

**The David Ross Education Trust**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**Year ended 31 August 2020**

**Company Registration Number:**  
**06182612 (England and Wales)**



# **The David Ross Education Trust**

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## **The David Ross Education Trust**

### **Trustees' Report**

#### **Reference and Administrative Details**

##### **Members**

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

##### **Trustees (Directors)**

D Ross (chairman)  
P Cantley (appointed 28 September 2020)  
C Counsell  
R Emerton  
D Hall  
J Hoareau  
N Langstaff  
T Maloney  
M Oliver (appointed 24 February 2020)

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

B Brown (resigned 27 September 2020)  
Sir A Foster (resigned 30 November 2020)  
Bishop of Brixworth J Holbrook (resigned 27 September 2020)

##### **Company Secretary**

M Maltby

##### **Senior Management Team during the year**

Chief Executive – until 10 July 2020  
Chief Executive – appointed from 7 July 2020  
Deputy Chief Executive and Head of Secondary Education  
Head of Primary Education  
Chief Financial Officer

R Hackwood  
S Burns  
M Neild  
S Rose  
J Spencer

##### **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

## **The David Ross Education Trust**

### **Trustees' Report**

#### **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

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 2020. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates 34 academies, being a mixture of primary and secondary academies, as well as one all-through school, one special school and several pre-school settings within some of the Trust's primaries. The Trust's academies are geographically focused in the East Midlands. The academies will have a combined pupil capacity of 16,800 (excluding pre-school settings) once all cohorts at the Trust's free schools are full and had a roll of 13,617 in the school census on 1<sup>st</sup> October 2020 (2019: 13,206).

This year has been an unusual year for the Trust, its pupils and employees due to the significant disruption caused by the national response to the COVID-19 global pandemic. The trustees recognise that many colleagues have worked extremely hard to keep the Trust's academies open as required and to support pupils and their families remotely, through this period of unsettling change, and for this, the trustees are deeply grateful.

Overall, the trustees are delighted with the progress made during the year on all fronts. The trust has continued to execute on its strategy to improve educational delivery and pupil outcomes, continued to improve its financial position by achieving a £0.9m in-year revenue surplus and provided continued support to pupils, their families and communities through a period of significant change and uncertainty.

### Objectives and Activities

#### *Objects and Aims*

The objects of the Trust, as set out in its Articles of Association, 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 2020 the principal activity of the charitable company was the operation of 34 academies in Yorkshire, Lincolnshire, Northamptonshire, Leicestershire and London. This also includes the operation of a boarding house as part of Skegness Grammar School. This is broken down as follows:

Primary Academies	22
Secondary Academies	10
All-through Academies	1
Special Academies	1

The Trust's largest secondary academy, Malcolm Arnold Academy in Northampton, has circa 1,300 pupils, whilst the smallest (Charles Read Academy in Lincolnshire) has just over 250. The average number of pupils on roll in the Trust's secondary academies, based on the October 2019 census, was 683.

In the primary phase, the Trust has inner-city academies such as Wold Academy in Hull with approaching 500 pupils, as well as smaller rural schools such as Ingoldsby Academy in Lincolnshire, with fewer than 50 pupils. The average number of pupils on roll in the Trust's primary academies excluding pre-school provision, based on the October 2019 census, was 263.

The Trust's all-through academy, Bobby Moore Academy, opened in London in September 2017. At the October 2019 census, the number of pupils on roll at was 495, out of a total available capacity of 660. Once all cohorts are operating, the total capacity of this academy will be 1,560, including a sixth form of 240 places.

In operating these academies the charitable company has entered into a series of funding agreements with the Secretary of State for Education. The agreements specify, amongst other things, the basis for admitting pupils to the academies and that the curriculum should develop the substance of the national curriculum.

## The David Ross Education Trust

### Trustees' Report

#### *Objectives, Strategies and Activities*

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

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

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

#### *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.

Many 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 are based on each academy's catchment area and published on each academy's website.

### Strategic Report

#### **Achievements and Performance**

##### *Academic Outcomes - Primaries*

Over the last few years, the Trust's primary schools have, on average, achieved a significant and sustained improvement in Key Stage 2 results, from a combined average score of 56% in 2017, to 63% in 2018 and 68% in 2019. This improvement has been achieved through a focus on implementing a knowledge-led curriculum, delivered in a teacher-led instructional style, against a backdrop of high standards of behaviour.

In 2020, the Key Stage 2 assessments were cancelled following the partial closure of schools due to the global pandemic. However, immediately prior to the lockdown in March, the schools captured their own assessment data, applying a consistent assessment approach across all the Trust's primaries, which indicated that 74% of Year 6 pupils were on track to achieve the combined measure or higher. In the last few years, our assessments at this time of year have been within 2% of the ultimate actual outcomes.

Trustees are delighted with the sustained and consistent improvement achieved across the Trust's primary schools.

##### *Academic Outcomes - Secondaries*

In the Trust's secondaries, following recruitment of a central team of trust-wide subject leads over the course of 2018/19 and investment in improving the quality and consistency of curricula, a trust-wide approach to teaching and learning and pupil behaviour was implemented across all academies from September 2019. This draws on Rosenshine's Principles of Instruction. Trustees are confident that this approach, similar to that proven to be successful in the Trust's primary schools, will deliver the required improvement in academic outcomes needed across the Trust's secondary phase, both in terms of absolute results and Progress 8 measures.

