, and overall, Progress 8 of -0.27 is slightly adverse to prior year (2018: -0.12). The Trustees recognise that significant incremental investment and work is needed to improve outcomes both in terms of absolute results and the Progress 8 measure. Improvement plans are already underway, a central team of Trust-wide Subject Leads has been recruited over the course of 2018/19 who are working to improve the quality of our curricula, and significant investment has been made during summer and autumn 2019 in CPD training for teachers to establish a trust-wide approach to teaching and learning and pupil behaviour management, drawing on Rosenshine's Principles of Instruction.

At Key Stage 5 (provision offered by 5 of the Trust's academies), slight positive progress was made overall with the average grade achieved per entry maintained at 2 academies, improved at 2 academies, but reduced at 1 academy, which was Lodge Park Academy. However, results are still behind national average at all academies except Skegness Grammar School. Looking forwards, the improvement approach for Key Stage 4 is being mirrored at Key Stage 5.

Ofsted Ratings

The outcomes from Ofsted reviews during the year were mixed. Pleasingly, Ofsted ratings were upgraded at two academies, being Edward Heneage Primary Academy (Inadequate to Good) and Thomas Middlecott Academy (Inadequate to Requires Improvement). However, Ofsted ratings were downgraded at three of the Trust's academies, being Lodge Park Academy (Requires Improvement to Inadequate), Havelock Academy (Good to

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Requires Improvement) and Wold Academy (Outstanding to Inadequate). Trustees are disappointed by the lowered ratings received at all three of these academies, although note that the adverse rating at Wold Academy was attributable to one specific aspect of safeguarding. Safeguarding of pupils is of the utmost importance to the Trust and as such, the Trust urgently commissioned a comprehensive independent review of safeguarding at Wold Academy by a third party specialist, which gave assurance that the academy's processes in relation to safeguarding were compliant, effective and thorough. Work continues with all academies that are in a category of requiring improvement and with all academies to move them to outstanding.

A summary of Ofsted Ratings and movement during the year is shown below (Bobby Moore Academy excluded as not yet inspected):

| | Outstanding | Good | Requires Improvement | Inadequate | Total |
|--------------------------|-------------|-----------|----------------------|------------|-----------|
| At 31 August 2019 | | | | | |
| Primaries | 1 | 17 | 3 | 1 | 22 |
| Secondaries | 1 | 4 | 4 | 1 | 10 |
| Special School | 1 | 0 | 0 | 0 | 1 |
| Total | 3 | 21 | 7 | 2 | 33 |
| At 31 August 2018 | | | | | |
| Primaries | 2 | 16 | 3 | 1 | 22 |
| Secondaries | 1 | 5 | 3 | 1 | 10 |
| Special School | 1 | 0 | 0 | 0 | 1 |
| Total | 4 | 21 | 6 | 2 | 33 |
| Movement | | | | | |
| Primaries | -1 | 1 | 0 | 0 | 0 |
| Secondaries | 0 | -1 | 1 | 0 | 0 |
| Special School | 0 | 0 | 0 | 0 | 0 |
| Total | -1 | 0 | 1 | 0 | 0 |

Key Financial Performance Indicators

| | 2018/19 | 2018/19 | 2017/18 | 2017/18 |
|---|----------|----------|----------|---------|
| | £000 | £000 | £000 | £000 |
| Revenue income | 76,735 | | 73,686 | |
| Revenue expenditure including loss on investment assets | (76,315) | | (75,170) | |
| Net revenue surplus/(deficit) for the year | | 420 | | (1,484) |
| Movement on restricted pension fund | | (14,312) | | 3,212 |
| Movement on Restricted Fixed Asset Funds | | (855) | | 16,065 |
| Net movement in funds | | (14,747) | | 17,793 |

The significant increase in Restricted Fixed Asset Funds in the year ended 31 August 2018 reflects the significant capital income received towards construction of Bobby Moore Academy, the secondary site and primary phase of which opened from 1 September 2018 (Year 7 having occupied the primary site during the year ended 31 August 2018). The reduction in Restricted Fixed Asset Funds during the year ended 31 August 2019 reflects the balance of depreciation and amortisation charges, in excess of capital income.

Note 19 to the financial statements provides further details on the funds carried forwards and movements during the year.

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

Key Non-Financial Performance Indicators

The Trust's academic performance is measured by national performance tables based on public examinations covering KS2, KS4 and KS5. Other key performance indicators are the quality of teaching and learning, Ofsted ratings, pupil numbers, including first choice applications, and the participation in enrichment activities. Further details can be found under achievements and performance.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. In assessing this, the Finance Committee and the Trust Board have considered the budget for the year ended 31 August 2020 and the longer term financial plan for the subsequent 2 years, which sets out a plan to achieve an in-year surplus in each future financial year. The Trust Board has considered the risks to achievement of the budget and longer term plan and considers the budget and plan, which has been approved by the board of Trustees, to be a balanced and achievable view. The Trust has revised its approach to budget setting, basing budgets and resource allocation on the curriculum-led need for each academy. The Finance Committee has also considered the cash flow forecast up to 31 August 2021 and the income and expenditure result for the first three months of the year ended 31 August 2020. The ESFA has provided cash flow support to the Trust in the short term, whilst it rebuilds its reserves. For these reasons it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of Accounting Policies (note 1).

Financial Review

Most of the Trust's income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

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

During the year ended 31 August 2019, the in-year income from restricted general funds and unrestricted funds (excluding movement in the net value of defined benefit pension balances) exceed corresponding expenditure by £0.4m (2018: expenditure exceeded income by £1.5m). This resulted in closing reserves (restricted general funds, excluding pension reserves, plus unrestricted funds) as at 31 August 2019 being a deficit of £1.0m (2018: £1.4m deficit).

The in-year net surplus result was after incurring £0.4m (2018: £1.0m) of staff restructuring costs and £0.1m (2018: £0.2m) loss on revaluation of investment shareholdings.

The restricted fixed asset fund shows in-year income of £3.4m, of which, £0.2m relates to funding received towards the construction of the Bobby Moore 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 £32.3m (2018: £18.0m)

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Reserves Policy

The Trust held fund balances as at 31 August 2019 of £116.1m (2018: £130.8m) comprising £114.7m (2018: £129.7m) of restricted funds and £1.4m (2018: £1.1m) of unrestricted general funds. The Trust's restricted funds include a pension reserve deficit of £32.3m (2018: £18.0m), restricted fixed asset funds of £149.4m (2018: £150.3m) which could only be realised by disposing of tangible fixed assets and restricted general funds (excluding pension reserve) of -£2.4m (2018: -£2.5m).

The Trust's unrestricted funds and restricted general funds (excluding pension reserve) together form the Trust's revenue reserves of £1.0m deficit (2018: £1.4m deficit). Whilst demands on the Trust's reserves will vary over the years, the Trust's policy is that the Trust aims to build up to maintaining a level of revenue reserves in the range of 5-10% of annual recurrent revenue income. The reason for this is to provide sufficient working capital to cover delays between payment of expenditure and receipt of grants and to provide a cushion to deal with emergencies such as urgent unexpected repair costs. Should the Trust's revenue reserves balance fall outside of this target range, a plan will be implemented to return to within the target range over an agreed period of time.

The revenue reserves deficit position has arisen following in-year deficits over several years. The Trust Board are delighted to report a small in-year surplus for the current year, following significant focus on improving financial management and value for money, which has involved implementing initiatives to improve value for money achieved in expenditure with suppliers, as well as implementation of integrated curriculum financial planning to ensure staffing expenditure is appropriately controlled. The Trust has put into place plans to increase the level of revenue reserves back to within its target range. Given the current deficit level of revenue reserves, the Trust's plan is that revenue reserves will be rebuilt gradually to within its target range, over a period of several years, to avoid a short-term negative impact on meeting educational priorities.

The balance on the Trust's Endowment Funds, which do not form part of the Trust's revenue reserves, is currently £nil (2018: £nil). The Endowment Funds have been used to fund major construction projects in the Trust's academies. In accordance with the provisions of the Charities Act 2011, the permanent element of the Trust's Endowment Funds will also need to be replaced over time from academy funds and the Trust has confirmed that it will accumulate reserves over time to rebuild the amounts received from expendable endowments to potentially fund future development projects.

Investment Policy

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

Principle Risks and Uncertainties

The trustees are responsible for identifying risks faced by the Trust, assessing the likelihood of each risk occurring and its potential impact and taking appropriate steps to mitigate the risks to a level they consider to be acceptable.

