

The David Ross Education Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2018

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
F Wood (member until 27 March 2018)
The Peterborough Diocese Church Schools Trust

Trustees (Directors)

D Ross (chairman)
B Brown
J Dunseath
Sir A Foster
Bishop of Brixworth J Holbrook
J Hoareau
T Maloney
D Hall (appointed 27 November 2017)
N Langstaff (appointed 27 November 2017)
R Emerton (appointed 19 February 2018)

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

E M Neild (resigned 18 September 2018)
A Hancock (resigned 30 April 2018)
T Hindmarch (resigned 24 April 2018)
N Woodcock (resigned 23 March 2018)
A Medicott-Revell (resigned 19 February 2018)

Company Secretary

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

The David Ross Education Trust

Reference and Administrative Details

Senior Management Team during the year

Chief Executive:

R Hackwood

Education:

S Rose, Director of Education for Primary Schools

M Watling, Director of Education for Secondary Schools

Finance:

M Ibbertson, Chief Finance Officer (up to 30 November 2017)

I Haldenby, Interim Chief Finance Officer (23 October 2017 to 23 March 2018)

J Spencer, Chief Finance Officer (appointed 19 March 2018)

Company Name

The David Ross Education Trust

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 2018

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 2018. 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 published on 16 July 2014.

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, across a geographical area spanning London to North Yorkshire.

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 are also directors of the charitable company for the purposes of company law. The Trust has entered into funding agreements with the Department for Education which provide the framework within which the Trust must operate. The David Ross Education Trust Endowment Fund 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 throughout the year and to the date these accounts are approved, are included in the Reference and Administration Information on Page 2.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while 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 cease 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 five sponsor trustees, two academy trustees, three co-opted trustees and one representative of the Peterborough Church Schools Trust.

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

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

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

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

A review of governance was undertaken in 2017/18, and following this, the membership of the Trust Board has been refreshed to ensure that collectively, the Trust Board has an appropriately broad range of professional skills and expertise. New Committees of the Trust Board have also been established. A revised Scheme of Delegation was also developed for consultation with Governors during late 2018 and is expected to be finalised for publication in 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 eight 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 Chief Financial Officer, the Director of HR, the Director of Operations, the Directors of Primary and Secondary Education, and the Director of Communications and Public Affairs. Central services include: school improvement, human resources, finance, asset management, information technology and management information, public relations, marketing and communications and governor services. The central office is in 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 are responsible for the authorisation of expenditure within Trust-agreed budgets and the appointment of staff.

The David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

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 part way through the year 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 Chief Executive Officer 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
19	0.4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1892
1% - 50%	19
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time:	£20,000
Total pay bill:	£57m
% of total pay bill spent on facility time:	0.03%

Paid trade union activities

Time spent on paid trade union activities as a % of total paid facility time hours:	0%
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Related Parties and other Connected Charities and Organisations

The Trust maintains The David Ross Education Trust Endowment Fund. The Fund was 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 Fund, which has 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 benefits from the Foundation's many partners including (but not exclusively) Nottingham University, Uppingham School and Nevill Holt Opera.

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

The Trust owns 100% of the share capital of David Ross Education Services Ltd. This company was dormant during the year ended 31 August 2018.

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 2018 the principal activity of the charitable company was the operation of 34 academies (31 August 2017: 33 academies) in Yorkshire, North East Lincolnshire, 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	11
Special Academies	1

The Trust's largest secondary academy, Malcolm Arnold Academy in Northampton, has in excess of 1,300 pupils, the smallest (Charles Read Academy in Lincolnshire) has just over 250. At primary level the Trust has inner-city academies such as Wold Academy in Hull with up to 600 pupils, as well as smaller rural schools such as Ingoldsby Academy and Hogsthorpe Primary Academy, both in Lincolnshire, with fewer than 60 pupils.

On 1 September 2017 the Bobby Moore Academy opened in London, bringing the total number of academies in the Trust to 34. The academies have a combined pupil capacity of 15,596 with 13,006 pupils on roll at the time of the school census of October 2018.

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, the catchment areas from which the pupils are drawn, and that the curriculum should develop the substance of the national curriculum.

Objectives, Strategies and Activities

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

The Trust's 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 of 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 our pupils for life, which open our pupils' eyes to the world around them to help them discover their talents and passions.
- 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 David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

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. There are 13,006 pupils within the Trust's academies.

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

The Trust's sports programme has further strengthened significantly in the last 12 months:

- Clubs and coaching - our academies provided 7,219 sports sessions across the year, and 1,507 sporting fixtures. In total there were 129,518 instances of pupils participating in Sports Enrichment club sessions;
- 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 and Football tours included matches against Uppingham, Oundle, Leicester City, Nottingham Forest and Boston United;
- The All Star Rowers attended the National Indoor Rowing Championships with 17 pupils competing, achieving 1 individual bronze medal;
- Charles Read Academy won the U16 Schools Table Tennis National Title and represented England at the World School Games in Malta;
- Charnwood College won 5 of the 6 National Basketball competitions they entered, along with the girls' team winning the World Schools 3v3 Championships.

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

- The Trust's Singing Schools programme gained the National Award for Excellence in Early Years / Primary Music at the Music Teacher Awards (February 2018, Music Expo)
 - New singing schools for 2017/18 in four of the Trust's primaries have seen significant impact in musical performance as well as academic achievement and wellbeing (substantial increase in SATs performance for Edward Heneage Primary Academy and Rockingham Primary School)
 - Funding from the Paul Hamlyn Foundation Teacher Development Fund for 2018-20 will enable a further 6 primary schools to join the programme from 1st September 2018 (Ainthorpe, Wold, Fairfield, Greenfields, Hogsthorpe, Cedar Road), enabling half of all Trust primaries to be Singing Schools
- Primary Music Festivals at Hull City Hall and Northampton Derngate involved record numbers of pupils participating [Hull 320; Northampton 650]
- The formation of the DRET All Star Choir from our network of schools, which was one of only 9 UK Youth Choirs to participate in Gabrieli Roar at Ely Cathedral.
- The St Vincent Environmental Adventure, open to pupils in all Trust secondary academies, provided a fully funded adventure focused on environmental awareness in the Caribbean.

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

Strategic Report

Achievements and Performance

At the end of Key Stage 2 the Trust achieved a combined average score of 63%, a 7% increase on prior year, improving at more than twice the rate of national average, and building on the 8% increase achieved in the prior year. Significant and pleasing progress was also made during the year at decreasing the gap in attainment between pupils entitled to pupil premium funding and those were not. The gap was closed by 15%, from 25% in the prior year, to 10%.

At Key Stage 4, whilst performance as an average across the Trust was consistent with prior year, with results broadly in line with national average, the board of trustees is disappointed with the lack of improvement. Further work is needed to improve our outcomes both in terms of absolute results and the Progress 8 measure and improvement plans are already underway, with a particular focus on Maths, where results lagged those achieved in English in the majority of the Trust's academies.

At Key Stage 5 (provision offered by 5 of the Trust's academies), positive progress was made with average A Level Point Score improving from 25.8 to 27.9, however, results are still generally behind national average and an improvement plan has been implemented.

The outcomes from Ofsted reviews continue to be positive. By the end of the academic year, 72% of pupils were being educated in an academy judged to be good or better, 81% of primary pupils and 65% of secondary pupils. In Secondary, this represents an improvement from 45% at the end of the prior year. Work continues with those academies that are in a category of requiring improvement and with all academies to move them to outstanding.