## **The David Ross Education Trust**

### **Trustees' Report**

As with Key Stage 2 tests, GCSE and GCE examinations for 2020 were also cancelled in light of the pandemic. In line with the Government guidance, teachers in the Trust's school rigorously and carefully applied the national approach to provide Centre-Assessed Grades and rankings for each pupil, for each subject. Pupils were ultimately awarded the higher of their Centre-Assessed Grade and that determined by a nationally applied algorithm.

In line with national trends, the Trust's resulting Key Stage 4 outcomes showed a significant improvement compared with prior years for both Progress 8 estimates and absolute measures. Trustees were hopeful that the Trust's investment in improving secondary outcomes would deliver evidence of an improvement this year, but because of the cancellation of exams and grade inflation nationally, these results, as for all trusts and schools, cannot be taken as definitive evidence, at this stage, of that improvement. National data for comparisons between schools will not be published by DfE this year.

Similarly, Key Stage 5 awarded results showed a marked improvement compared with prior year. Average A-level/Academic grade increased from C to B- and for vocational / applied courses, the average grade increased from Merit+ to Distinction.

Given the uncertainty that the nature of the results award process caused for pupils, the trustees are pleased to report that both Key Stage 4 and Key Stage 5 destinations data showed a good conversion of pupils to positive destinations. At Key Stage 5, 76% of leavers from our sixth forms took up places at university, compared with 58% nationally in 2018, which was the most recently available set of data.

#### ***Response to the COVID-19 pandemic***

Following the Government's closure and then partial re-opening of schools from March 2020 onwards, the Trust's staff have worked tirelessly to respond to the requests made of them by the Government and to provide continual support to parents and pupils throughout these uncertain times.

The Trust followed the Government's guidance for both the reopening of schools and the implementation of protective measures for staff and pupils. Furthermore, in all its actions, the Trust worked hard to ensure risks to staff and pupils were mitigated as far as possible and operating decisions were taken following careful consideration of the balance of risk versus benefit.

During the school closure period, the Trust focussed on ensuring pupils continued to engage in their learning. Remote learning approaches were rapidly implemented, using a combination of recorded lessons made available online and distribution of paper work-packs. Nationally available resources such as Oak National Academy and BBC Bitesize were integrated into the Trust's curriculum offer where appropriate.

Safeguarding continued to be a priority with staff making frequent telephone calls to homes of pupils considered to be vulnerable but who were not attending school as well as calling all pupils on a regular basis. In total, over 118,000 phone calls home were made during the closure period.

Schools were kept open during the Easter break, including on bank holidays, to serve the needs of vulnerable and key worker families.

The Trust distributed supermarket vouchers to families eligible for benefits-related free school meals via a self-sourced provider and this was subsequently transferred to the national free school meals voucher scheme once this could be done without undue disruption to families.

#### ***Enrichment***

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

Prior to the national lockdown due to the COVID-19 global pandemic in March 2020, the Trust's sports

## The David Ross Education Trust

### Trustees' Report

enrichment programme continued to offer our pupils opportunities to participate, compete and excel in a range of sports.

- Across our Secondary academies, we ran an average of 191 enrichment clubs each week, with 38% of pupils participating each term;
- The Trust Winter Cup, Rowing Cup and Hockey Cup all took place as usual, as well as various talent development days and our annual Performance Conference which was held at the University of Nottingham;
- The All-Star programmes continued to offer opportunities for pupils to compete at a higher level and the All-Star Rowers achieved our biggest ever medal haul at the National Junior Indoor Rowing Championships, achieving 2 gold medals, 1 silver and 1 bronze;
- We added to our trust-wide sporting challenge events following the previous success of Row-vember with 'Dodgeball December' and a Santa Run which saw 2,700 pupils and staff across 29 academies all running to raise a combined total in excess of £30,000 for our Inspiration Fund;
- Teams from Humberston Academy and Skegness Grammar School both reached semi-finals of the ESFA National Football competitions.

The Horizon Programme in primary academies continued to develop, covering all year groups, delivering competitions, team teaching, staff CPD, masterclasses and Horizon 'Star Awards' for pupils. Following the closure of schools due to COVID-19, we launched an online 'Horizon Stay at Home Challenge' for primary pupils to complete to help keep pupils active whilst away from school. Alongside this, there was a weekly sporting challenge set by a different British Paralympic Association athlete each week, specific to each athlete's particular sport. The Horizon challenges reached over 11,000 views online.

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

- The award-winning Singing Schools programme has expanded to 15 of the Trust's primary schools, part-funded by the Paul Hamlyn Foundation. The effectiveness of the programme is being evaluated over two years by Sound Connections and Birmingham City University;
- 350 pupils took part in the Secondary Music Festival at Kelham Hall with special guests Oompah Brass, Nicholas Chalmers and Philippa Boyle;
- The Trust's All Star Youth Choir performed with the Gabrieli Consort and Players in St John's Smith Square for a sell-out performance of Praetorius's Mass for Christmas morning, together with a new All-Star Primary Choir formed from our primaries in Northamptonshire.