The board of trustees has assessed the major risks to which the Trust is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of each academy, and the finances of the Trust. The trustees continue to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching quality, health and safety, safeguarding, school trips, recruitment and retention of teaching staff, critical incident response) and in relation to the control of finance, and implement operational and financial controls in order to minimise risk. Where significant financial exposure risk still remains they have ensured the Trust has adequate insurance cover. The Trust had a system of internal financial approvals in operation for the year.

Additionally, 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, whilst balancing the need to rebuild the trust's financial reserves, in the face of continuing cuts to school funding in real terms. The Trust is addressing risks of standards not rising sufficiently, of capacity to

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support this improvement and of recruiting sufficient high quality teachers and leaders. Financial risks include growth in pupil numbers, which is a key driver in funding from the government, uncertainty over the distribution of funding to academies from 2019/20 onwards and uncertainty as to whether funding will be available if needed to cover rising costs in relation to the LGPS pension schemes.

Fundraising

The Trust's fundraising activities undertaken during the year included small scale, locally-run fundraising and sponsored challenge events organised at an academy level, and some Trust-wide organised sponsorship events, for which participants sought sponsorship from their personal network of contacts. The Trust also held an awards event which was funded by donations from corporate sponsors and the trust engaged a fundraising agency to seek grants from charitable foundations. The David Ross Foundation provided monetary donations totalling £5k (2018: £500k) towards the Trust's enrichment programmes and in the year ended 31 August 2018 also made a capital donation of £1.9m towards the construction of the Bobby Moore Academy.

All fundraising activities are carried out using guidelines laid out in the Code of Fundraising Practice and conforms to the requirements of the recognised standards. The board of trustees monitors the fundraising activities of the Trust and there have been no complaints raised in respect of any fundraising approach taken by the Trust.

Plans for Future Periods

In 2017, a new Chair and Chief Executive Officer were appointed and subsequently the Executive team strengthened with new leadership in Finance, HR and Education. At school level, headteacher posts were reviewed and refreshed.

The Trust's strategy for the next three years has been updated and is built around the vision of believing that all pupils in the Trust have the right to world-class education which broadens their horizons.

The Trust's strategic priorities (see page 7) are centred on:

- Academic excellence and ambition
- An outstanding all-round education
- Schools of choice in our communities

These are underpinned by foundations crucial to the Trust's success:

- Attracting and developing outstanding talent across the Trust
- Delivering high quality support services valued by our schools
- Prioritised investments delivering educational improvements
- Governance focused on improving education outcomes

And are supported by the organisation's 'One Trust' values

- Aspiration – always aiming high
- Ambition – being the best we can be
- Courage – nothing holds us back
- Respect – always leading by example

The Trust continues to work to raise the aspirations and outcomes of pupils at all ages, closing gaps between the performances of different groups where this is needed and ensuring all pupils are able to proceed successfully to the next stage of their education. Significant improvements were made in closing the disadvantage gap in 2017/18 in Early Years, at twice the national average.

2018/2019 saw continued improvement in primary educational outcomes, enhanced central expertise that can be deployed to support performance improvement, greater consistency in the use of tools that are proven to improve outcomes e.g. Effective Maths, ReadWriteInc, Core Knowledge Curriculum, as well as a more forensic focus on data to ensure that all pupils are achieving their potential, following implementation of a new trustwide data management information system.

The David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2019

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

The Trust seeks to ensure that support services are delivered efficiently and to a high quality, allowing our academy Principals to concentrate on the core mission of delivering world-class educational outcomes for pupils.

Equal Opportunities Policy

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

Disabled Persons

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

Funds held as Custodian Trustee on behalf of others

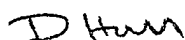
David Ross Education Trust holds 16-19 Bursary Fund monies as custodian for the Education and Skills Funding Agency, awarding bursaries for those in need meeting the criteria specified in the terms of this government scheme. Further details can be found in the notes to the accounts, creditors falling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

Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 17 December 2019 and signed on the board's behalf by:



D Hall
Trustee

The David Ross Education Trust

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, 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 board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and Strategic Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 9 times during the year. Of the 9 meetings held during the year, 2 were non-routine meetings, scheduled at relatively short notice in order to deal with matters arising and this has had an adverse impact on some trustees' ability to attend such meetings. Attendance during the year at meetings of the board of trustees was as follows:

| Trustees as at 31 August 2019 | Routine meetings | | Non-routine meetings | |
|--|-------------------|-------------------|----------------------|-------------------|
| | Meetings attended | Out of a possible | Meetings attended | Out of a possible |
| D Ross (Chair) | 6 | 7 | 1 | 2 |
| R Brown | 6 | 7 | 2 | 2 |
| C Counsell | 2 | 2 | 0 | 1 |
| R Emerton | 4 | 7 | 1 | 2 |
| Sir A Foster | 4 | 7 | 1 | 2 |
| D Hall | 6 | 7 | 2 | 2 |
| J Hoareau | 6 | 7 | 2 | 2 |
| Bishop of Brixworth J Holbrook | 5 | 7 | 1 | 2 |
| N Langstaff | 6 | 7 | 0 | 2 |
| T Maloney | 7 | 7 | 2 | 2 |
| Trustees who served within the 12 months: | | | | |
| E M Neild (resigned 18 September 2018) | 1 | 1 | 0 | 0 |
| J Dunsheath (resigned 2 February 2019) | 4 | 4 | 0 | 0 |

The terms of office for two trustees came to an end during 2018/19, one of whom took up the role of Deputy Chief Executive Officer within the Trust. The next review of governance is expected to be conducted in 2020.

Governance reviews

The Board of Trustees appraises its own performance and contribution on a regular basis. The most recent external review was undertaken during 2018 focusing on how the Trust might strengthen the role played by its Trust Board and clarifying roles and delegations of both Executive and Non-Executive governance. As a result, new Trustees were recruited bringing the additional skill-sets identified as gaps and the trust Board changed how it operates to place a much greater focus on the use of committees covering Education, Finance, Risk and Audit and HR, Remuneration and Nominations. The introduction of these focused committees has provided a platform for Trustees to deal with specific issues that require specialised areas of expertise and also enables effective management of the workload of the Trust Board. A Head of Governance and Company Secretary was

The David Ross Education Trust

Governance Statement

also recruited to lead on Trust governance with an initial specific remit to develop and implement revised governance arrangements and an updated Scheme of Delegation. The new arrangements were implemented in January 2019 following a consultation with Trustees, governors, Trust executive management and Principals.

The new governance arrangements transformed Local Governing Boards into Academy Scrutiny Committees with a sole purpose of supporting and challenging Principals in ensuring every child makes good or better progress and that academies are achieving targets and continually improving. These well-received changes have meant that the Trust has been able to maximise the ability of its governors to concentrate on the things that really matter – pupil progress and attainment, school outcomes and aspiration. Delegations for many of the areas traditionally associated with a maintained school governing body such as strategy, policy setting, managing financial resources, HR and Health and Safety were changed, with accountability for these areas now clearly delegated to Executive Management from the Trust Board.

The period from January 2019 has been a period of embedding the new governance arrangements and scheme of delegation. In June 2019, governors were surveyed six months into the changes and the results reinforced that the changes made were, in the majority, well received with the clarity of delegations very much welcomed and few changes suggested for the 2019 review of the arrangements. The clarity of the new arrangements has also been acknowledged and praised in Ofsted reviews during the year. Trust Board Committees reviewed their performance and operation in July 2019 and further changes to the committee structure were proposed and agreed by Trustees to be implemented from January 2020. One of the Trustees will participate in the National Governance Leadership programme during 2019/20 which the Trust expects will generate specific improvement actions for Trustees to consider.

Following this period of embedding of the new arrangements, the Trust plans to commission an external review of governance arrangements in early 2020.

The Finance Committee is a sub-committee of the board of trustees. 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. Attendance at meetings during the year was as follows:

| Members of the Committee | Meetings attended | Out of a possible |
|---------------------------------|--------------------------|--------------------------|
| D Hall (Chair) | 5 | 5 |
| Sir A Foster | 1 | 5 |
| N Teagle (Non-trustee member) | 5 | 5 |

The Risk and Audit Committee is a sub-committee of the main Trustees. The role of the Risk and 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.