Construction of the Bobby Moore Secondary site was finalised in summer 2018, completing the construction of our all-through academy on the Olympic Park in London, allowing primary and secondary education to commence in their own settings. A further phase of works has been completed at Charnwood College in Loughborough which continued the programme of building refurbishments, compliance upgrades and reorganisation of teaching spaces. Growth in pupil numbers at Barnes Wallis Academy in Tattershall has been addressed through adaptation works which created additional classroom spaces. The provision of new nursery space has continued through the completion of a new building at Kings Heath Primary Academy in Northampton and commencement of an extension at Greenfields Primary School and Nursery in Kettering which will complete in January 2019. Significant capital investment has been undertaken to improve asset condition and ensure our buildings are safe, fit for purpose, easy to access and professionally presented. Works include a branding project has been undertaken, to establish a consistent aesthetic to our signage and our school receptions, this included the replacement of over 350 signs during the summer holidays. A rolling programme of work to improve the visual condition of our school premises has been commenced, which included a significant revamp of an "external quad" space at Rockingham Primary in Corby.

Key Financial Performance Indicators

	Unit	2017/18	2016/17
Income (excluding fixed assets and pension liabilities transferred on conversions)	£ 000	93,932	99,828
Expenditure	£ 000	(82,232)	(81,480)
Net income/(expenditure)	£ 000	11,700	18,348

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

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

Key Non-Financial Performance Indicators

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

Going Concern

After making appropriate enquiries, the 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 has considered the budget for the year ended 31 August 2019 and the longer term financial plan for the subsequent 4 years, which sets out a plan to achieve an in-year surplus in each future financial year. The Finance Committee 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 2020 and the income and expenditure result for the first three months of the year ended 31 August 2019. An agreement has been put in place with the ESFA to provide 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 period ended 31 August 2018 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 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 2018, the in-year expenditure from restricted general funds and unrestricted funds (excluding movement in the net value of defined benefit pension balances) exceeded corresponding income by £1.5m (2017: £1.9m). This resulted in closing reserves (restricted general funds, excluding pension reserves, plus unrestricted funds) as at 31st August 2018 being a deficit of £1.4m (2017: £53k surplus).

The in-year net deficit result was after incurring £1m of staff restructuring costs and £0.2m loss on revaluation of investment shareholdings. Excluding these non-recurring items, the in-year result would have been a £0.2m net deficit.

The restricted fixed asset fund shows in-year income of £18.3m, of which, £15.2m 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 £18.0m (2017: £21.2m)

Reserves Policy

The Trust held fund balances as at 31 August 2018 of £130.8m (2017: £113.0m) comprising £129.7m (2017: £113.0m) of restricted funds and £1.1m (2017: £47k) of unrestricted general funds. The Trust's restricted funds include a pension reserve deficit of £18.0m (2017: £21.2m), restricted fixed asset funds of £150.3m (2017:

The David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

£134.2m) which could only be realised by disposing of tangible fixed assets and a restricted general deficit (excluding pension reserve) of £2.5m (2017: funds of £6k).

The Trust's unrestricted funds and restricted general funds (excluding pension reserve) together form the Trust's revenue reserves of £1.4m deficit (2017: £53k surplus). Whilst demands on the Trust's reserves will vary over the years, the Trust's policy is that the Trust aims to maintain 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.

The revenue reserves deficit position has arisen following in-year deficits over several years. In the current year, the in-year deficit is mainly attributable to restructuring costs incurred in reducing historic over-staffing at several of the Trust's academies. 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 Fund, which does not form part of the Trust's revenue reserves, is currently £nil (2017: £nil). The Endowment Fund has been used to fund major construction projects in the Trust's academies and in accordance with the provisions of the Charities Act 2011, the permanent element of the Trust's Endowment Fund will also need to be replaced over time from academy funds.

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.

Principal 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 have implemented a number of processes 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. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured 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. The Trust is addressing risks of standards not rising sufficiently, of capacity to 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 and uncertainty over the distribution of funding to academies from 2018/19 onwards.

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 employed a fundraiser

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

in-house to seek grants from charitable foundations. The David Ross Foundation provided a Capital donation of £1.9m towards the construction of the Bobby Moore Academy and a further £500k donation into the Trust's Inspiration Fund.

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

Following the appointment of a new Chair and Chief Executive Officer in March and June 2017 respectively, the Executive team has been further strengthened with the appointment of new leadership in Finance, HR and Education. At school level, headteacher posts have been 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 will see even more accurate target setting for schools, sharper and more consistent interventions and support, enhanced central expertise that can be deployed to support performance improvement, greater consistency in the use of tools that are proven to improve outcomes e.g. Effective Maths, ReadWriteInc, Core Knowledge Curriculum, as well as a more forensic focus on data to ensure that all pupils are achieving their potential.

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.

The David Ross Education Trust

Trustees' Report and Strategic Report for the Year Ended 31 August 2018

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

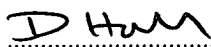
The David Ross Education Trust holds 16-19 Bursary Fund monies as custodian for the Education and Skills Funding Agency, awarding bursaries for those in need meeting the criteria specified in the terms of this government scheme. Further details can be found in the notes to the accounts, creditors falling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

Auditor

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 December 2018 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 Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between The David Ross Education Trust and the Secretary of State for Education. They are also responsible for reporting to the 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 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees as at 31 August 2018	Meetings attended	Out of a possible
D Ross	7	8
B Brown	8	8
J Dunseath	6	6
Sir A Foster	5	8
Bishop of Brixworth J Holbrook	4	8
J Hoareau	7	7
T Maloney	7	8
M Neild	7	8
D Hall	5	5
N Langstaff	5	5
R Emerton	3	3
Trustees who served within the 12 months		
A Hancock	5	5
T Hindmarch	4	5
N Woodcock	3	5
A Medicott-Revel	4	5

Governance reviews

The board of trustees continues to critically evaluate its makeup. During the period the Trust conducted a review of its governance following which resulted in the appointment of a new Company Secretary and a revised Scheme of Delegation. A number of trustees' terms of office came to an end during 2017/18 and an opportunity was taken to perform a skills audit to refresh the board membership and ensure a wider coverage of skills, in particular to enhance representation on the board of trustees with a strong financial and human resources background. The next review of governance is expected to be conducted in 2019.

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. The Finance Committee's role is to ensure sound

The David Ross Education Trust

Governance Statement

management of the Trust's finances and resources; including proper planning and application of resources, monitoring and probity.

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

Members of the Committee	Meetings attended	Out of a possible
D Hall, Chair (member since December 2017)	4	4
Sir A Foster (member since June 2018)	1	2
N Teagle (non-trustee member since June 2018)	2	2
A Hancock (left the Committee in March 2018)	4	4
M Hindmarch (left the Committee in March 2018)	3	3
A Medlicott-Revell (left the Committee in February 2018)	1	3
Nigel Woodcock (left the Committee in March 2018)	1	4

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

Members of the Committee	Meetings attended	Out of a possible
N Langstaff, Chair (member since January 2018)	3	3
B Brown (member since January 2017)	3	5
R Stannard (non-trustee member)	4	5
F Wood (resigned 27 March 2018)	2	3

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:

- Working with teacher supply agencies to secure volume discounts;
- Centralised procurement of a number of goods and services, including energy, multi-function devices, management information software, broadband, payroll and recruitment services;
- Building stronger teams in Central Services team to provide consistent and high quality advice, guidance, and service delivery for finance, human resources, governance and information and communications technology;
- A detailed capital programme prioritised at improving health and safety, balanced with improving standards in our academies;
- The development of improvement areas for our academies, providing the opportunity to share expertise, experience, and resources between academies in geographical proximity to each other. In turn this has led to efficiency gains through a combination of shared back office services within regional areas;
- The production of detailed benchmarking information for academies. This information, which is developing constantly, is used by academies for budget planning and financial review, and is scrutinised regularly by the Finance Committee;
- Regular meetings of all primary and all secondary principals to share strategies and good practice;
- Relocation of the Central Services office from rented premises to within an academy site;
- Oversight and scrutiny by a Finance Committee of Trustees;

Governance Statement

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 2017 to 31 August 2018 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 year to 31 August 2018 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:

- 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 of GDPR readiness
- testing of education quality assurance and improvement processes
- testing of controls relating to estates management

On a quarterly basis, the internal audit 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 2018. No material control or other issues were reported by the internal auditor during the year, although estates management was identified as an area which would benefit from focus for improvement.