Unfortunately our planned Brass Band project across four of our secondaries in South East Lincolnshire has had to be postponed until January 2021 due to COVID-19, as did many other concerts, shows and events. The full value of the grant income received in respect of the brass band project was carried forward at year end. Following school closures due to COVID-19, we have held virtual school concerts and ensembles, as well as releasing a daily video online introducing a different piece of music each day.

### ***Ofsted Ratings***

Eight of the Trust's academies received Ofsted visits during the year and in the main, the outcomes were positive. Trustees are delighted to report that Greenfields Primary School and Nursery improved to become rated 'Outstanding' and both Quay Academy and Eastfield Academy improved to become rated 'Good'. Eresby Special School retained its 'Outstanding' rating.

Wold Academy and Lodge Park Academy which are rated 'Inadequate' both had follow-up Section 8 visits during the year which confirmed that the Trust and leaders were taking appropriate action to improve the schools.

Charnwood College also received a visit and whilst it retained its overall rating of 'Requires Improvement', the trustees were pleased to note the positive comments received regarding improvements since the last inspection, resulting in a 'Good' rating being received in many of the categories.



## The David Ross Education Trust

### Trustees' Report

The Ofsted rating was downgraded at Thomas Hinderwell Primary Academy, which moved from Requires Improvement to Inadequate. Trustees are disappointed by the lowered rating received at this academy. Intensive work continues with all academies that are in a category of requiring improvement and with all academies to move them to outstanding.

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

	Outstanding	Good	Requires Improvement	Inadequate	Total
<u>At 31 August 2020</u>					
Primaries	2	18	-	2	22
Secondaries	1	4	4	1	10
Special School	1	-	-	-	1
<b>Total</b>	<b>4</b>	<b>22</b>	<b>4</b>	<b>3</b>	<b>33</b>
<u>At 31 August 2019</u>					
Primaries	1	17	3	1	22
Secondaries	1	4	4	1	10
Special School	1	-	-	-	1
<b>Total</b>	<b>3</b>	<b>21</b>	<b>7</b>	<b>2</b>	<b>33</b>
<u>Movement</u>					
Primaries	+1	+1	-3	+1	-
Secondaries	-	-	-	-	-
Special School	-	-	-	-	-
<b>Total</b>	<b>+1</b>	<b>+1</b>	<b>-3</b>	<b>+1</b>	<b>-</b>

### Key Financial Performance Indicators

The trust's net movement in funds for the year comprises £0.9m in-year revenue surplus, more than offset by £5.1m increase in restricted pension funds deficit and £0.8m decrease in fixed asset funds, which represents the net excess of depreciation charged over capital funding received.

	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
Revenue income	81,657		76,735	
Revenue expenditure including loss on investment assets	(80,739)		(76,315)	
Net revenue surplus/(deficit) for the year		918		420
Movement on restricted pension fund		(5,130)		(14,312)
Movement on Restricted Fixed Asset Funds		(809)		(855)
Net movement in funds		(5,021)		(14,747)

Note 18 to the financial statements provides further details on the funds carried forwards and movements during the year.

The movement in Restricted Fixed Asset Funds during the year reflects the balance of depreciation and amortisation charges, in excess of capital income.

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

## The David Ross Education Trust

### Trustees' Report

#### ***Key Non-Financial Performance Indicators***

The Trust's academic performance is measured by national performance tables based on public examinations covering KS2, KS4 and KS5. Other key performance indicators are the quality of teaching and learning, Ofsted ratings, pupil numbers 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 and Resource Committee and the Trust Board have considered the budget for the year ending 31 August 2021 and the longer-term financial plan for the subsequent 2 years, which sets out a plan to achieve an in-year surplus in each future financial year. The Trust's budget setting and resource allocation is based on the curriculum-led need for each academy. The Finance and Resource Committee has also considered the cash flow forecast up to 31 August 2023 and the income and expenditure result for the first two months of the year ending 31 August 2021.

The trustees have 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. This consideration of risks includes consideration of the impact of COVID-19 on the Trust's financial performance. COVID-19 is expected to increase the Trust's operating costs due to the need for increased cleaning routines, equipment and consumables. There is also a risk of increased cost from increased staff absence due to sickness and self-isolation, and additional costs due to the government-announced delay to exams in summer 2021. Also, the Trust will continue to suffer a reduction in trading income due to loss of income from lettings and reduced income from catering and extra-curricular clubs. These adverse financial impacts will be managed through careful and flexible allocation of resources, particularly in relation to staffing and use of remote learning where necessary. The Trust is pleased that the government has recognised and responded to the need for additional funding to support catch-up of pupils' lost learning time.

Donations from fundraising activities may also be reduced, however it is anticipated that this can be mitigated by a reduction in programme costs due to the necessary curtailment of some programme activities due to restrictions on travel and social mixing.

For the above reasons the Trust 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).

#### ***Promoting the success of the Trust to achieve its charitable purposes***

The Companies Act 2006 requires that directors of a company must act in a way most likely to promote the success of the company, and in doing so must have regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct

The trustees have fulfilled these duties through various actions, including the appointment of the CEO, establishing a clear Scheme of Delegation, holding the Executive team members to account for their actions and decisions through Trust Board and committee meetings, visiting schools to engage with staff and pupils and experience the school environment, engaging with stakeholders at the Department for Education through formal meetings and review and challenge of the 3 year plan and other strategic and operational improvement plans.