Attendance at meetings during the year was as follows:

| Members of the Committee | Meetings attended | Out of a possible |
|-----------------------------------|--------------------------|--------------------------|
| N Langstaff, Chair | 5 | 5 |
| B Brown | 5 | 5 |
| R Stannard – (Non-trustee member) | 3 | 5 |

The David Ross Education Trust

Governance Statement

Review of Value for Money

As accounting officer, the Chief Executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the *educational and wider societal outcomes achieved in return for the taxpayer resources received.*

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

- Implementing the Crown Commercial Services Framework Contract for Supply Teachers and Temporary Staff in Educational Establishments, to ensure value money in this category of expenditure;
- Using the free-to-use, government provided Teaching Vacancies service to advertise all teaching vacancies, thus reducing recruitment costs as much as possible.
- Implementing Integrated Curriculum Financial Planning to set the budget for staffing costs for the year.
- Redesign of school meal menus part-way through the year to deliver improved food quality at no extra cost to the trust or pupils.
- Group procurement of a range of goods and services, including energy, multi-function devices, management information software, broadband and payroll;
- Commencement of a focused NQT programme, to attract and develop newly qualified teachers;
- A capital programme prioritised at improving health and safety, balanced with improving standards in our academies;
- Benchmarking internally between the Trust's academies to identify potential areas for cost savings;
- Regular meetings of all primary and all secondary principals to share strategies and good practice;
- Oversight and scrutiny by a Finance Committee of Trustees and non-Trustee Members;

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The David Ross Education Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

The David Ross Education Trust

Governance Statement

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Finance Committee 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 board of trustees has considered the need for a specific internal audit function and has appointed Haines Watts, Chartered Accountants, as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll processes
- testing of employee expenses processes
- testing of purchasing processes
- testing adoption of GDPR
- testing of education quality assurance and improvement processes
- testing of controls relating to estates management

On a quarterly basis, the internal auditor reports to the board of trustees, through the Risk and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned for the year to 31 August 2019. No material control or other issues were reported by the internal auditor during the year, although estates management continues to be an area which would benefit from focus for improvement. The trust has commissioned condition survey reports to be undertaken by a third party organisation in autumn 2019, across all of its academies, in order to ensure capital funding is allocated to the areas of greatest need.

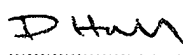
Review of Effectiveness


As accounting officer, the Chief Executive 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 Risk and Audit Committee and the Finance Committee;
- the work of the executive managers within the academy 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 Risk and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 17 December 2019 and signed on its behalf by:


.....
D Hall
Trustee


.....
R Hackwood
Accounting Officer

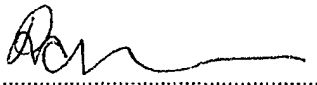
The David Ross Education Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of The David Ross Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



R Hackwood
Accounting Officer

17 December 2019

The David Ross Education Trust

Statement of Trustees' Responsibilities

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

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

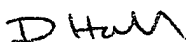
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 17 December 2019 and signed on its behalf by:



.....
D Hall
Trustee

The David Ross Education Trust

Independent Auditor's Report on the Financial Statements to the Members of The David Ross Education Trust

Opinion

We have audited the financial statements of David Ross Education Trust ("the charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2018 to 2019* issued by the Education and Skills Funding Agency.

Basis for opinion

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

Going concern

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

Other information

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

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

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

The David Ross Education Trust

Independent Auditor's Report on the Financial Statements to the Members of The David Ross Education Trust

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 20, the Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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

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

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



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

10 December 2019

The David Ross Education Trust

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

In accordance with the terms of our engagement letter dated 27 April 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;

The David Ross Education Trust

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

- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2018;
- 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 Annex B of the Academies Accounts Direction 2018 to 2019.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clare Partridge, Reporting Accountant
for and on behalf of KPMG LLP, Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

20 December 2019

The David Ross Education Trust
Statement of Financial Activities for the Year Ended 31 August 2019
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total 2018/19 | Total 2017/18 |
|---|------|--------------------|--------------------------|------------------------------|------------------|------------------|
| | | £000 | £000 | £000 | £000 | £000 |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 85 | 50 | 3,401 | 3,536 | 20,935 |
| Other trading activities | 3 | 1,423 | 1,162 | - | 2,585 | 2,575 |
| Investment income | 4 | 17 | - | - | 17 | 31 |
| Charitable activities: | | | | | | |
| Funding for the Trust's educational operations | 5 | - | 73,811 | - | 73,811 | 70,038 |
| Provision of boarding activities | 32 | - | 187 | - | 187 | 353 |
| Total | | 1,525 | 75,210 | 3,401 | 80,136 | 93,932 |
| Expenditure on: | | | | | | |
| Raising funds and costs of trading activities | | 1,256 | 493 | - | 1,749 | 1,059 |
| Charitable activities: | | | | | | |
| Trust's educational operations | | - | 77,471 | 4,040 | 81,511 | 80,827 |
| Provision of boarding activities | 32 | - | 252 | 13 | 265 | 346 |
| Total | 6 | 1,256 | 78,216 | 4,053 | 83,525 | 82,232 |
| Net income/(expenditure) | | 269 | (3,006) | (652) | (3,389) | 11,700 |
| Transfers between funds | 19 | | 203 | (203) | - | - |
| Other recognised gains/(losses): | | | | | | |
| Gains/(losses) on investment assets | | - | (136) | - | (136) | (236) |
| Actuarial gains/(losses) on defined benefit pension schemes | 33 | - | (11,222) | - | (11,222) | 6,329 |
| Net movement in funds | | 269 | (14,161) | (855) | (14,747) | 17,793 |
| Reconciliation of funds | | | | | | |
| Funds/(deficit) brought forward | | 1,103 | (20,539) | 150,272 | 130,836 | 113,043 |
| Funds/(deficit) carried forward | | 1,372 | (34,700) | 149,417 | 116,089 | 130,836 |
| Restricted general funds are made up as follows: | | | | | | |
| Restricted general fund | | | (2,383) | | | |
| Restricted pension fund | | | (32,317) | | | |
| Total | | | (34,700) | | | |

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 29 to 51 form part of these financial statements.

The David Ross Education Trust
Statement of Financial Activities for the Year Ended 31 August 2018
(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 Funds £000 | Total 2017/18 £000 |
|---|------|-------------------------------|-------------------------------------|--|----------------------------|--------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 689 | - | 18,346 | 1,900 | 20,935 |
| Other trading activities | 3 | 1,392 | 1,183 | - | - | 2,575 |
| Investment income | 4 | 31 | - | - | - | 31 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the Trust's educational operations | 5 | - | 70,038 | - | - | 70,038 |
| Provision of boarding activities | 32 | - | 353 | - | - | 353 |
| Total | | 2,112 | 71,574 | 18,346 | 1,900 | 93,932 |
| Expenditure on: | | | | | | |
| Raising funds and costs of trading activities | | 1,056 | 3 | - | - | 1,059 |
| <i>Charitable activities:</i> | | | | | | |
| Trust's educational operations | | - | 76,658 | 4,169 | - | 80,827 |
| Provision of boarding activities | 32 | - | 334 | 12 | - | 346 |
| Total | 6 | 1,056 | 76,995 | 4,181 | - | 82,232 |
| Net income/(expenditure) | | 1,056 | (5,421) | 14,165 | 1,900 | 11,700 |
| Transfers between funds | 19 | - | - | 1,900 | (1,900) | - |
| Other recognised gains/(losses): | | | | | | |
| Gains/(losses) on investment assets | | - | (236) | - | - | (236) |
| Actuarial gains/(losses) on defined benefit pension schemes | 33 | - | 6,329 | - | - | 6,329 |
| Net movement in funds | | 1,056 | 672 | 16,065 | - | 17,793 |
| Reconciliation of funds | | | | | | |
| Funds/(deficit) brought forward | | 47 | (21,211) | 134,207 | - | 113,043 |
| Funds/(deficit) carried forward | | 1,103 | (20,539) | 150,272 | - | 130,836 |

The David Ross Education Trust
(Registration number: 06182612)
Balance Sheet as at 31 August 2019

| | Note | 2018/19 £000 | 2018/19 £000 | 2017/18 £000 | 2017/18 £000 |
|---|------|-----------------|-----------------------|-----------------|-----------------------|
| Fixed assets | | | | | |
| Intangible assets | 12 | | - | | 1 |
| Tangible assets | 13 | | 147,759 | | 149,966 |
| Investments | 14 | | 438 | | 574 |
| Current assets | | | | | |
| Stocks | 15 | - | | 4 | |
| Debtors | 16 | 2,505 | | 3,711 | |
| Cash at bank and in hand | | 7,543 | | 8,063 | |
| | | <u>10,048</u> | | <u>11,778</u> | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 17 | (7,696) | | (11,172) | |
| Net current assets | | | <u>2,352</u> | | <u>606</u> |
| Total assets less current liabilities | | | <u>150,549</u> | | <u>151,147</u> |
| Creditors: Amounts falling due after more than one year | 18 | | (2,143) | | (2,306) |
| Net assets excluding pension liability | | | <u>148,406</u> | | <u>148,841</u> |
| Defined benefit pension scheme liability | 33 | | (32,317) | | (18,005) |
| Total net assets | | | <u><u>116,089</u></u> | | <u><u>130,836</u></u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| Restricted income fund | | (2,383) | | (2,534) | |
| Restricted fixed asset fund | | 149,417 | | 150,272 | |
| Pension reserve | | (32,317) | | (18,005) | |
| Endowment funds | | - | | - | |
| Total restricted funds | | | <u>114,717</u> | | <u>129,733</u> |
| Unrestricted income funds | | | <u>1,372</u> | | <u>1,103</u> |
| Total funds | 19 | | <u><u>116,089</u></u> | | <u><u>130,836</u></u> |