The David Ross Education Trust

Governance Statement

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the Trust's 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 19 December 2018 and signed on its behalf by:



D Hall
Trustee



R Hackwood
Accounting Officer

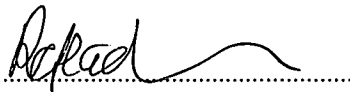
The David Ross Education Trust

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 2017.

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 2017.

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.

A handwritten signature in black ink, appearing to read 'R Hackwood', written over a horizontal dotted line.

R Hackwood
Accounting Officer

19 December 2018

**Statement of Trustees' Responsibilities in respect of the Trustees' Annual Report
and the Financial Statements**

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

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

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

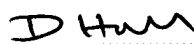
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

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

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

Approved by order of the board of trustees on 19 December 2018 and signed on its behalf by:


.....

D Hall
Trustee

The David Ross Education Trust

Independent Auditor's Report 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 2018 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 2018, 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 2017 to 2018* 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 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 4, 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

21 December 2018

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 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 2017;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

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 2017 to 31 August 2018 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

21 December 2018

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)

					Total	Total	
	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Fund	2017/18	2016/17
		£000	£000	£000	£000	£000	£000
Income and endowments from:							
Donations and capital grants	2	689	-	18,346	1,900	20,935	27,416
Other trading activities	3	1,392	1,183	-	-	2,575	2,885
Investment income	4	31	-	-	-	31	57
Charitable activities:							
Funding for the Trust's educational operations	5	-	70,038	-	-	70,038	69,092
Provision of boarding activities	32	-	353	-	-	353	378
Total		2,112	71,574	18,346	1,900	93,932	99,828
Expenditure on:							
Raising funds and costs of trading activities		1,056	3	-	-	1,059	1,158
Charitable activities:							
Trust's educational operations		-	76,658	4,169	-	80,827	79,947
Provision of boarding activities	32	-	334	12	-	346	375
Total	6	1,056	76,995	4,181	-	82,232	81,480
Net income/(expenditure)		1,056	(5,421)	14,165	1,900	11,700	18,348
Transfers between funds	19	-	-	1,900	(1,900)	-	-
Other recognised gains/(losses):							
Gains/(losses) on investment assets		-	(236)	-	-	(236)	(289)
Actuarial gains/(losses) on defined benefit pension schemes	33	-	6,329	-	-	6,329	9,160
Net movement in funds		1,056	672	16,065	-	17,793	27,219
Reconciliation of funds							
Funds/(deficit) brought forward		47	(21,211)	134,207	-	113,043	85,824
Funds/(deficit) carried forward		1,103	(20,539)	150,272	-	130,836	113,043

Restricted general funds are made up as follows:

Restricted general fund	(2,534)
Restricted pension fund	(18,005)
Total	(20,539)

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 28 to 66 form part of these financial statements.

The David Ross Education Trust
Statement of Financial Activities for the Year Ended 31 August 2017
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment Fund £000	Total 2016/17 £000
Income and endowments from:						
Donations and capital grants	2	78	1,080	26,258	-	27,416
Other trading activities	3	1,757	1,128	-	-	2,885
Investment income	4	57	-	-	-	57
<i>Charitable activities:</i>						
Funding for the Trust's educational operations	5	41	69,051	-	-	69,092
Provision of boarding activities	32	-	378	-	-	378
Total		1,933	71,637	26,258	-	99,828
Expenditure on:						
Raising funds		1,158	-	-	-	1,158
<i>Charitable activities:</i>						
Trust's educational operations		566	75,381	3,970	30	79,947
Provision of boarding activities	32	-	354	21	-	375
Total	6	1,724	75,735	3,991	30	81,480
Net income/(expenditure)		209	(4,098)	22,267	(30)	18,348
Transfers between funds	19	(1,340)	883	588	(131)	-
Other recognised gains/(losses):						
Gains/(losses) on investment assets		-	(289)	-	-	(289)
Actuarial gains/(losses) on defined benefit pension schemes	33	-	9,160	-	-	9,160
Net movement in funds		(1,131)	5,656	22,855	(161)	27,219
Reconciliation of funds						
Funds/(deficit) brought forward		1,178	(26,867)	111,352	161	85,824
Funds/(deficit) carried forward		47	(21,211)	134,207	-	113,043

The David Ross Education Trust
(Registration number: 06182612)
Balance Sheet as at 31 August 2018

	Note	2017/18 £000	2017/18 £000	2016/17 £000	2016/17 £000
Fixed assets					
Intangible assets	12		1		48
Tangible assets	13		149,966		132,712
Investments	14		574		810
Current assets					
Stocks	15	4		20	
Debtors	16	3,711		6,145	
Cash at bank and in hand		8,063		10,164	
		<u>11,778</u>		<u>16,329</u>	
Liabilities					
Creditors: Amounts falling due within one year	17	(11,172)		(14,958)	
Net current assets			<u>606</u>		<u>1,371</u>
Total assets less current liabilities			<u>151,147</u>		<u>134,941</u>
Creditors: Amounts falling due after more than one year	18		(2,306)		(681)
Net assets excluding pension liability			<u>148,841</u>		<u>134,260</u>
Defined benefit pension scheme liability	33		(18,005)		(21,217)
Total net assets			<u><u>130,836</u></u>		<u><u>113,043</u></u>
Funds of the academy trust:					
Restricted funds					
Restricted income fund		(2,534)		6	
Restricted fixed asset fund		150,272		134,207	
Pension reserve		(18,005)		(21,217)	
Endowment fund		-		-	
Total restricted funds			<u>129,733</u>		<u>112,996</u>
Unrestricted income funds			<u>1,103</u>		<u>47</u>
Total funds	19		<u><u>130,836</u></u>		<u><u>113,043</u></u>

The financial statements on pages 24 to 66 were approved by the trustees, and authorised for issue on 19 December 2018 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 2018

		2017/18	2016/17
	Note	£000	£000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	(2,792)	3,697
Cash flows from investing activities	24	(205)	1,796
Cash flows from financing activities	25	896	756
Change in cash and cash equivalents in the reporting period		<u>(2,101)</u>	<u>6,249</u>
Cash and cash equivalents at 1 September 2017		<u>10,164</u>	<u>3,915</u>
Cash and cash equivalents at 31 August 2018	26	<u><u>8,063</u></u>	<u><u>10,164</u></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 Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 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 asset 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'.

1 Accounting policies (continued)

The Trust holds a number of land and buildings on short term leases where rent is charged at below market rent. The financial statements show a notional rental for the buildings based on building valuations compiled by the Valuation Office Agency.

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. Costs are classified under headings that aggregate all costs relating to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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. In the prior year annual report, only some fundraising activities were included in this figure, the prior year figure has been restated to include all non-charitable activities which result in raising funds.

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.

Governance costs

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

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.

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies (continued)

Intangible assets

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

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

Investments

Investments are included at market value:

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

Leased assets

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

Stock

Unsold uniforms and catering stocks are included on a first in first out basis and valued at the lower of cost and 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 15. 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.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies (continued)

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 relate to donations received from The David Ross Foundation.

Liabilities

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

Critical accounting estimates and areas of judgement

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.