## **The David Ross Education Trust**

### **Trustees' Report**

#### **Structure, Governance and Management**

##### ***Constitution***

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

Details of the trustees who served during the year and to the date these accounts are approved, are included in the Reference and Administrative Detail on Page 2.

##### ***Members' Liability***

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

##### ***Trustees' Indemnities***

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business.

##### ***Method of Recruitment and Appointment or Election of Trustees***

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

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

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

Each academy in the Trust has a separate Academy Scrutiny Committee. Academy Scrutiny Committees include sponsor appointed governors, elected staff governors, elected parent governors and community representation.

The Trust Board delegates responsibilities to the Academy Scrutiny Committees in accordance with the Scheme of Delegation. Where an academy is underperforming, the Trust Board reserves the right to replace the Academy Scrutiny Committee 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 trustees and governors are offered a full induction training programme and all governors have access to a full training programme delivered locally to their academies throughout the year.

## **The David Ross Education Trust**

### **Trustees' Report**

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

### ***Organisational Structure***

The organisational structure of the Trust consists of three levels: The trustees, local governors, and the executive 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 Academy Scrutiny Committee 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's 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 Academy Scrutiny Committees. 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, the Deputy Chief Executive and Head of Secondary Education, the Head of Primary Education, Chief Financial Officer and the Chief Human Resources Officer. Central services include education improvement, human resources, finance, estates and facilities management, information technology and management information, public relations, marketing and communications and governance. 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, safeguarding 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 Leadership Team.

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 Academy Scrutiny Committees. Principals or functional leaders of central services are responsible for the authorisation of expenditure within Trust-agreed budgets and the appointment of staff. The Chief Executive is the Accounting Officer, with responsibility for the Trust's detailed financial procedures being delegated to the Chief Financial Officer.

### ***Arrangements for setting pay and remuneration of key management personnel***

During the year the HR, Remuneration and Nominations Committee of the Trust Board had responsibility to recommend pay and conditions for key management personnel, including Principals.

Setting of the Chief Executive's remuneration, and associated performance targets and review, is carried out by the Chair of the Trust Board. During the year, a new Chief Executive was appointed and salary was determined based on a combination of factors, including the guidance on this matter published by the ESFA in July 2019.

The Chief Financial Officer and Company Secretary appointments must be approved by Trust Board. Other members of the senior management team are appointed by the Chief Executive and their salaries determined in consultation with the Chief Human Resources Officer by benchmarking against market rates.

Principals are appointed by the Heads of Education in consultation with the Chief Executive and their salaries are set by benchmarking against national guidance and market rates, in consultation with the Chief Human Resources Officer.

## The David Ross Education Trust

### Trustees' Report

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

#### *Trade union facility time*

##### Relevant union officials

Number of employees who were relevant union officials during the year	Full-time equivalent employee number
14	14

##### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1,841
1% - 50%	14
51% - 99%	0
100%	0

##### Percentage of pay bill spent on facility time

Total cost of facility time:	£10,000
Total pay bill:	£60m
% of total pay bill spent on facility time:	0.016%

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

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

The Trust owns 100% of the share capital of David Ross Education Services Ltd. This company was dormant during the year ended 31 August 2020.

#### *Engagement with employees (including disabled persons)*

Given that the nature of the Trust's primary activities (delivery of education) are service-based, trustees recognise the significant importance and value to the success of the organisation of attracting and retaining an engaged and motivated workforce. Under the leadership of the Chief Executive and the Senior Management Team, employees are kept informed of matters of concern to them, including the organisation's vision, strategy and performance. Communication channels include a monthly trust-wide online newsletter, use of social media, trust-wide conference calls and webcasts. Projects to implement significant changes involve consultation with representatives from all functional teams, prior to implementation.

## **The David Ross Education Trust**

### **Trustees' Report**

#### **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 employees (and pupils) 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.

#### ***Engagement with suppliers, customer and others in a business relationship with the Trust***

Delivering the Trust's strategy requires strong mutually beneficial relationships with suppliers, customers (pupils and their parents or carers), the wider community in which the Trust's academies are located including Local Authorities and other public sector organisations, the Trust's regulatory agencies (the DfE and the ESFA) and other partners, which may include non-government grant funders.

The Trust's Senior Management Team are responsible for maintaining collaborative and transparent relationships with appropriate members of the DfE and the ESFA and the Chair of the Trust Board regularly joins members of the Senior Management Team at meetings with DfE and ESFA representatives.

The Trust's Chief Financial Officer is responsible for overseeing the Trust's procurement practices, to ensure suppliers are selected through fair and transparent competitive processes. Functional leaders in the central team and Principals manage ongoing relationships with key suppliers, as appropriate depending on the nature of goods or services provided by each supplier.

Principals are responsible for identifying and engaging with their pupil and parent populations, as well as appropriate stakeholders in their local communities, including representatives of Local Authorities, local businesses, and Principals of neighbouring schools which are not members of the Trust. Local governors provide important support to Principals in this regard.