The financial statements on pages 25 to 51 were approved by the trustees, and authorised for issue on 17 December 2019 and are signed on their behalf by:



D Hall
Trustee

The David Ross Education Trust
Statement of Cash Flows for the Year Ended 31 August 2019

| | | 2018/19 | 2017/18 |
|---|------|------------------|-------------------|
| | Note | £000 | £000 |
| Cash flows from operating activities | | | |
| Net cash provided by (used in) operating activities | 23 | (2,257) | (2,792) |
| Cash flows from investing activities | 24 | 1,920 | (205) |
| Cash flows from financing activities | 25 | (183) | 896 |
| Change in cash and cash equivalents in the reporting period | | <u>(520)</u> | <u>(2,101)</u> |
| Cash and cash equivalents at 1 September 2018 | | <u>8,063</u> | <u>10,164</u> |
| Cash and cash equivalents at 31 August 2019 | 26 | <u>7,543</u> | <u>8,063</u> |

1 Accounting policies

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies adopted, which have been applied consistently, except where noted, judgements and key sources of estimation uncertainty, is set out below.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the assets on which they are expended.

The Trust has benefited from the ESFA's free school building programme for the construction of two sites for Bobby Moore Academy. The funding for the programme was not recognised as a capital grant until there was unconditional entitlement from the ESFA from costs being incurred. The expenditure was capitalised in 'assets under construction' until the project was complete.

Sponsorship income

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Interest receivable is accrued on a daily basis.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale, less the expected costs of sale. If it is practical to assess the fair value at receipts, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items, they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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.

1 Accounting policies (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party. It is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds and trading activities.

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable activities.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under the course of construction, 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.

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

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

Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when the future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

| Asset class | Amortisation method and rate |
|-----------------------------|------------------------------|
| Purchased computer software | 3 years straight-line |

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

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

Unsold uniforms and catering stocks are included on a first in first out basis and valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors, including loans are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payment for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date of uncertain timing or amount, as a result of a past event, which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the accounts, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuations performed at 31 March 2016 has been used by the actuaries in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Endowment Funds | Total 2018/19 | Total 2017/18 |
|--|--------------------|--------------------------|------------------------------|-----------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Capital grants - DfE Group | - | - | 3,252 | - | 3,252 | 16,496 |
| Other capital grants and capital donations | - | - | 149 | - | 149 | 3,750 |
| Other donations | 85 | 50 | - | - | 135 | 689 |
| Total voluntary income | 85 | 50 | 3,401 | - | 3,536 | 20,935 |

3 Other trading activities

| | Unrestricted Funds | Restricted General Funds | Total 2018/19 | Total 2017/18 |
|--|--------------------|--------------------------|---------------|---------------|
| | £000 | £000 | £000 | £000 |
| Hire of facilities | 515 | - | 515 | 410 |
| Income from ancillary trading activities | 269 | 51 | 320 | 464 |
| Income from other charitable activities | 639 | 533 | 1,172 | 1,085 |
| Gifts in kind | - | 578 | 578 | 616 |
| | 1,423 | 1,162 | 2,585 | 2,575 |

4 Investment income

| | Unrestricted Funds | Total 2018/19 | Total 2017/18 |
|---------------|--------------------|---------------|---------------|
| | £000 | £000 | £000 |
| Bank interest | 5 | 5 | 5 |
| Dividends | 12 | 12 | 26 |
| | 17 | 17 | 31 |

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

5 Funding for the Academy Trust's educational operations

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total 2018/19 | Total 2017/18 |
|--|--------------------|--------------------------|------------------------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| DfE/ESFA revenue grants | | | | | |
| General Annual Grant (GAG) | - | 63,970 | - | 63,970 | 60,826 |
| Start up grants | - | 245 | - | 245 | 242 |
| Pupil Premium | - | 4,632 | - | 4,632 | 4,683 |
| Other DfE / ESFA grants | - | 1,665 | - | 1,665 | 1,151 |
| | - | 70,512 | - | 70,512 | 66,902 |
| Other Government grants | | | | | |
| Local authority grants | - | 3,075 | - | 3,075 | 3,021 |
| Other income from the academy trust's educational operations | - | 224 | - | 224 | 115 |
| | - | 3,299 | - | 3,299 | 3,136 |
| Total | - | 73,811 | - | 73,811 | 70,038 |

6 Expenditure

| | Staff costs | Premises | Other costs | Total 2018/19 | Total 2017/18 |
|--|-------------|----------|-------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Expenditure on raising funds and costs of trading activities | 582 | 171 | 996 | 1,749 | 1,059 |
| Trust's educational operations | | | | | |
| Direct costs | 49,701 | - | 5,195 | 54,896 | 52,840 |
| Allocated support costs | 10,853 | 5,503 | 10,259 | 26,615 | 27,987 |
| | 60,554 | 5,503 | 15,454 | 81,511 | 80,827 |
| Boarding activities | | | | | |
| Direct costs | - | - | 48 | 48 | 69 |
| Allocated support costs | 148 | 39 | 30 | 217 | 277 |
| | 148 | 39 | 78 | 265 | 346 |
| | 61,284 | 5,713 | 16,528 | 83,525 | 82,232 |

Net income/expenditure for the year includes:

| | 2018/19 | 2017/18 |
|---|---------|---------|
| | £000 | £000 |
| Operating lease rentals | 969 | 915 |
| Fees payable to auditor for: | | |
| - audit | 70 | 85 |
| - other services | - | - |
| Depreciation | 3,705 | 3,228 |
| Amortisation of intangible fixed assets | 1 | 47 |
| (Gain)/loss on disposal of fixed assets | - | - |

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

7 Charitable activities - Trust's educational operations

| | Total | Total |
|----------------------------------|---------------|---------------|
| | 2018/19 | 2017/18 |
| | £000 | £000 |
| Analysis of support costs | | |
| Support staff costs | 10,853 | 13,867 |
| Depreciation | 3,693 | 3,263 |
| Premises costs | 5,503 | 4,798 |
| Technology costs | 1,004 | 892 |
| Other support costs | 5,306 | 4,575 |
| Provision of boarding activities | 217 | 277 |
| Governance costs | 256 | 592 |
| | <u>26,832</u> | <u>28,264</u> |

8 Staff

a. Staff costs

| | 2018/19 | 2017/18 |
|--------------------------------------|---------------|---------------|
| | £000 | £000 |
| Staff costs during the year were: | | |
| Wages and salaries | 43,685 | 43,094 |
| Social security costs | 3,710 | 3,655 |
| Pension costs | 10,211 | 10,325 |
| Apprenticeship levy | 203 | 201 |
| | <u>57,809</u> | <u>57,275</u> |
| Agency staff costs | 3,052 | 2,499 |
| Staff restructuring costs | 423 | 1,006 |
| | <u>61,284</u> | <u>60,780</u> |
| Staff restructuring costs comprise : | | |
| Redundancy payments | 141 | 545 |
| Severance payments | 282 | 461 |
| | <u>423</u> | <u>1,006</u> |

c. Staff numbers

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

| | 2018/19 | 2017/18 |
|----------------------------|--------------|--------------|
| | No. | No. |
| Teachers | 709 | 742 |
| Administration and support | 1,138 | 1,133 |
| Management | 38 | 36 |
| | <u>1,885</u> | <u>1,911</u> |

Administration and support includes education support staff as well as central service employees.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

8 Staff (continued)

d. Higher paid staff

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

| | 2018/19 | 2017/18 |
|---------------------|---------|---------|
| | No. | No. |
| £60,001 - £70,000 | 21 | 19 |
| £70,001 - £80,000 | 12 | 14 |
| £80,001 - £90,000 | 9 | 5 |
| £90,001 - £100,000 | 5 | 4 |
| £100,001 - £110,000 | 2 | 2 |
| £110,001 - £120,000 | 1 | 3 |
| £130,001 - £140,000 | - | 1 |
| £140,001 - £150,000 | - | 1 |
| £150,001 - £160,000 | 1 | - |

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £685,412 (2018: £718,427).

9 Central services

During the years ended 31 August 2018 and 31 August 2019, the trust provided the following central services to its academies:

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

From 1 September 2017, the academy trust, in accordance with its funding agreement with the Department for Education and the provisions of the Academies Financial Handbook, pools GAG Income and therefore does not recharge out costs for central services.