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 2018. 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.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

2 Donations and capital grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Endowment £000	Total 2017/18 £000	Total 2016/17 £000
Donations - capital	-	-	1,850	1,900	3,750	24
Other donations	689	-	-	-	689	1,158
Capital grants	-	-	16,496	-	16,496	26,234
Total voluntary income	689	-	18,346	1,900	20,935	27,416

3 Other trading activities

	Unrestricted Funds £000	Restricted General Funds £000	Total 2017/18 £000	Total 2016/17 £000
Hire of facilities	410	-	410	406
Income from ancillary trading activities	364	100	464	355
Income from other charitable activities	618	467	1,085	1,548
Gift in kind	-	616	616	576
	1,392	1,183	2,575	2,885

4 Investment Income

	Unrestricted Funds £000	Total 2017/18 £000	Total 2016/17 £000
Bank interest	5	5	10
Dividends	26	26	47
	31	31	57

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

5 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017/18 £000	Total 2016/17 £000
DfE/ESFA revenue grants					
General Annual Grant (GAG)	-	60,826	-	60,826	60,365
Start up grants	-	242	-	242	559
Pupil Premium	-	4,683	-	4,683	4,518
Other DfE / ESFA grants	-	1,151	-	1,151	1,162
	-	66,902	-	66,902	66,604
Other Government grants					
Local authority grants	-	3,021	-	3,021	2,335
Other income from the academy trust's educational operations	-	115	-	115	153
	-	3,136	-	3,136	2,488
Total	-	70,038	-	70,038	69,092

6 Expenditure

	Staff costs £000	Premises £000	Other costs £000	Total 2017/18 £000	Total 2016/17 £000
Expenditure on raising funds	355	-	704	1,059	1,158
Trust's educational operations					
Direct costs	46,328	1,467	5,045	52,840	54,285
Allocated support costs	13,867	4,798	9,322	27,987	25,662
	60,195	6,265	14,367	80,827	79,947
Boarding activities					
Direct costs	-	-	69	69	99
Allocated support costs	230	27	20	277	276
	230	27	89	346	375
	60,780	6,292	15,160	82,232	81,480

Net income/expenditure for the year includes:

	2017/18 £000	2016/17 £000
Operating lease rentals	915	920
Fees payable to auditor for:		
- audit	85	80
- other services	-	-
Depreciation	3,228	3,237
Amortisation of intangible fixed assets	47	100
(Gain)/loss on disposal of fixed assets	-	-

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

7 Charitable activities - Trust's educational operations

	Total 2017/18 £000	Total 2016/17 £000
Analysis of support costs		
Support staff costs	13,867	13,113
Depreciation	3,263	2,089
Premises costs	4,798	5,178
Technology costs	892	1,009
Other support costs	4,575	3,701
Provision of boarding activities	277	276
Governance costs	592	572
	<u>28,264</u>	<u>25,938</u>

8 Staff

a. Staff costs

	2017/18 £000	2016/17 £000
Staff costs during the year were:		
Wages and salaries	43,094	43,861
Social security costs	3,655	3,718
Pension costs	10,325	10,026
Apprenticeship levy	201	80
	<u>57,275</u>	<u>57,685</u>
Agency staff costs	2,499	1,777
Staff restructuring costs	1,006	654
	<u>60,780</u>	<u>60,116</u>

Staff restructuring costs comprise :

Redundancy payments	545	523
Severance payments	461	131
	<u>1,006</u>	<u>654</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory /non-contractual severance payment of £3,527.52 paid on 31 October 2017.

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:

	2017/18 No.	2016/17 No.
Teachers	742	790
Administration and support	1,133	1,160
Management	36	41
	<u>1,911</u>	<u>1,991</u>

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

8 Staff (continued)

d. Higher paid staff

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

	2017/18	2016/17
	No.	No.
£60,001 - £70,000	19	27
£70,001 - £80,000	14	11
£80,001 - £90,000	5	3
£90,001 - £100,000	4	5
£100,001 - £110,000	2	4
£110,001 - £120,000	3	1
£120,001 - £130,000	-	2
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£190,001 - £200,000	-	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 3. 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 £718,427 (2017: £545,000).

9 Central services

During the year to 31 August 2017, 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
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

As from 2017/18 the academy trust, in line with the funding agreement with the Department for Education and the provisions of the Academies Financial Handbook 2017, pools GAG and therefore does not recharge out central services.

Previously, the amounts charged were calculated as a % of funding received from the ESFA, ranging from 3%-6%, the % used being dependent on the specific circumstances of each academy (such as primary, secondary or special school).

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

9 Central services (continued)

The actual amounts charged during the year were as follows:

	2017/18	2016/17
	£000	£000
Abbey CE Academy	-	53
Ainthorpe Primary Academy	-	73
Barnes Wallis Academy	-	98
Briar Hill Primary School	-	99
Brighthurst Primary School	-	37
Bobby Moore Academy	-	-
Cedar Road Primary School	-	92
Charles Read Academy	-	80
Charnwood College	-	219
Eastfield Academy	-	62
Edward Heneage Primary Academy	-	95
Endike Primary Academy	-	112
Eresby Special School	-	19
Fairfield Academy	-	78
Falconer's Hill Academy	-	61
Greenfields Primary School	-	103
Havelock Academy	-	356
Hogsthorpe Primary Academy	-	20
Humberston Academy	-	259
Ingoldsby Academy	-	14
King Edward VI Academy	-	154
Kings Heath Primary Academy	-	104
Lodge Park Academy	-	290
Malcolm Arnold Academy	-	431
Malcolm Arnold Preparatory School	-	45
Newnham Primary school	-	28
Quay Academy	-	112
Rockingham Primary School	-	79
Skegness Grammar School	-	159
The Arbours Primary Academy	-	110
Thomas Hinderwell Primary Academy	-	59
Thomas Middlecott Academy	-	158
Welton CE Primary Academy	-	33
Wold Academy	-	120
	<u>-</u>	<u>3,812</u>

10 Trustees' remuneration and expenses

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

During the year ended 31 August 2018, travel and subsistence expenses totalling £4,567 (2017: £4,000) were reimbursed or paid directly to 8 trustees (2017: 7).

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

11 Trustees and officers insurance

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

12 Intangible fixed assets

	Software £000	Total £000
Cost		
At 1 September 2017	369	369
Additions	-	-
Transfers	-	-
At 31 August 2018	<u>369</u>	<u>369</u>
Amortisation		
At 1 September 2017	321	321
Charge for the year	47	47
Transfers	-	-
At 31 August 2018	<u>368</u>	<u>368</u>
Carrying amount		
At 31 August 2018	<u>1</u>	<u>1</u>
At 31 August 2017	<u>48</u>	<u>48</u>

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 2017	44,280	82,061	3,518	61	6,537	12,823	149,280
Additions	570	66	-	-	617	19,229	20,482
Transfers	-	31,722	-	-	-	(31,722)	-
At 31 August 2018	<u>44,850</u>	<u>113,849</u>	<u>3,518</u>	<u>61</u>	<u>7,154</u>	<u>330</u>	<u>169,762</u>
Depreciation							
At 1 September 2017	2,654	5,595	2,565	60	5,694	-	16,568
Charge for the year	721	1,637	391	1	478	-	3,228
Transfers	-	-	-	-	-	-	-
At 31 August 2018	<u>3,375</u>	<u>7,232</u>	<u>2,956</u>	<u>61</u>	<u>6,172</u>	<u>-</u>	<u>19,796</u>
Net book values							
At 31 August 2018	<u>41,475</u>	<u>106,617</u>	<u>562</u>	<u>-</u>	<u>982</u>	<u>330</u>	<u>149,966</u>
At 31 August 2017	<u>41,626</u>	<u>76,466</u>	<u>953</u>	<u>1</u>	<u>843</u>	<u>12,823</u>	<u>132,712</u>

The Trust completed the building of the secondary school at Bobby Moore Academy at the end of the year which was transferred from Assets Under Construction into Leasehold Land and Buildings at 31 August 2018. The total cost of the project was £30,197,000. This project was funded by external sources.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

14 Investments

	Investments
	£000
Cost	
At 1 September 2017	810
Revaluation	(236)
At 31 August 2018	<u>574</u>
Provision	
At 31 August 2018	<u>-</u>
Net book value	
At 31 August 2018	<u>574</u>
At 31 August 2017	<u>810</u>

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

	2018	2017
UK high income		
Carphone Warehouse Group plc ord 0.001	36%	27%
Talk Talk Telecom Group plc ord 0.001	64%	73%

The Trust owns 100% of the ordinary shares of The David Ross Education Services Ltd, a company incorporated in England and Wales. The company is dormant. Turnover for the year ended 31 August 2018 was £Nil, expenditure was £Nil and the profit/(loss) for the year was £Nil. The assets of the company at 31 August 2018 were £Nil, liabilities were £Nil and capital and reserves were £Nil.