#### **Financial review**

Most of the Trust's income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

The Trust also receives grants for capital expenditure from the ESFA, DfE, local authorities and, from time to time, from 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 2020, the in-year income from restricted general funds and unrestricted funds (excluding movement in the net value of defined benefit pension balances) exceeded corresponding expenditure by £0.9m (2019: £0.4m). This resulted in closing reserves (restricted general funds, excluding pension reserves, plus unrestricted funds) as at 31 August 2020 being a deficit of £0.1m (2019: £1.0m deficit).

The in-year net surplus result was after incurring £0.2m (2019: £0.4m) of staff restructuring costs and £0.1m (2019: £0.1m) loss on revaluation of investment shareholdings.

The restricted fixed asset fund shows in-year income of £4.0m, of which, £0.2m relates to funding received towards the construction of a new MUGA at Charnwood College in Loughborough, construction of which is expected to complete by the end of 2020.

## **The David Ross Education Trust**

### **Trustees' Report**

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's balance sheet shows a net liability of £37.4m (2019: £32.3m).

The presence of a pension surplus or deficit does not constitute an immediate realisable asset or liability. The Trust is required to account for the benefits, even if the actual provision will be many years into the future. The Board is confident that it can meet the required pension contributions from projected future income.

During the year, the Trust's income and expenditure were impacted as a result of the COVID-19 pandemic, the associated partial closure of schools and wider societal restrictions.

- The Trust suffered lost trading income from cessation of lettings, lost catering income where pupils would have purchased meals, lost boarding income due to the required closure of the boarding house at Skegness Grammar School, lost fundraising income due to the necessary cancellation of planned fundraising events and lost income from the provision of wraparound before and after school clubs and nursery fees chargeable in excess of the government-funded levels.
- The Trust has also incurred incremental costs for which no additional government funding was received in relation to cleaning and hygiene, IT-related costs to enable remote learning and working, and facilities and equipment costs associated with making operational changes to allow schools to fully re-open as safely as possible from September 2020.
- In many regards, despite schools being only partially open, the Trust continued to incur many costs as usual, including staff salaries, facilities-related overheads, IT-related overheads and other fixed overhead costs in line with continued operational needs and contractual commitments.
- The Trust took a range of actions to mitigate the impact of the lost revenue and incremental expenditure, to ensure that funding received for the benefit of pupils' education remains available as far as possible for that purpose, particularly in light of the need to deliver additional education in the 2020/21 academic year to enable pupils to 'catch-up' in their learning, following a significant period of time out of school, and the fact that the Trust started the year with a £1.0m deficit revenue reserves position. The actions taken included furloughing a small number of staff under the government's Coronavirus Job Retention Scheme (all staff furloughed were paid 100% of their usual salary), holding vacancies open where possible until the start of the new school year and cancelling some enrichment activities and educational visits.

At 31 August 2020, the Trust held a significant amount of cash at bank, £11.1m (2019: £7.5m). This partly reflects the nature of the Trust's typical cash flow cycle in that funding is mainly received in advance to enable the Trust to be able to meet its cash flow obligations, and partly reflects delays to the Trust's capital programme due to lack of availability of contractors and building materials due to COVID-19. Excluding amounts relating to capital, cash held at year end represents less than 1 month's worth of funding and reflects the net result of timing of working capital receipts and payments.

### **Reserves Policy**

The Trust held fund balances as at 31 August 2020 of £111.1m (2019: £116.1m) comprising £109.7m (2019: £114.7m) of restricted funds and £1.4m (2019: £1.4m) of unrestricted general funds. The Trust's restricted funds include a pension reserve deficit of £37.4m (2019: £32.3m), restricted fixed asset funds of £148.6m (2019: £149.4m) which could only be realised by disposing of tangible fixed assets and restricted general funds (excluding pension reserve) of -£1.4m (2019: -£2.4m).

The Trust's unrestricted funds and restricted general funds (excluding pension reserve) together form the Trust's revenue reserves of £0.1m deficit (2019: £1.0m deficit). Whilst demands on the Trust's reserves will vary over the years, the Trust's policy is that the Trust aims to build up to maintaining a level of revenue reserves in the range of 5-10% of annual recurrent revenue income. The reason for this is to provide sufficient working capital

## **The David Ross Education Trust**

### **Trustees' Report**

to cover delays between payment of expenditure and receipt of grants and to provide a cushion to deal with emergencies such as urgent unexpected repair costs. Should the Trust's revenue reserves balance fall outside of this target range, a plan will be implemented to return to within the target range over an agreed period of time.

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

The balance on the Trust's Endowment Funds, which do not form part of the Trust's revenue reserves, is currently £nil (2019: £nil). The Endowment Funds have been used to fund major construction projects in the Trust's academies. In accordance with the provisions of the Charities Act 2011, the £2.1m permanent element of the Trust's Endowment Funds will also need to be replaced over time from academy funds and the Trust has confirmed that it will accumulate reserves over time to rebuild the amounts received from expendable endowments to potentially fund future development projects.

#### ***Investment Policy***

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

#### ***Principle Risks and Uncertainties***

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

The board of trustees has assessed the major risks to which the Trust is exposed, in particular those relating to the teaching, provision of facilities and other operational areas of each academy, and the finances of the Trust.