10 Trustees' remuneration and expenses

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

During the year ended 31 August 2019, travel and subsistence expenses totalling £3,517 (2018: £4,567) were reimbursed or paid directly to 6 trustees (2018: 8).

11 Trustees and officers insurance

The Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

12 Intangible fixed assets

| | Software | Total |
|------------------------|----------|-------|
| | £000 | £000 |
| Cost | | |
| At 1 September 2018 | 369 | 369 |
| Additions | - | - |
| At 31 August 2019 | 369 | 369 |
| Amortisation | | |
| At 1 September 2018 | 368 | 368 |
| Charge for the year | 1 | 1 |
| At 31 August 2019 | 369 | 369 |
| Carrying amount | | |
| At 31 August 2019 | - | - |
| At 31 August 2018 | 1 | 1 |

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 2018 | 44,850 | 113,849 | 3,518 | 61 | 7,154 | 330 | 169,762 |
| Additions | 144 | 550 | 162 | - | 379 | 443 | 1,498 |
| Disposals | - | - | - | (61) | - | - | (61) |
| Transfers | 332 | 328 | - | - | - | (660) | - |
| At 31 August 2019 | 45,326 | 114,527 | 3,700 | - | 7,533 | 113 | 171,199 |
| Depreciation | | | | | | | |
| At 1 September 2018 | 3,375 | 7,232 | 2,956 | 61 | 6,172 | - | 19,796 |
| Charge for the year | 764 | 2,275 | 273 | - | 393 | - | 3,705 |
| Eliminated on disposals | - | - | - | (61) | - | - | (61) |
| Transfers | - | - | - | - | - | - | - |
| At 31 August 2019 | 4,139 | 9,507 | 3,229 | - | 6,565 | - | 23,440 |
| Net book values | | | | | | | |
| At 31 August 2019 | 41,187 | 105,020 | 471 | - | 968 | 113 | 147,759 |
| At 31 August 2018 | 41,475 | 106,617 | 562 | - | 982 | 330 | 149,966 |

The academy trust's additions during the year included works at Greenfields Primary School to expand the nursery provision and classroom condition improvement works at several academies including Charnwood College, Lodge Park Academy and Barnes Wallis Academy.

The assets under construction at the balance sheet date comprised works to upgrade boilers at Rockingham Primary Academy and King Edward VI Academy, not completed as at the balance sheet date.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

14 Investments

| | Investments |
|---------------------|-------------|
| | £000 |
| Cost or valuation | |
| At 1 September 2018 | 574 |
| Revaluation | (136) |
| At 31 August 2019 | <u>438</u> |

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

| | 2019 | 2018 |
|--|------|------|
| UK high income | | |
| Carphone Warehouse Group plc ord 0.001 | 30% | 36% |
| Talk Talk Telecom Group plc ord 0.001 | 70% | 64% |

The Trust owns 100% of the ordinary shares of David Ross Education Services Ltd, a company incorporated in England and Wales. The company is dormant. Turnover for the year ended 31 August 2019 was £Nil, expenditure was £Nil and the profit/(loss) for the year was £Nil. The assets of the company at 31 August 2019 were £Nil, liabilities were £Nil and capital and reserves were £Nil.

15 Stock

| | 2019 | 2018 |
|--------------|------|------|
| | £000 | £000 |
| Sundry stock | - | 4 |

16 Debtors

| | 2019 | 2018 |
|--------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade debtors | 216 | 307 |
| Prepayments and accrued income | 1,356 | 1,339 |
| VAT recoverable | 244 | 175 |
| Other debtors | 689 | 1,890 |
| | <u>2,505</u> | <u>3,711</u> |

The Trust has not written off any trade debtors, however, in the period, a provision for doubtful debts has been charged of £44,000 (2018: £96,000).

The allocation of prior year balances between the categories of debtor has been restated to better reflect the nature of the constituent balances.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

17 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|--------------|---------------|
| | £000 | £000 |
| Trade creditors | 1,469 | 2,584 |
| Other taxation and social security | 1,016 | 967 |
| ESFA creditor: abatement of GAG | 129 | 170 |
| Pension scheme creditor | 837 | 823 |
| Loans | 204 | 193 |
| Other creditors | 1,211 | 2,528 |
| Accruals and deferred income | 2,830 | 3,908 |
| | <u>7,696</u> | <u>11,172</u> |

| | 2019 | 2018 |
|-------------------------------------|--------------|------------|
| | £000 | £000 |
| Deferred income at 1 September 2018 | 926 | 838 |
| Credited to income | (876) | (738) |
| Resources deferred in the year | 1,142 | 826 |
| Deferred income at 31 August 2019 | <u>1,192</u> | <u>926</u> |

At the balance sheet date the academy trust was holding funds of £1,192,000 (2018: £926,000) received in advance for Universal Infant Free School Meal funding, lettings, boarding deposits booked for the autumn term and enrichment project funding from Garfield Weston Foundation.

The secondary academies with post-16 provision distribute 16-19 bursary funds to students as an agent for the Education and Skills Funding Agency. During the year the Trust received £54,000 and disbursed £30,000 from the current year fund. An amount of £40,000 (2018: £40,000) is included in other creditors relating to undistributed funds that is repayable to the Education and Skills Funding Agency.

Included in creditors is an interest free loan of £40,000 (2018: £36,000) from Salix. Amounts falling due after one year of £112,000 (2018: £109,000) are included within creditors falling due after one year.

The allocation of prior year balances between the categories of creditor has been restated to better reflect the nature of the constituent balances.

18 Creditors: amounts falling due after one year

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| | £000 | £000 |
| Loans | 1,343 | 1,506 |
| ESFA creditor: advance of GAG | 800 | 800 |
| | <u>2,143</u> | <u>2,306</u> |

Included in creditors is a capital loan from the Education and Skills Funding Agency totalling £1,395,000 (2018: £1,555,000), which was issued as part of a MAT pilot scheme to fund roof repairs at 4 of the Trust's academies. The loan is repayable over 10 years with interest chargeable at 1.91% p.a.; £164,000 (2018: £158,000) is included within creditors falling due within one year and £1,231,000 (2018: £1,397,000) as falling due after more than one year; these repayments exclude the interest repayable.

In June 2018, the academy trust received an £800,000 advance of GAG funding which relates to the years ended 31 August 2021 and 2022 in equal parts. The GAG payments to the academy trust in December 2020 and December 2021 are expected to be received net of these amounts.

The David Ross Education Trust

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

19 Funds

| | Balance at 1 September 2018 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2019 £000 |
|---|--|----------------|---------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (3,468) | 63,970 | (63,080) | 67 | (2,511) |
| Start Up Grants | - | 245 | (245) | - | - |
| Pupil Premium | 3 | 4,632 | (4,635) | - | - |
| Special grants | 1 | 1,665 | (1,666) | - | - |
| Local Authority funding | 49 | 3,075 | (3,124) | - | - |
| Gifts in kind | - | 578 | (578) | - | - |
| Other Income | 810 | 858 | (1,546) | - | 122 |
| Provision for boarding facilities | 71 | 187 | (252) | - | 6 |
| Pension reserve | (18,005) | - | (3,090) | (11,222) | (32,317) |
| | (20,539) | 75,210 | (78,216) | (11,155) | (34,700) |
| Restricted fixed asset funds | | | | | |
| DfE capital grants | 48,524 | 3,252 | (4,053) | (203) | 47,520 |
| Capital expenditure from other grant income | 6,340 | - | - | - | 6,340 |
| Private sector capital donations | 4,171 | 149 | - | - | 4,320 |
| Donation of transferred assets from local authority | 91,237 | - | - | - | 91,237 |
| | 150,272 | 3,401 | (4,053) | (203) | 149,417 |
| Other restricted funds | | | | | |
| Endowment funds | - | - | - | - | - |
| Total restricted funds | 129,733 | 78,611 | (82,269) | (11,358) | 114,717 |
| Unrestricted general funds | 1,103 | 1,525 | (1,256) | - | 1,372 |
| Total funds | 130,836 | 80,136 | (83,525) | (11,358) | 116,089 |