15 Stock

	2018	2017
	£000	£000
Sundry stock	<u>4</u>	<u>20</u>

16 Debtors

	2018	2017
	£000	£000
Trade debtors	307	253
Prepayments and accrued income	518	1,041
VAT recoverable	175	959
Other debtors	<u>2,711</u>	<u>3,892</u>
	<u>3,711</u>	<u>6,145</u>

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

17 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	2,584	9,471
Other taxation and social security	967	1,003
ESFA creditor: abatement of GAG	170	23
Pension scheme creditor	823	846
Loans	194	92
Other creditors	2,950	1,651
Accruals and deferred income	3,484	1,872
	<u>11,172</u>	<u>14,958</u>

	2018	2017
	£000	£000
Deferred income at 1 September 2017	438	490
Released from previous years	(438)	(490)
Resources deferred in the year	502	438
Deferred income at 31 August 2018	<u>502</u>	<u>438</u>

At the balance sheet date the academy trust was holding funds of £502,000 received in advance for lettings, boarding deposits booked for the autumn term 2018 and enrichment project funding from Garfield & Weston.

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 £60,000 and disbursed £20,000 from the fund. An amount of £40,000 is included in other creditors relating to undistributed funds that is repayable to the Education and Skills Funding Agency.

Included in other creditors is an interest free loan of £36,000 from Salix. Amounts falling due after one year of £109,000 are included within creditors falling due after one year.

18 Creditors: amounts falling due after one year

	2018	2017
	£000	£000
Loans	1,506	681
ESFA creditor: advance of GAG	800	-
	<u>2,306</u>	<u>681</u>

Included in other creditors is a capital loan from the Education and Skills Funding Agency totalling £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.; £158,000 is included within creditors falling due within one year and £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 will be net of these amounts.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

19 Funds

	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 fund	-	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 David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

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

	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	69	60,365	(61,960)	628	(898)
Start Up Grants	-	559	(559)	-	-
Pupil Premium	8	4,518	(4,520)	-	6
Special grants	78	1,162	(1,199)	-	41
Local Authority funding	195	2,335	(2,308)	-	222
Donations in lieu of rent	-	576	(576)	-	-
Other income	436	1,744	(1,563)	(34)	583
Provision for boarding facilities	28	378	(354)	-	52
Pension reserve	(27,681)	-	(2,696)	9,160	(21,217)
	<u>(26,867)</u>	<u>71,637</u>	<u>(75,735)</u>	<u>9,754</u>	<u>(21,211)</u>
Restricted fixed asset funds					
DfE capital grants	11,392	26,234	(1,417)	-	36,209
Capital expenditure from grant income	6,416	-	(533)	457	6,340
Private sector capital donations	344	24	(78)	131	421
Donation of transferred assets from local authority	93,200	-	(1,963)	-	91,237
	<u>111,352</u>	<u>26,258</u>	<u>(3,991)</u>	<u>588</u>	<u>134,207</u>
Other restricted funds					
Endowment fund	161	-	(30)	(131)	-
Total restricted funds	84,646	97,895	(79,756)	10,211	112,996
Unrestricted general funds	1,178	1,933	(1,724)	(1,340)	47
Total funds	85,824	99,828	(81,480)	8,871	113,043

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	69	121,191	(125,120)	392	(3,468)
Start Up Grants	-	801	(801)	-	-
Pupil Premium	8	9,201	(9,206)	-	3
Special grants	78	2,313	(2,390)	-	1
Local Authority funding	195	5,356	(5,502)	-	49
Donations in lieu of rent	-	1,192	(1,192)	-	-
Other income	436	2,426	(2,018)	(34)	810
Provision for boarding facilities	28	731	(688)	-	71
Pension reserve	(27,681)	-	(5,813)	15,489	(18,005)
	(26,867)	143,211	(152,730)	15,847	(20,539)
Restricted fixed asset funds					
DfE capital grants	11,392	42,730	(5,598)	-	48,524
Capital expenditure from grant income	6,416	-	(533)	457	6,340
Private sector capital donations	344	1,874	(78)	2,031	4,171
Donation of transferred assets from local authority	93,200	-	(1,963)	-	91,237
	111,352	44,604	(8,172)	2,488	150,272
Other restricted funds					
Endowment fund	161	1,900	(30)	(2,031)	-
Total restricted funds	84,646	189,715	(160,932)	16,304	129,733
Unrestricted general funds	1,178	4,045	(2,780)	(1,340)	1,103
Total funds	85,824	193,760	(163,712)	14,964	130,836

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

19 Funds (continued)

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

- (i) General Annual Grant must be used for the normal running costs of the academies. 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) LA funding in the main relates to funding supplied for pupils with statements of special educational needs and pupils in nurseries around the Trust.
- (v) Restricted fixed assets were funded by capital grants from DfE or from the private sector.
- (vi) Voluntary income is deemed to be restricted where the funder places conditions on how the income can be spent. During the year the Trust received donations from The David Ross Foundation to fund some of the capital works at Bobby Moore Academy, enhanced support and development in the academies and the Trust's enrichment programme.
- (vii) The restricted expendable endowment fund is The David Ross Education Trust Endowment Fund.
- (viii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted non-fixed asset fund. Staff costs are paid from this fund and the pension liability has therefore been aligned with these costs.
- (ix) Transfers from restricted funds to restricted fixed asset funds relate to capital expenditure from revenue income, as allowed by the conditions of the grants.

Under the funding agreement with the Secretary of State for Education, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

The academy trust is carrying a net deficit of £1,431k on restricted general funds (excluding pension reserve) 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.

Historically, some of the academies have overspent on staffing and restructures were undertaken during the year to reduce staffing costs at Charnwood College, Lodge Park Academy, Skegness Grammar School and Thomas Middlecott Academy, from September 2018. The net expenditure for the year includes the costs associated with making these restructures.

Another contributing factor to the deficit funds position 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 has undertaken a review of its curriculum offering and has narrowed the choice of subject options available to students starting GCSE and sixth form courses from September 2018. Pupil numbers and class sizes have been reviewed and in some primaries, mixed year groups are being used from September 2018 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 loss on revaluation of £236k during the year, which has adversely impacted on the in-year net expenditure result and the closing funds position.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

19 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August were allocated as follows:

	2018	2017
	£000	£000
Abbey CE Academy	-	347
Ainthorpe Primary Academy	-	105
Barnes Wallis Academy	-	(519)
Briar Hill Primary School	-	375
Bobby Moore Academy	-	-
Brighthurst Primary School	-	(22)
Cedar Road Primary School	-	173
Charles Read Academy	-	(558)
Charnwood College	-	(268)
Eastfield Academy	-	178
Edward Heneage Primary Academy	-	367
Endike Primary Academy	-	397
Eresby Special School	-	720
Fairfield Academy	-	287
Falconer's Hill Academy	-	313
Greenfields Primary School	-	793
Havelock Academy	-	1,458
Hogsthorpe Primary Academy	-	140
Humberston Academy	-	1,157
Ingoldsby Academy	-	(3)
King Edward VI Academy	-	(164)
Kings Heath Primary Academy	-	319
Lodge Park Academy	-	80
Malcolm Arnold Academy	-	393
Malcolm Arnold Preparatory School	-	192
Newnham Primary School	-	173
Quay Academy	-	224
Rockingham Primary School	-	218
Skegness Grammar School	-	(1,592)
The Arbours Primary Academy	-	787
Thomas Hinderwell Primary Academy	-	(129)
Thomas Middlecott Academy	-	(250)
Welton CE Primary Academy	-	193
Wold Academy	-	136
Central services	(1,431)	(5,967)
Total before fixed assets, pension reserve and endowment	(1,431)	53
Restricted Fixed Asset Funds	150,272	134,207
Pension reserve	(18,005)	(21,217)
Endowment fund	-	-
Total	130,836	113,043