The trustees continue to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching quality, health and safety, safeguarding, school trips, recruitment and retention of teaching staff, critical incident response) and in relation to the control of finance, and implements operational and financial controls in order to minimise risk. Where significant financial exposure risk still remains they have ensured the Trust has adequate insurance cover. The Trust had a system of internal financial approvals in operation for the year.

Additionally, each academy evaluates and monitors its own risks, and the Trust maintains its own risk register as well as functional risk registers for central services teams.

The main risks facing the Trust centre around meeting its vision of every academy becoming outstanding within five years, whilst balancing the need to rebuild the Trust's financial reserves, in the face of continuing pressure on school funding in real terms.

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 of funding from the government and uncertainty as to whether funding will be available if needed to cover rising costs in relation to the LGPS pension schemes.



## The David Ross Education Trust

### Trustees' Report

In the short to medium term, the impacts arising from the COVID-19 pandemic also present several increased and additional risks relating to academic achievement for pupils who have missed a significant amount of time at school, increased risks relating to safeguarding and mental health and increased risks relating to IT and data security, particularly in light of the increase in remote learning and working.

### 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.

Unfortunately the planned awards event which was to be funded by donations from corporate sponsors had to be cancelled due to COVID-19, although Thinking Books Ltd kindly agreed to honour their sponsorship pledge regardless. Many other planned fundraising events at both school and trust level also had to be cancelled.

All fundraising activities are carried out using guidelines laid out in the Code of Fundraising Practice and conform 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.

### Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	21,994,727
Energy consumption break down (kWh)	
- Gas	14,998,920
- Electricity	6,501,317
- Transport fuel	494,490
Scope 1 emissions in metric tonnes CO <sub>2</sub> e	
- Gas consumption	2,757.85
- Owned transport (mini-buses)	32.46
- Total scope 1	2,790.31
Scope 2 emissions in metric tonnes CO <sub>2</sub> e	
- Purchased electricity	1,515.72
Scope 3 emissions in metric tonnes CO <sub>2</sub> e	
- Business travel in employee owned vehicles	84.11
Total gross emissions in metric tonnes CO <sub>2</sub> e	4,390.14
Intensity ratio: kgCO <sub>2</sub> e per pupil	324.81
<u>Quantification and Reporting Methodology</u> Emission data has been calculated in line with the 2019 UK Government Environmental Reporting Guidelines. The Emission Factor Data used was the 'Database 2020, Version 1.0', utilising the current published kWh gross calorific value (CV) and kgCO <sub>2</sub> e emission factors relevant for the reporting year, which is consistent with the 2019 UK Government environmental reporting guidance.	
<u>Intensity measurement</u> The chosen intensity measurement ratio is total gross emissions in kgCO <sub>2</sub> e per pupil, the recommended ratio for the sector.	
<u>Measures taken to improve energy efficiency</u> <ul style="list-style-type: none"><li>- Works to improve roofing insulation in some academies</li><li>- Heating system replacements to improve energy efficiency</li><li>- Increased use of video conferencing technology for staff meetings, to reduce the need for travel between sites.</li></ul>	

## **The David Ross Education Trust**

### **Trustees' Report**

#### **Plans for Future Periods**

The Trust's strategy for the next three years 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 5) 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.

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 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. In the short term, there will be a key focus on closing the gap in pupils' education which has arisen due to the period of school closure due to COVID-19.

#### **Funds held as Custodian Trustee on behalf of others**

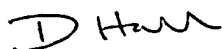
The David Ross Education Trust holds 16-19 Bursary Fund monies as custodian for the Education and Skills Funding Agency, awarding bursaries for those in need meeting the criteria specified in the terms of this government scheme. Further details can be found in the notes to the accounts, creditors falling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

#### **Auditor**

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14 December 2020 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 8 times during the year. Of the 8 meetings held during the year, 2 were non-routine meetings, scheduled at relatively short notice in order to deal with matters arising relating to COVID-19. D Ross took a planned leave of absence during the summer term during which period, meetings were chaired by R Emerton. Attendance during the year at meetings of the board of trustees was as follows:

Trustees as at 31 August 2020	Routine meetings		Non-routine meetings	
	Meetings attended	Out of a possible	Meetings attended	Out of a possible
D Ross (Chair)	4	6	0	2
B Brown	5	6	2	2
C Counsell	6	6	2	2
R Emerton	6	6	1	2
Sir A Foster	5	6	2	2
D Hall	4	6	2	2
J Hoareau	6	6	2	2
Bishop of Brixworth J Holbrook	4	6	1	2
N Langstaff	6	6	2	2
T Maloney	6	6	2	2
M Oliver	3	3	2	2

#### Governance reviews

Since introducing strengthened governance arrangements at Trust Board level in 2018/19, following an external governance review, we have had a period of embedding and refining of these arrangements. Trustees review performance and effectiveness regularly and refine and approve governance arrangements annually. Trustees approved a new Code of Conduct. A focus on the Trust's COVID-19 pandemic response delayed the scheduled external governance review in spring 2020. This review will now be undertaken in 2021.