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

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

| | Balance at 1 September 2017 | Income | Expenditure | Gains, losses and transfers | Balance at 31 August 2018 |
|---|--------------------------------|---------------|-----------------|--------------------------------|------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (898) | 60,826 | (63,160) | (236) | (3,468) |
| Start Up Grants | - | 242 | (242) | - | - |
| Pupil Premium | 6 | 4,683 | (4,686) | - | 3 |
| Special grants | 41 | 1,151 | (1,191) | - | 1 |
| Local Authority funding | 222 | 3,021 | (3,194) | - | 49 |
| Donations in lieu of rent | - | 616 | (616) | - | - |
| Other income | 583 | 682 | (455) | - | 810 |
| Provision for boarding facilities | 52 | 353 | (334) | - | 71 |
| Pension reserve | (21,217) | - | (3,117) | 6,329 | (18,005) |
| | <u>(21,211)</u> | <u>71,574</u> | <u>(76,995)</u> | <u>6,093</u> | <u>(20,539)</u> |
| Restricted fixed asset funds | | | | | |
| DfE capital grants | 36,209 | 16,496 | (4,181) | - | 48,524 |
| Capital expenditure from grant income | 6,340 | - | - | - | 6,340 |
| Private sector capital donations | 421 | 1,850 | - | 1,900 | 4,171 |
| Donation of transferred assets from local authority | 91,237 | - | - | - | 91,237 |
| | <u>134,207</u> | <u>18,346</u> | <u>(4,181)</u> | <u>1,900</u> | <u>150,272</u> |
| Other restricted funds | | | | | |
| Endowment funds | - | 1,900 | - | (1,900) | - |
| Total restricted funds | 112,996 | 91,820 | (81,176) | 6,093 | 129,733 |
| Unrestricted general funds | 47 | 2,112 | (1,056) | - | 1,103 |
| Total funds | 113,043 | 93,932 | (82,232) | 6,093 | 130,836 |

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. In addition, Start Up Grants are provided to cover essential initial costs in new schools, such as buying books and equipment; and to meet the costs arising as the school builds up its pupil numbers over time.
- (ii) Pupil Premium is allocated to academies on the basis of deprivation and is intended to support education for children from disadvantaged backgrounds.
- (iii) Special grants are awarded by the DfE to boost performance within specific academies. During the year the Trust received grants to support individual schools. The Trust also received a capital maintenance grant which should be used to maintain or improve the academy buildings.
- (iv) Local Authority funding in the main relates to funding supplied for pupils with statements of special educational needs and pupils attending nurseries within the Trust.
- (v) Restricted fixed assets were funded by capital grants from DfE or from the private sector.
- (vi) Other 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 support the Trust's enrichment programme.
- (vii) The restricted expendable endowment fund is The David Ross Education Trust Endowment Fund.

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

(viii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund and the pension liability has therefore been aligned with these costs.

(ix) Transfers from restricted general funds to restricted fixed asset funds relate to capital expenditure from revenue income, as permitted by the conditions of the grants.

Under the funding agreement with the Secretary of State for Education, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The academy trust is carrying a net deficit of £1,011k (2018: £1,451k) on restricted general funds (including pension reserves) plus unrestricted funds as a result of a combination of factors. The academy trust is taking a range of actions to return these funds to surplus and has made progress towards this during the year.

Historically, some of the academies have overspent on staffing and structures were undertaken during the prior year to reduce staffing costs. At Charnwood College, Lodge Park Academy, Steppes Grammar School and Thomas Middlecott Academy, from September 2018.

Another contributing factor to the deficit funds problem has been academies operating with small class sizes. In some cases due to low or inefficient pupil numbers and in some cases due to secondary academies offering a broad range of curriculum options, some of which had low take-up. In order to address this, the trust undertook a review of its curriculum offering and to ensure that the academies were not over-investing in staff from September 2018. Pupil numbers and class sizes have been reviewed and in some primaries, mixed year groups were operated to achieve affordable pupil : teacher ratios.

The academy trust's investment shareholdings, which were donated to the academy trust in a previous year, have suffered a further loss on revaluation of £158k during the year, which has adversely impacted on the in-year net expenditure result and has deepened funds position.

Total funds analysis by academy

From 1 September 2017 the academy trust, as permitted by its funding agreement with the Department for Education and the provisions of the Academies Financial Handbook, pools GAG income and therefore does not recognise our costs for central services to individual academies. As a result of pooling GAG, the year end fund balance is now considered to sit at the individual level, for the organisation as a whole, rather than being allocated to individual academies, as has been the case in previous years.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

Total cost analysis by academy

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

| | Teaching and Educational Support Staff Costs | Other Support Staff Costs | Educational Supplies | Other Costs (excluding Depreciation) | Total 2018/19 | Total 2017/18 |
|-----------------------------------|--|------------------------------|-------------------------|--|------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Abbey CE Academy | 574 | 61 | 70 | 83 | 788 | 808 |
| Ainthorpe Primary Academy | 891 | 99 | 68 | 246 | 1,304 | 1,226 |
| Barnes Wallis Academy | 1,569 | 227 | 187 | 256 | 2,239 | 2,054 |
| Bobby Moore Academy | 1,387 | 328 | 228 | 506 | 2,449 | 1,866 |
| Briar Hill Primary School | 1,077 | 59 | 111 | 230 | 1,477 | 1,548 |
| Brighthurst Primary School | 507 | 72 | 52 | 56 | 687 | 621 |
| Cedar Road Primary School | 1,039 | 75 | 134 | 264 | 1,512 | 1,534 |
| Charles Read Academy | 1,297 | 132 | 140 | 299 | 1,868 | 1,686 |
| Charnwood College | 2,271 | 586 | 290 | 543 | 3,690 | 4,058 |
| Eastfield Academy | 792 | 37 | 71 | 137 | 1,037 | 1,040 |
| Edward Heneage Primary Academy | 1,020 | 108 | 117 | 171 | 1,416 | 1,357 |
| Endike Primary Academy | 1,366 | 108 | 79 | 331 | 1,884 | 1,973 |
| Eresby Special School | 990 | 109 | 21 | 85 | 1,205 | 1,161 |
| Fairfield Academy | 1,094 | 113 | 91 | 160 | 1,458 | 1,341 |
| Falconer's Hill Academy | 664 | 67 | 68 | 92 | 891 | 899 |
| Greenfields Primary School | 1,191 | 125 | 89 | 184 | 1,589 | 1,696 |
| Havelock Academy | 3,370 | 428 | 296 | 899 | 4,993 | 6,457 |
| Hogsthorpe Primary Academy | 260 | 31 | 22 | 43 | 356 | 339 |
| Humberston Academy | 2,718 | 445 | 288 | 205 | 3,656 | 3,725 |
| Ingoldsby Academy | 229 | 30 | 29 | 44 | 332 | 323 |
| King Edward VI Academy | 1,896 | 309 | 184 | 631 | 3,020 | 3,027 |
| Kings Heath Primary Academy | 1,140 | 71 | 112 | 248 | 1,571 | 1,773 |
| Lodge Park Academy | 3,371 | 423 | 370 | 402 | 4,566 | 4,570 |
| Malcolm Arnold Academy | 4,750 | 536 | 483 | 600 | 6,369 | 6,534 |
| Malcolm Arnold Preparatory | 884 | 44 | 83 | 99 | 1,110 | 965 |
| Newnham Primary School | 313 | 57 | 33 | 47 | 450 | 376 |
| Quay Academy | 1,292 | 75 | 96 | 340 | 1,803 | 1,844 |
| Rockingham Primary School | 825 | 104 | 74 | 158 | 1,161 | 1,142 |
| Skegness Grammar School | 1,824 | 483 | 240 | 388 | 2,935 | 2,935 |
| The Arbours Primary Academy | 1,017 | 104 | 83 | 220 | 1,424 | 1,710 |
| Thomas Hinderwell Primary Academy | 890 | 89 | 76 | 268 | 1,323 | 1,107 |
| Thomas Middlecott Academy | 1,854 | 200 | 181 | 212 | 2,447 | 2,885 |
| Welton CE Primary Academy | 329 | 49 | 48 | 64 | 490 | 526 |
| Wold Academy | 1,940 | 93 | 37 | 277 | 2,347 | 2,473 |
| Central services | 1,898 | 3,788 | 913 | 4,283 | 10,882 | 9,071 |
| Academy Trust | 48,529 | 9,665 | 5,464 | 13,071 | 76,729 | 76,650 |

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

20 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--------------------------|--------------------|--------------------------|------------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | - | - | 147,759 | 147,759 |
| Intangible fixed assets | - | - | - | - |
| Investments | - | 438 | - | 438 |
| Current assets | 1,498 | 4,851 | 3,699 | 10,048 |
| Current liabilities | (126) | (6,872) | (698) | (7,696) |
| Non-current liabilities | - | (800) | (1,343) | (2,143) |
| Pension scheme liability | - | (32,317) | - | (32,317) |
| Total net assets | 1,372 | (34,700) | 149,417 | 116,089 |

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

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--------------------------|--------------------|--------------------------|------------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | - | - | 149,966 | 149,966 |
| Intangible fixed assets | - | - | 1 | 1 |
| Investments | - | 574 | - | 574 |
| Current assets | 1,103 | 4,423 | 6,252 | 11,778 |
| Current liabilities | - | (6,522) | (4,550) | (11,172) |
| Non-current liabilities | - | (909) | (1,397) | (2,306) |
| Pension scheme liability | - | (18,005) | - | (18,005) |
| Total net assets | 1,103 | (20,539) | 150,272 | 130,836 |

21 Capital commitments

| | 2019 | 2018 |
|--|-------|-------|
| | £000 | £000 |
| Contracted for, but not provided in the financial statements | 1,800 | 1,048 |

Capital commitments at the balance sheet date included £0.4m relating to works commenced to enable the Trust to vacate Block K at Charnwood College, in anticipation of sale of the building to Leicestershire County Council, which subsequently completed in November 2019. Capital commitments also included various boiler upgrades commenced but not completed at the balance sheet date and various other estate condition improvement works across a range of academies.