As described in note 9, from 2017/18 the academy trust, in line with the funding agreement with the Department for Education and the provisions of the Academies Financial Handbook 2017, pools GAG and therefore does not recharge out central services to individual academies. As a result of pooling GAG, the year end fund balance is now considered to all be held centrally 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 2018

19 Funds (continued)

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 2017/18	Total 2016/17
	£000	£000	£000	£000	£000	£000
Abbey CE Academy	566	75	90	77	808	798
Ainthorpe Primary Academy	862	98	63	203	1,226	1,213
Barnes Wallis Academy	1,423	190	102	339	2,054	2,116
Bobby Moore Academy	1,423	195	81	167	1,866	-
Briar Hill Primary School	1,041	81	124	302	1,548	1,592
Brighthurst Primary School	457	59	32	73	621	652
Cedar Road Primary School	1,032	83	108	311	1,534	1,541
Charles Read Academy	1,178	125	51	332	1,686	1,806
Charnwood College	2,562	575	146	775	4,058	4,339
Eastfield Academy	739	44	47	210	1,040	1,063
Edward Heneage Primary Academy	1,009	112	54	182	1,357	1,545
Endike Primary Academy	1,393	85	104	391	1,973	1,980
Eresby Special School	909	102	21	129	1,161	1,042
Fairfield Academy	981	110	66	184	1,341	1,351
Falconer's Hill Academy	667	59	63	110	899	960
Greenfields Primary School	1,171	115	109	301	1,696	1,445
Havelock Academy	3,652	1,976	135	694	6,457	5,699
Hogsthorpe Primary Academy	241	24	19	55	339	353
Humberston Academy	2,801	364	145	415	3,725	3,877
Ingoldsby Academy	203	32	30	58	323	339
King Edward VI Academy	1,832	373	95	727	3,027	2,927
Kings Heath Primary Academy	1,263	74	111	325	1,773	1,773
Lodge Park Academy	3,378	429	197	566	4,570	4,884
Malcolm Arnold Academy	4,665	562	341	966	6,534	6,982
Malcolm Arnold Preparatory	685	64	83	133	965	822
Newnham Primary School	234	47	40	55	376	429
Quay Academy	1,352	75	66	351	1,844	1,803
Rockingham Primary School	814	113	59	156	1,142	1,195
Skegness Grammar School	1,896	416	79	544	2,935	3,379
The Arbours Primary Academy	1,119	105	106	380	1,710	1,549
Thomas Hinderwell Primary Academy	760	80	41	226	1,107	1,116
Thomas Middlecott Academy	2,107	190	200	388	2,885	3,005
Welton CE Primary Academy	333	53	40	100	526	572
Wold Academy	1,858	202	99	314	2,473	2,351
Central services	2,466	2,003	552	4,050	9,071	8,949
Academy Trust	49,072	9,290	3,699	14,589	76,650	75,447

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

20 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Fund	Total Funds
	£000	£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	-	(6,622)	(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

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Endowment Fund	Total Funds
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	132,712	-	132,712
Intangible fixed assets	-	-	48	-	48
Investments	-	810	-	-	810
Current assets	47	7,072	9,210	-	16,329
Current liabilities	-	(7,867)	(7,091)	-	(14,958)
Non-current liabilities	-	(9)	(672)	-	(681)
Pension scheme liability	-	(21,217)	-	-	(21,217)
Total net assets	47	(21,211)	134,207	-	113,043

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

21 Capital commitments

	2018	2017
	£000	£000
Contracted for, but not provided in the financial statements	1,048	20,559

The Trust completed construction of the Bobby Moore Academy secondary site which opened on 1 September 2018. A commitment has been made to complete a number of smaller capital projects in the year 18/19 and the committed costs are noted above.

22 Commitments under operating leases

Operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£000	£000
Land and buildings		
Amounts due within one year	812	795
Amounts due between one and five years	3,249	3,181
Amounts due after five years	62,305	60,867
	<u>66,366</u>	<u>64,843</u>
Other		
Amounts due within one year	277	140
Amounts due between one and five years	353	150
	<u>630</u>	<u>290</u>

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

	2017/18	2016/17
	£000	£000
Net income/(expenditure) for the year	11,700	18,348
Adjusted for:		
Amortisation	47	100
Depreciation	3,228	3,237
Capital grants from DfE and other capital income	(20,246)	(26,258)
Interest receivable	(31)	(57)
Interest payable on loans	31	-
Defined benefit pension scheme service cost adjustment net of contributions payable	3,117	2,696
(Increase)/decrease in stocks	16	88
(Increase)/decrease in debtors	2,434	207
(Decrease)/increase in creditors	(3,088)	5,336
Net cash provided by / (used in) operating activities	<u>(2,792)</u>	<u>3,697</u>

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

24 Cash flows from investing activities

	2017/18	2016/17
	£000	£000
Dividends, interest and rents from investments	31	57
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(20,482)	(25,337)
Sale of investments	-	944
Purchase of investments	-	(102)
Capital grants from DfE Group	16,496	26,234
Capital funding received from sponsors and others	3,750	-
Net cash provided by / (used in) investing activities	(205)	1,796

25 Cash flows from financing activities

	2017/18	2016/17
	£000	£000
Cash inflows from new borrowing	1,097	756
Repayments of borrowing	(201)	-
Net cash provided by / (used in) financing activities	896	756

26 Analysis of changes in net funds

	At 1 September 2017	Cash flows	At 31 August 2018
	£000	£000	£000
Cash at bank and in hand	10,164	(2,101)	8,063

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 2018

30 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local 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. During the year the Trust purchased goods and services from organisations which, under section 33 of FRS102, are considered to be connected to the trustees. The following do not fall under the definition of connected parties as set out in the Academies Financial Handbook:

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

The Trust purchased training totalling £19,923 (2017: £nil) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The Trust made the purchases at arm's 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 £90 of expenditure during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The Trust made the purchases at arm's 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 £9,120 (2017: £nil) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The Trust made the purchases at arm's 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 £7,155 (2017: £1,000) during the period. There were no amounts outstanding at 31 August 2018 (2017: £789).

The Trust made the purchases at arm's 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 totalling £6,055 (2017: £4,000) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).

The Trust made the purchases at arm's 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 £10,180 (2017: £7,000) during the period and received income of £2,017. There was £744 outstanding at 31 August 2018 (2017: £744).

The Trust made the purchases at arm's 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) is a Trustee and a fellow of the school and a member of the Foundation board.

The Trust paid £5,390 for a music residential course for pupils (2017: £8,000) during the period and received income of £110. There were no amounts outstanding at 31 August 2018 (2017: £6,510). The Trust made the purchases at arm's length in accordance with its financial regulations and has complied with the requirements of the Academies Financial Handbook.

All of these transactions were made 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 2018, allowed the Trust use of its office space without charge which has been valued at £400. 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. The Foundation also made a specific capital donations of £1.9m in relation to the building of the Bobby Moore Academy and a further £0.5m donation to the trust's inspiration fund. Mr Ross is owner of Nevill Holt Hall which includes (Nevill Holt Farm and Nevill Holt Opera). There have been 1431 Trust pupils visit Nevill Holt Farm on day trips or camping trips during the course of the year for which there has been no charge and which has been valued at £21,465. There have been 180 Trust pupils who have visited Nevill Holt Opera for which there was no charge and which has been valued at £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 at no charge which has been valued at £5,000.