New local governance arrangements introduced in January 2019 transformed Local Governing Bodies into Academy Scrutiny Committees where delegations for many of the areas traditionally associated with a maintained school governing body such as strategy, policy setting, managing financial resources, HR and Health and Safety were removed and accountability for these areas delegated to Executive Management from the Trust

## The David Ross Education Trust

### Governance Statement

Board. Academy Scrutiny Committees focus on ensuring achievement of targets related to pupil progress and attainment, school outcomes and aspiration. The last two years of embedding these changes has been positive with surveys six months into the changes reinforcing governor understanding and clarity. An internal audit review undertaken in 2020 has shown that there is a clear understanding of the role and delegations.

The Finance Committee and HR, Remuneration and Nomination Committees were sub-committees of the board of trustees. During the year, trustees took the decision to combine these two committees into one, called the Finance and Resource Committee and establish a Remuneration and Nominations Committee specifically for advising the Trust Board on remuneration matters and recruitment to Trust Board. The Finance and Resource Committee's role is to oversee the financial performance of the Trust as a whole and the academies within it, making sure the Trust is financially sustainable, that the Trust's money is spent effectively and that there is proper use of its public funds. This includes advising the Trust Board on HR policy, staff performance and welfare, and overseeing compliance with Health & Safety legislation.

Attendance at meetings during the year was as follows:

<b>Members of the Committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
<b><u>Finance Committee</u></b>		
D Hall (Chair)	2	2
Sir A Foster	2	2
N Teagle (Non-trustee member)	1	2
<b><u>HR and Remuneration Committee</u></b>		
R Emerton (Chair)	1	1
D Ross	0	1
J Hoareau	1	1
<b><u>Finance and Resource Committee</u></b>		
R Emerton (co-Chair)	2	3
D Hall (co-Chair)	3	3
Sir A Foster	3	3
J Hoareau	3	3
N Teagle (Non-trustee member)	3	3
<b><u>Remuneration and Nominations Committee</u></b>		
R Emerton (Chair)	2	2
D Ross	0	2
J Hoareau	2	2

The Risk and Audit Committee is a sub-committee of the main Trustees. The role of the Risk and Audit Committee is to review the risks to internal financial control at the Trust and to agree a programme of work that will address these risks, inform the governance statement and, so far as is possible, provide assurance to the external auditor.

Attendance at meetings during the year was as follows:

<b>Members of the Committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
N Langstaff (Chair)	4	4
B Brown	4	4
P French (Non-trustee member)	2	2
R Stannard (Non-trustee member)	4	4

## The David Ross Education Trust

### Governance Statement

The Education Committee is a sub-committee of the main Trustees. The role of the Education Committee is to provide assurance to the Trust Board in relation to achievement of educational outcomes at the Trust's academies, monitoring performance and pupil progress at individual academies, quality of leadership and teaching, as well as overseeing policies and practices relating to safeguarding, SEND provision, exclusion and attendance.

Attendance at meetings during the year was as follows:

Members of the Committee	Meetings attended	Out of a possible
T Maloney (Chair)	5	5
C Counsell	5	5
S Deane (Non-trustee member)	4	5
A Medicott-Revell (Non-trustee member)	1	5
M Oliver	3	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.

During the year, in line with government policy, the Trust's schools were mandated to close for significant periods of time from mid-March onwards, partially re-opening in June and July to a much reduced number of pupils. During this time, government guidance and policy regarding school opening and operating practices changed rapidly and frequently.

The Trust mobilised a cross-functional project team made up of central leaders and Principals to lead the response to these changes in a consultative and co-ordinated manner. Part of the focus of this project group was ensuring that, through the decisions made and actions taken, consideration was given to ensuring as effective use of public funds as possible and taking consideration of the Cabinet Office Procurement Policy Notes published throughout this period. However, due to the rapidly changing and unprecedented circumstances, in some areas of expenditure, reduced value for money was unavoidable.

- The main cause of reduced value for money was in relation to staff. Those who could work from home during the period of school closure were enabled to do so and redeployed to alternative activities as far as possible, but for some staff this was not possible. In line with government guidance and their employment contracts, the Trust continued to pay these and all staff as normal.
- In the case of expenditure with suppliers, many of the services which the Trust purchases were still required, despite schools being closed, for example grounds and buildings maintenance, software licences or rental payments for leased assets.
- The largest supplier relationship which was significantly impacted by the school closure period was that with the Trust's main catering provider. In this case, the Trust entered into a contract variation, based on the template published by the Cabinet Office, to provide relief to this supplier and ensure continuity of a reduced service for schools.

## **The David Ross Education Trust**

### **Governance Statement**

In addition to the actions taken to achieve best possible value for money in the face of changing circumstances due to COVID-19, the accounting officer for the Trust has delivered improved value for money during the year by:

- Restructure of the Estates and Facilities team to improve clarity of roles and responsibilities, increase in-house functional expertise in the central team and increase dedicated support to headteachers in secondary schools;
- Continuing to use the government provided Teaching Vacancies service to advertise all teaching vacancies, thus reducing recruitment costs as much as possible and engaging with the government's working group to improve the effectiveness of this service;
- Appointment of a new catering provider across 29 of the Trust's academies, through a competitive tendering process, to improve quality of provision without increasing cost;
- Investment in CPD for teachers to increase the quality of teaching delivered to pupils;
- A capital programme prioritised at improving health and safety, balanced with improving standards in our academies and some energy efficiency improvements;
- Regular meetings of all primary and all secondary principals to share strategies and good practice;
- Oversight and scrutiny by a Finance and Resource Committee of trustees and non-trustee committee members.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The David Ross Education Trust for the period 1 September 2019 to 31 August 2020 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 Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 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 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 and Resource 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

## The David Ross Education Trust

### Governance Statement

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 purchasing and supplier payment processes;
- testing of processes to maintain the Single Central Record;
- testing of academies' critical incident and continuity plans;
- testing of procedures relating to planning and risk management for school trips;
- testing of education quality assurance and improvement processes;
- testing of the trust's risk management processes;
- testing in relation to governance processes.