22 Commitments under operating leases

Operating leases

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

| | 2019 | 2018 |
|--|----------------|---------------|
| | £000 | £000 |
| Land and buildings | | |
| Amounts due within one year | 1,189 | 812 |
| Amounts due between one and five years | 4,760 | 3,249 |
| Amounts due after five years | 104,013 | 62,305 |
| | 109,962 | 66,366 |
| Other | | |
| Amounts due within one year | 147 | 277 |
| Amounts due between one and five years | 202 | 353 |
| | 349 | 630 |

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

23 Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2018/19 | 2017/18 |
|---|----------------|----------------|
| | £000 | £000 |
| Net income/(expenditure) for the year | (3,389) | 11,700 |
| Adjusted for: | | |
| Amortisation | 1 | 47 |
| Depreciation | 3,705 | 3,228 |
| Capital grants from DfE and other capital income | (3,401) | (20,246) |
| Interest receivable | (17) | (31) |
| Interest payable on loans | 30 | 31 |
| Defined benefit pension scheme service cost adjustment net of contributions payable | 3,090 | 3,117 |
| (Increase)/decrease in stocks | 4 | 16 |
| (Increase)/decrease in debtors | 1,206 | 2,434 |
| (Decrease)/increase in creditors | (3,486) | (3,088) |
| Net cash provided by / (used in) operating activities | (2,257) | (2,792) |

24 Cash flows from investing activities

| | 2018/19 | 2017/18 |
|--|--------------|--------------|
| | £000 | £000 |
| Dividends, interest and rents from investments | 17 | 31 |
| Purchase of tangible fixed assets | (1,498) | (20,482) |
| Capital grants from DfE Group | 3,252 | 16,496 |
| Capital funding received from sponsors and others | 149 | 3,750 |
| Net cash provided by / (used in) investing activities | 1,920 | (705) |

25 Cash flows from financing activities

| | 2018/19 | 2017/18 |
|--|--------------|------------|
| | £000 | £000 |
| Cash inflows from new borrowing | 34 | 1,097 |
| Repayments of borrowing | (217) | (201) |
| Net cash provided by / (used in) financing activities | (183) | 896 |

26 Analysis of changes in net funds

| | At 1 September 2018 | Cash flows | At 31 August 2019 |
|--------------------------|------------------------|------------|----------------------|
| | £000 | £000 | £000 |
| Cash at bank and in hand | 8,063 | (520) | 7,543 |

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.

29 Members' liability

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2019

30 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from various public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period. The following related party transactions took place in the financial period.

Buckingham University at which Ms Tracey Maloney (a Trustee) is a Lecturer and Tutor.

The Trust purchased staff training totalling £16,131 (2018: £19,923) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

National Portrait Gallery of which Mr David Ross (Chair of Trustees) is Chair.

There was no expenditure (2018: £90) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

New Schools Network of which Mr David Ross (Chair of Trustees) is Chair.

The Trust purchased training totalling £nil (2018: £9,120) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

Nottingham University of which Mr David Ross (Chair of Trustees) is Chair of the Nottingham Development Committee and a member of the University Council.

The Trust purchased training totalling £nil (2018: £7,155) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

Peterborough Diocesan of which Bishop John Holbrook (Trustee) is Chair – Peterborough Diocesan Board of Education, Director – Peterborough Diocesan Board of Finance, Member & Director – Peterborough Diocesan Church Schools Trust, Member – Peterborough Diocesan Education Trust (Multi Academy Trust).

The Trust purchased training and religious education curriculum resources totalling £6,405 (2018: £6,055) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).

The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

University of Northampton of which Bishop John Holbrook (Trustee) is a member of the Court & Nominations Committee.

The Trust purchased training totalling £8,925 (2018: £10,180) during the period and received income of £nil (2018: £2,017). There was £744 outstanding at 31 August 2019 (2018: £744).

The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

Uppingham School of which Mr David Ross (Chair of Trustees) was a Trustee until 16 March 2019, and is also a fellow of the school.

The Trust paid £6,699 for a music residential course (2018: £5,390) during the period, although in 2019 this transaction occurred after Mr Ross' resignation from his trusteeship at Uppingham.

The Trust paid £1,271 (2018: £nil) for swimming pool hire and instruction, for pupils of Brighthelm Primary School, prior to Mr Ross' resignation from his post at Uppingham School. There were no amounts outstanding at 31 August 2019 (2018: £nil). The Trust made the purchases at arms' length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

The Trust also received income of £nil (2018: £110).

All of these transactions were undertaken at arm's length in accordance with the Trust's financial regulations and normal procurement procedures.

Mr D Ross is a trustee of The David Ross Foundation, which, during the year ended 31 August 2019, allowed the Trust use of its office space without charge which has been valued at £1,000 (2018: £400).

In the year ended 31 August 2019, the Foundation made a donation of £5,000 to contribute towards the Trust's Inspiration Awards event which recognises and celebrates staff achievements.

In the year ended 31 August 2018, the Foundation made a payment to the Trust of £5,500 to cover the costs of an elite athlete attending the Summer Cup, a sum of £24,000 was donated to the Trust through sponsorship for the Three Peaks Challenge undertaken by members of staff and £500,000 was donated to the Trust's Inspiration fund, to fund extra-curricular enrichment activities for pupils. The Foundation also made a specific capital donation of £1.9m in relation to the building of the Bobby Moore Academy.

Mr Ross is owner of Nevill Holt Hall which includes Nevill Holt Farm and Nevill Holt Opera. Over 1,000 Trust pupils visited Nevill Holt Farm on day trips or camping trips during the course of the year, and the prior year, for which there has been no charge and which has been valued at £21,000 in both years. Pupils also visited Nevill Holt Opera for which there was no charge and which has been valued at £2,000 (2018: £1,800). Mr Ross is the ultimate beneficial owner of the Best Dressed Group Limited and group companies including Simon Jersey. Simon Jersey provided t-shirts to the Trust for the Summer Cup in both years at no charge, which has been valued at £5,000 per year.

31 Post balance sheet events
In November 2019, the academy trust sold one of the buildings and some land on the Charwood College site, to Leicestershire County Council, for £750k. In accordance with the Academies Financial Handbook, the transaction had been approved in advance by the ESFA.

| Academy boarding trading account | 2018/19 | 2017/18 | |
|--|---------|---------|--|
| | | | |
| Income | | | |
| Fee income | 187 | 353 | |
| Expenditure - Direct costs | | | |
| Other direct costs | 48 | 69 | |
| Expenditure - Indirect costs | | | |
| Staff costs | 148 | 230 | |
| Utilities | 11 | 18 | |
| Rent and rates | 8 | 8 | |
| Security | 4 | - | |
| Buildings maintenance | 16 | 1 | |
| Depreciation | 13 | 12 | |
| Other indirect costs | 17 | 8 | |
| Total indirect costs | 217 | 277 | |
| Total operating costs | 265 | 346 | |
| Surplus / (deficit) on boarding | (78) | 7 | |
| (Deficit) brought forward at 1 September | (50) | (57) | |
| (Deficit) carried forward at 31 August | (128) | (50) | |

33 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £837,000 were payable to the schemes at 31 August 2019 (2018: £823,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 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

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 rising to 23.68% in September 2019 (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015, to August 2019. The next valuation of the TPS was undertaken based on April 2016 data, whereupon the employer contribution rate was reassessed and an employer contribution rate of 23.6% will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £4,183,000 (2018: £4,290,000). A copy of the valuation report and supporting documentation is available on the Teachers' Pensions' website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

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

33 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 were £3,899,000 (2018: £3,944,000), of which employer's contributions totalled £3,034,000 (2018: £3,109,000) and employees' contributions totalled £865,000 (2018: £835,000). 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 an academy trust 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.