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

31 Post balance sheet events

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

32 Academy boarding trading account

	2017/18	2016/17
	£000	£000
Income		
Fee income	353	378
Expenditure - Direct costs		
Other direct costs	69	99
Expenditure - Indirect costs		
Staff costs	230	210
Utilities	18	22
Rent and rates	8	1
Security	-	2
Buildings maintenance	1	-
Depreciation	12	21
Other indirect costs	8	20
Total indirect costs	277	276
Total operating costs	346	375
Surplus / (deficit) on boarding	7	3
(Deficit) brought forward at 1 September	(57)	(60)
(Deficit) carried forward at 31 August	(50)	(57)

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 £822,508 (2017: £846,000) were payable to the schemes at 31 August 2018 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

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

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

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

The pension costs paid to TPS in the period amounted to £4,290,000 (2017: £4,320,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions' website.

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

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 2018 were £3,944,000 (2017: £3,906,000), of which employer's contributions totalled £3,109,000 (2017: £3,075,000) and employees' contributions totalled £835,000 (2017: £831,000). The agreed contribution rates for future years for employers vary across academies and vary according to gross salaries for employees.

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

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

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

As detailed in the notes 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 Pension Fund

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

Principal actuarial assumptions

	2018	2017
	%	%
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	2.4
Commutation of pensions to lump sums, pre-April 2008 service	60.0	60.0
Commutation of pensions to lump sums, post-April 2008 service	80.0	80.0

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

	2018	2017
<i>Retiring today</i>		
Males retiring today	21.7	21.7
Females retiring today	24.2	24.2
<i>Retiring in 20 years</i>		
Males retiring in 20 years	23.7	23.7
Females retiring in 20 years	26.4	26.4

Sensitivity analysis - approximate increase in defined benefit obligation	2018	2017
	£000	£000
0.1% decrease in Real Discount Rate	566	514
Mortality assumption - 1 year increase in life expectancy	862	801
0.1% increase in the Pension Increase Rate (CPI)	472	413

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

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

	2018	2017
	£000	£000
Equities	12,048	10,076
Bonds	2,175	1,845
Property	2,008	1,561
Cash	503	710
Total market value of assets	16,734	14,192
Present value of scheme liabilities - funded	(21,555)	(20,013)
Deficit in the scheme	(4,821)	(5,821)

The actual return on scheme assets was £1,010,000 (2017: £1,582,000).

Amount recognised in the Statement of Financial Activities

	2017/18	2016/17
	£000	£000
Current service cost	2,439	2,086
Past service costs	58	-
Total operating charge	2,497	2,086

	2017/18	2016/17
	£000	£000
Interest income on pension scheme assets	(374)	(237)
Interest cost on pension liabilities	533	402
Net pension finance cost / (income)	159	165
Total amount recognised in the SOFA	2,656	2,251

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

	2017/18	2016/17
	£000	£000
At 1 September	20,013	19,022
Current service cost	2,439	2,086
Interest cost	533	402
Employee contributions	401	372
Actuarial (gain)/loss	(1,660)	(1,644)
Benefits paid	(229)	(225)
Past service cost	58	-
At 31 August	21,555	20,013

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

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

	2017/18	2016/17
	£000	£000
At 1 September	14,192	11,153
Interest income	374	237
Actuarial gain/(loss)	636	1,345
Employer contributions	1,360	1,310
Employee contributions	401	372
Benefits paid	(229)	(225)
At 31 August	<u>16,734</u>	<u>14,192</u>

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

Northamptonshire Pension Fund

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

Principal actuarial assumptions

	2018	2017
	%	%
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums, pre-April 2008 service	50.0	50.0
Commutation of pensions to lump sums, post-April 2008 service	75.0	75.0

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

	2018	2017
<i>Retiring today</i>		
Males retiring today	22.1	22.1
Females retiring today	24.2	24.2
<i>Retiring in 20 years</i>		
Males retiring in 20 years	23.9	23.9
Females retiring in 20 years	26.1	26.1

Sensitivity analysis - approximate increase in defined benefit obligation

	2018	2017
	£000	£000
0.1% decrease in Real Discount Rate	484	468
Mortality assumption - 1 year increase in life expectancy	717	703
0.1% increase in the Pension Increase Rate (CPI)	416	392

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

	2018	2017
	£000	£000
Equities	9,336	8,147
Bonds	1,892	1,761
Property	1,009	771
Cash	378	330
Total market value of assets	12,615	11,009
Present value of scheme liabilities - funded	(17,927)	(17,580)
Deficit in the scheme	(5,312)	(6,571)

The actual return on the scheme assets was £614,000 (2017: £1,064,000)

Amount recognised in the Statement of Financial Activities

	2017/18	2016/17
	£000	£000
Current service cost	1,663	1,661
Past service costs	38	-
Total operating charge	1,701	1,661

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

	2017/18	2016/17
	£000	£000
Interest income on pension scheme assets	(287)	(196)
Interest cost on pension liabilities	462	391
Net pension finance cost / (income)	175	195
Total amount recognised in the SOFA	1,876	1,856

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

	2017/18	2016/17
	£000	£000
At 1 September	17,580	17,672
Current service cost	1,663	1,661
Interest cost	462	391
Benefits paid	(128)	-
Employee contributions	231	253
Actuarial (gain)/loss	(1,919)	(2,397)
Past service cost	38	-
At 31 August	17,927	17,580

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

	2017/18	2016/17
	£000	£000
At 1 September	11,009	8,728
Interest income	287	196
Actuarial gain/(loss)	327	868
Benefits paid	(128)	-
Employer contributions	889	964
Employee contributions	231	253
At 31 August	12,615	11,009

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

Lincolnshire Pension Fund

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

Principal actuarial assumptions

	2018	2017
	%	%
Rate of increase in salaries	2.8	2.8
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	2.4
Commutation of pensions to lump sums, pre-April 2008 service	50.0	50.0
Commutation of pensions to lump sums, post-April 2008 service	75.0	75.0

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

	2018	2017
<i>Retiring today</i>		
Males retiring today	22.1	22.1
Females retiring today	24.4	24.4
<i>Retiring in 20 years</i>		
Males retiring in 20 years	24.1	24.1
Females retiring in 20 years	26.6	26.6

Sensitivity analysis - approximate increase in defined benefit obligation	2018	2017
	£000	£000
0.1% decrease in Real Discount Rate	318	303
Mortality assumption - 1 year increase in life expectancy	505	490
0.1% increase in the Pension Increase Rate (CPI)	260	241

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

	2018	2017
	£000	£000
Equities	5,206	4,700
Bonds	1,070	723
Property	784	542
Cash	71	60
Total market value of assets	7,131	6,025
Present value of scheme liabilities - funded	(12,628)	(12,239)
Deficit in the scheme	(5,497)	(6,214)

The actual return on the scheme assets was £500,000 (2017: £197,000)

Amount recognised in the Statement of Financial Activities

	2017/18	2016/17
	£000	£000
Current service cost	979	964
Total operating charge	979	964

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

	2017/18	2016/17
	£000	£000
Interest income on pension scheme assets	(158)	(111)
Interest cost on pension liabilities	318	267
Net pension finance cost / (income)	<u>160</u>	<u>156</u>
Total amount recognised in the SOFA	<u>1,139</u>	<u>1,120</u>

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

	2017/18	2016/17
	£000	£000
At 1 September	12,239	12,842
Current service cost	979	964
Interest cost	318	267
Benefits paid	(104)	(114)
Employee contributions	135	141
Actuarial (gain)/loss	<u>(939)</u>	<u>(1,861)</u>
At 31 August	<u>12,628</u>	<u>12,239</u>

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

	2017/18	2016/17
	£000	£000
At 1 September	6,025	5,272
Interest income	158	111
Actuarial gain/(loss)	342	86
Benefits paid	(104)	(114)
Employer contributions	575	529
Employee contributions	<u>135</u>	<u>141</u>
At 31 August	<u>7,131</u>	<u>6,025</u>

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

North Yorkshire Pension Fund

Thomas Hinderwell Primary Academy

Principal actuarial assumptions

	2018	2017
	%	%
Rate of increase in salaries	3.25	3.15
Rate of increase for pensions in payment/inflation	2.0	1.9
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.0	1.9

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

	2018	2017
<i>Retiring today</i>		
Males retiring today	22.9	22.8
Females retiring today	26.4	26.3
<i>Retiring in 20 years</i>		
Males retiring in 20 years	25.1	25.0
Females retiring in 20 years	28.7	28.6

Sensitivity analysis - approximate increase in defined benefit obligation

	2018	2017
	£000	£000
0.1% decrease in Real Discount Rate	18	16
Mortality assumption - 1 year increase in life expectancy	18	16
0.1% increase in the Pension Increase Rate (CPI)	13	33

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

	2018	2017
	£000	£000
Equities	152	115
Government bonds	41	22
Other bonds	-	5
Others	38	16
Property	20	14
Cash	1	1
Total market value of assets	252	173
Present value of scheme liabilities - funded	(628)	(565)
Deficit in the scheme	(376)	(392)

The actual return on the scheme assets was £22,000 (2017: -£12,000)

Amount recognised in the Statement of Financial Activities

	2017/18	2016/17
	£000	£000
Current service cost	69	81
Total operating charge	69	81

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

	2017/18 £000	2016/17 £000
Interest income on pension scheme assets	(5)	(3)
Interest cost on pension liabilities	14	13
Net pension finance cost / (income)	<u>9</u>	<u>10</u>
 Total amount recognised in the SOFA	 <u>78</u>	 <u>91</u>

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

	2017/18 £000	2016/17 £000
At 1 September	565	622
Current service cost	69	81
Interest cost	14	13
Employee contributions	13	13
Benefits paid	(2)	(1)
Actuarial (gain)/loss	(31)	(163)
At 31 August	<u>628</u>	<u>565</u>

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

	2017/18 £000	2016/17 £000
At 1 September	173	135
Interest income	5	3
Actuarial gain/(loss)	17	(15)
Benefits paid	(2)	(1)
Employer contributions	46	38
Employee contributions	13	13
At 31 August	<u>252</u>	<u>173</u>

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

Leicestershire County Council Pension Fund

Brighthurst Primary Academy and Charnwood College

Principal actuarial assumptions

	2018	2017
	%	%
Rate of increase in salaries	3.4	3.4
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	2.4
Commutation of pensions to lump sums, pre-April 2008 service	50.0	75.0
Commutation of pensions to lump sums, post-April 2008 service	75.0	75.0

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

	2018	2017
<i>Retiring today</i>		
Males retiring today	22.1	22.1
Females retiring today	24.3	24.3
<i>Retiring in 20 years</i>		
Males retiring in 20 years	23.8	23.8
Females retiring in 20 years	26.2	26.2

Sensitivity analysis - approximate increase in defined benefit obligation	2018	2017
	£000	£000
0.1% decrease in Real Discount Rate	128	124
Mortality assumption - 1 year increase in life expectancy	198	194
0.1% increase in the Pension Increase Rate (CPI)	101	95

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

	2018	2017
	£000	£000
Equities	1,850	1,757
Bonds	806	524
Property	269	210
Cash	60	131
Total market value of assets	2,985	2,622
Present value of scheme liabilities - funded	(4,943)	(4,841)
Deficit in the scheme	(1,958)	(2,219)

The actual return on the scheme assets was £129,000 (2017: -£14,000).

Amount recognised in the Statement of Financial Activities

	2017/18	2016/17
	£000	£000
Current service cost	337	374
Past service cost	12	21
Total operating charge	349	395

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

	2017/18	2016/17
	£000	£000
Interest income on pension scheme assets	(68)	(50)
Interest cost on pension liabilities	125	108
Net pension finance cost / (income)	57	58
	<hr/>	<hr/>
Total amount recognised in the SOFA	406	453
	<hr/>	<hr/>

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

	2017/18	2016/17
	£000	£000
At 1 September	4,841	5,181
Current service cost	337	374
Past service cost	12	21
Interest cost	125	108
Employee contributions	45	52
Actuarial (gain)/loss	(383)	(875)
Benefits paid	(34)	(20)
At 31 August	4,943	4,841
	<hr/>	<hr/>

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

	2017/18	2016/17
	£000	£000
At 1 September	2,622	2,370
Interest income	68	50
Actuarial gain/(loss)	61	(64)
Employer contributions	223	234
Employee contributions	45	52
Benefits paid	(34)	(20)
At 31 August	2,985	2,622
	<hr/>	<hr/>

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

London Borough of Newham Pension Fund

Bobby Moore Academy

Principal actuarial assumptions

	2018
	%
Rate of increase in salaries	3.8
Rate of increase for pensions in payment/inflation	2.3
Discount rate for scheme liabilities	2.7
Inflation assumption (CPI)	2.3
Commutation of pensions to lump sums	50.0

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

	2018
<i>Retiring today</i>	
Males retiring today	22.7
Females retiring today	25.2
<i>Retiring in 20 years</i>	
Males retiring in 20 years	24.9
Females retiring in 20 years	27.5

Sensitivity analysis - approximate increase in defined benefit obligation	2018
	£000
0.1% decrease in Real Discount Rate	4
Mortality assumption - 1 year increase in life expectancy	3
0.1% increase in the Pension Increase Rate (CPI)	4

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

	2018
	£000
Equities	23
Government bonds	1
Other bonds	4
Others	4
Property	4
Cash	3
Total market value of assets	39
Present value of scheme liabilities - funded	(80)
Deficit in the scheme	(41)

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

The David Ross Education Trust
Notes to the Financial Statements for the Year Ended 31 August 2018

33 Pension and similar obligations (continued)

Amount recognised in the Statement of Financial Activities

	2017/18
	£000
Current service cost	43
Total operating charge	<u>43</u>

	2017/18
	£000
Interest income on pension scheme assets	-
Interest cost on pension liabilities	<u>1</u>
Net pension finance cost / (income)	<u>1</u>

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

	2017/18
	£000
At 1 September	39
Current service cost	43
Interest cost	1
Employee contributions	10
Benefits paid	-
Actuarial (gain)/loss	<u>(13)</u>
At 31 August	<u>80</u>

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

	2017/18
	£000
At 1 September	12
Interest income	-
Actuarial gain/(loss)	1
Benefits paid	-
Employer contributions	16
Employee contributions	<u>10</u>
At 31 August	<u>39</u>

33 Pension and similar obligations (continued)

Total of all schemes

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

	2018	2017
	£000	£000
Equities	28,615	24,795
Bonds	5,989	4,880
Property	4,094	3,098
Other	42	16
Cash	1,016	1,232
Total market value of assets	39,756	34,021
Present value of schemes' liabilities - funded	(57,761)	(55,238)
Deficit in the schemes	(18,005)	(21,217)

Amount recognised in the Statement of Financial Activities

	2017/18	2016/17
	£000	£000
Current service cost	5,530	5,166
Past service cost	108	21
Total operating charge	5,638	5,187

	2017/18	2016/17
	£000	£000
Interest income on pension scheme assets	(892)	(597)
Interest cost on pension liabilities	1,453	1,181
Net pension finance cost / (income)	561	584

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

	2017/18	2016/17
	£000	£000
At 1 September	55,258	55,339
True-up of prior year estimate for Newham Pension Fund	19	-
Current service cost	5,530	5,166
Past service cost	108	21
Interest cost	1,453	1,181
Employee contributions	835	831
Actuarial (gain)/loss	(4,945)	(6,940)
Benefits paid	(497)	(340)
At 31 August	57,761	55,258

33 Pension and similar obligations (continued)

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

	2017/18	2016/17
	£000	£000
At 1 September	34,041	27,658
True-up of prior year estimate for Newham Pension Fund	(8)	-
Interest income	892	597
Actuarial gain/(loss)	1,384	2,220
Employer contributions	3,109	3,075
Employee contributions	835	831
Benefits paid	(497)	(340)
At 31 August	<u>39,756</u>	<u>34,041</u>