The broad geographical spread of the trust's academies, means that the employees are members of one of six pension schemes offered by the Trust, depending on which academy they are based at:

- East Riding Pension Fund: Ainthorpe Primary School, Endike Academy, Edward Heneage Primary Academy, Fairfield Academy, Havelock Academy, Humberston Academy, Quay Academy, Wold Academy.

- Northamptonshire Pension Fund: Abbey CE Academy, Briar Hill Primary School, Cedar Road Primary School, Eastfield Academy, Falconer's Hill Academy, Greenfields Primary Academy, Kings Heath Primary Academy, Lodge Park Academy, Malcolm Arnold Academy, Malcolm Arnold Preparatory School, Newnham Primary School, Rockingham Primary School, The Arbours Primary Academy, Welton CE Primary Academy.

- 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.

- North Yorkshire Pension Fund: Thomas Hinderwall Primary Academy.

- Leicestershire Pension Fund: Bringham Primary Academy and Charnwood College.

- London Borough of Newham Pension Fund: Bobby Moore Academy.

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

| | East Riding % | Northants % | Lincs % | N Yorks % | Leics % | Newham % |
|---|------------------|----------------|------------|--------------|------------|-------------|
| Principal Actuarial Assumptions | | | | | | |
| Rate of increase in salaries | 2.50 | 2.60 | 2.70 | 3.25 | 3.30 | 3.65 |
| Rate of increase for pensions in payment / inflation | 2.30 | 2.30 | 2.30 | 2.00 | 2.30 | 2.15 |
| Discount rate for scheme liabilities | 1.80 | 1.90 | 1.80 | 1.90 | 1.80 | 1.90 |
| Inflation assumption (CPI) | 2.30 | 2.30 | 2.30 | 2.00 | 2.30 | 2.15 |
| Commutation of pensions to lump sums; pre-April 2008 service | 60 | 50 | 50 | n/a | 50 | 50 |
| Commutation of pensions to lump sums; post-April 2008 service | 80 | 75 | 75 | n/a | 75 | 50 |

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

Assumed life expectation on retirement age 65

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham |
|------------------------------|-------------|-----------|-------|---------|-------|--------|
| Males retiring today | 20.8 | 21.2 | 21.2 | 21.9 | 21.2 | 21.7 |
| Females retiring today | 23.3 | 23.3 | 23.5 | 25.1 | 23.4 | 24.0 |
| Males retiring in 20 years | 22.0 | 22.3 | 22.5 | 23.6 | 22.2 | 23.3 |
| Females retiring in 20 years | 24.9 | 24.7 | 25.2 | 26.9 | 24.7 | 25.8 |

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

Sensitivity analysis - approximate increase in defined obligation

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham |
|---|-------------|-----------|-------|---------|-------|--------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| 0.1% decrease in Real Discount rate | 796 | 663 | 425 | 24 | 170 | 9 |
| 0.1% increase in Salary Increase rate | 102 | 76 | 63 | 6 | 30 | - |
| 0.1% increase in the Pension Increase Rate (CPI) | 679 | 576 | 353 | 18 | 136 | 9 |
| Mortality assumption - 1 year increase in life expectancy | 1,178 | 961 | 661 | 29 | 259 | 7 |

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham | Total |
|--|-------------|-----------|-------|---------|-------|--------|-------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Employer Contributions expected for the period to 31 August 2020 | 1,229 | 833 | 603 | 97 | 209 | 71 | 3,042 |

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

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham | Total 2019 | Total 2018 |
|--|-------------|-----------|----------|---------|---------|--------|------------|------------|
| | £ 000 | £ 000 | £ 000 | £000 | £000 | £000 | £000 | £000 |
| Equities | 13,443 | 10,249 | 6,027 | 187 | 1,962 | 46 | 31,914 | 28,615 |
| Bonds | 2,840 | 2,420 | 1,321 | 63 | 1,049 | 11 | 7,704 | 5,989 |
| Property | 2,083 | 1,281 | 825 | 25 | 271 | 8 | 4,493 | 4,094 |
| Other | - | - | - | 34 | - | 10 | 44 | 42 |
| Cash | 568 | 285 | 83 | 15 | 101 | 6 | 1,058 | 1,016 |
| Total market value of assets | 18,934 | 14,235 | 8,256 | 324 | 3,383 | 81 | 45,213 | 39,756 |
| Present value of schemes' liabilities - funded | (29,438) | (24,033) | (16,535) | (872) | (6,463) | (189) | (77,530) | (57,761) |
| Deficit in the schemes | (10,504) | (9,798) | (8,279) | (548) | (3,080) | (108) | (32,317) | (18,005) |

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham | Total |
|---|-------------|-----------|-------|---------|-------|--------|-------|
| | £ 000 | £ 000 | £ 000 | £000 | £000 | £000 | £000 |
| Actual return on the scheme assets, year ended 31 August 2019 | 769 | 646 | 455 | 17 | 199 | 4 | 2,090 |
| Actual return on the scheme assets, year ended 31 August 2018 | 1,010 | 614 | 500 | 22 | 129 | 1 | 2,276 |

Amounts recognised in Statement of Financial Activities

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham | Total 2018/19 | Total 2017/18 |
|--|-------------|-----------|-------|---------|-------|--------|---------------|---------------|
| | £ 000 | £ 000 | £ 000 | £000 | £000 | £000 | £000 | £000 |
| Current service cost | 2,331 | 1,511 | 948 | 67 | 317 | 51 | 5,225 | 5,530 |
| Past service cost | 97 | 74 | 116 | - | 82 | - | 369 | 108 |
| Total operating charge | 2,428 | 1,585 | 1,064 | 67 | 399 | 51 | 5,594 | 5,638 |
| Interest income on pension scheme assets | (488) | (367) | (209) | (8) | (86) | (4) | (1,162) | (892) |
| Interest cost on pension liabilities | 638 | 524 | 367 | 18 | 143 | 2 | 1,692 | 1,453 |
| Net pension finance cost / (income) | 150 | 157 | 158 | 10 | 57 | (2) | 530 | 561 |
| Total cost recognised in the SOFA | 2,578 | 1,742 | 1,222 | 77 | 456 | 49 | 6,124 | 6,199 |

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

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

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham | Total 2018/19 | Total 2017/18 |
|--|-------------|-----------|--------|---------|-------|--------|------------------|---------------|
| | £ 000 | £ 000 | £ 000 | £000 | £000 | £000 | £000 | £000 |
| At 1 September | 21,555 | 17,927 | 12,628 | 628 | 4,943 | 80 | 57,761 | 55,258 |
| True-up of prior year estimate for Newham Pension Fund | - | - | - | - | - | - | - | 19 |
| Current service cost | 2,331 | 1,511 | 948 | 67 | 317 | 51 | 5,225 | 5,530 |
| Past service cost | 97 | 74 | 116 | - | 82 | - | 369 | 108 |
| Interest cost | 638 | 524 | 367 | 18 | 143 | 2 | 1,692 | 1,453 |
| Employee contributions | 406 | 242 | 144 | 13 | 46 | 14 | 865 | 835 |
| Actuarial (gains)/loss | 4,643 | 3,881 | 2,460 | 148 | 976 | 42 | 12,150 | (4,945) |
| Benefits paid out | (232) | (126) | (128) | (2) | (44) | - | (532) | (497) |
| At 31 August | 29,438 | 24,033 | 16,535 | 872 | 6,463 | 189 | 77,530 | 57,761 |

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

| | East Riding | Northants | Lincs | N Yorks | Leics | Newham | Total 2018/19 | Total 2017/18 |
|--|-------------|-----------|-------|---------|-------|--------|------------------|---------------|
| | £ 000 | £ 000 | £ 000 | £000 | £000 | £000 | £000 | £000 |
| At 1 September | 16,734 | 12,615 | 7,131 | 252 | 2,985 | 39 | 39,756 | 34,041 |
| True-up of prior year estimate for Newham Pension Fund | - | - | - | - | - | - | - | (8) |
| Interest income | 488 | 367 | 209 | 8 | 86 | 4 | 1,162 | 892 |
| Actuarial gain/(loss) | 281 | 279 | 246 | 9 | 113 | - | 928 | 1,384 |
| Employer contributions | 1,257 | 858 | 654 | 44 | 197 | 24 | 3,034 | 3,109 |
| Employee contributions | 406 | 242 | 144 | 13 | 46 | 14 | 865 | 835 |
| Benefits paid | (232) | (126) | (128) | (2) | (44) | - | (532) | (497) |
| | 18,934 | 14,235 | 8,256 | 324 | 3,383 | 81 | 45,213 | 39,756 |