On a quarterly basis, the internal auditor reports to the board of trustees, through the Risk and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The internal auditor has delivered their schedule of work as planned for the year to 31 August 2020. No material control or other issues were reported by the internal auditor during the year although the procedures in relation to trip planning and business continuity planning were identified as areas that would benefit from improvement. Action plans have been agreed to implement the recommended improvements over the course of the next year which include the implementation of trip planning software to enable a consistent approach across all schools and increase capability to report and monitor trips centrally.

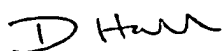
### Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the Trust's Risk and Audit Committee and the Finance and Resource 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 14 December 2020 and signed on its behalf by:



D Hall  
Trustee



S Burns  
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 2019.

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 2019.

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.



S Burns  
Accounting Officer

21<sup>st</sup> December 2020



## The David Ross Education Trust

### Statement of Trustees' Responsibilities

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

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

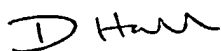
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 14 December 2020 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 The David Ross Education Trust ("the charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 [insert date], 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 2019 to 2020* 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**

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

#### **Other information**

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Annual Report and Governance Statement. 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.

## **The David Ross Education Trust**

### **Independent Auditor's Report to the Members of The David Ross Education Trust**

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' Annual Report, which constitutes the Strategic Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Trustees' responsibilities**

As explained more fully in their statement set out on page 24, 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.

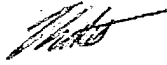
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **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.

## **The David Ross Education Trust**

### **Independent Auditor's Report to the Members of The David Ross Education Trust**



**Clare Partridge**  
**(Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

KPMG  
1 Sovereign Square  
Sovereign Street  
Leeds  
West Yorkshire  
LS1 4DA

22 December 2020

## **The David Ross Education Trust**

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

In accordance with the terms of our engagement letter dated 21 April 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The David Ross Education Trust during the period 1 September 2019 to 31 August 2020 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 dated 30 October 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 the Chief Finance Officer and the Head Teachers on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;

## **The David Ross Education Trust**

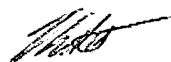
### **Independent Reporting Accountant's Assurance Report on Regularity to The David Ross Education Trust and the Education and Skills Funding Agency**

- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2019;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Annex B of the Academies Accounts Direction 2019 to 2020.

#### **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 2019 to 31 August 2020 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  
West Yorkshire  
LS1 4DA

22 December 2020

**The David Ross Education Trust**

**Statement of Financial Activities for the year ended 31 August 2020**

(including Income and Expenditure Account)

				2019/20	2018/19
	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
		£000	£000	£000	£000
<b>Income and endowments from:</b>					
Donations and capital grants	2	58	57	3,245	3,360
<b>Charitable activities:</b>					
Funding for the academy trust's educational operations	3	-	79,588	750	80,338
Provision of boarding activities	31	-	134	-	134
Other trading activities	4	745	1,054	-	1,799
Investments	5	21	-	-	21
<b>Total</b>		<b>824</b>	<b>80,833</b>	<b>3,995</b>	<b>85,652</b>
<b>Expenditure on:</b>					
Raising funds	6	845	531	-	1,376
<b>Charitable activities:</b>					
Academy trust educational operations	6	-	83,453	4,773	88,226
Provision of boarding activities	6, 31	-	303	31	334
<b>Total</b>		<b>845</b>	<b>84,287</b>	<b>4,804</b>	<b>89,936</b>
<b>Net income/(expenditure)</b>		<b>(21)</b>	<b>(3,454)</b>	<b>(809)</b>	<b>(4,284)</b>
Transfers between funds	18	-	-	-	-
<b>Other recognised gains/(losses):</b>					
Gains/(losses) on investment assets		-	(106)	-	(106)
Actuarial (losses) /gains on defined benefit pension schemes	32	-	(631)	-	(631)
<b>Net movement in funds</b>		<b>(21)</b>	<b>(4,191)</b>	<b>(809)</b>	<b>(5,021)</b>
<b>Reconciliation of funds</b>					
Total funds / (deficit) brought forward		1,372	(34,700)	149,417	116,089
<b>Total funds / (deficit) carried forward</b>		<b>1,351</b>	<b>(38,891)</b>	<b>148,608</b>	<b>111,068</b>
<b>Restricted general funds are made up as follows:</b>					
Restricted general fund			(1,444)		
Restricted pension fund			(37,447)		
<b>Total</b>			<b>(38,891)</b>		

**The David Ross Education Trust**

**Statement of Financial Activities for the Year Ended 31 August 2019**

(including Income and Expenditure Account)

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



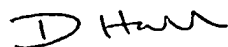
**The David Ross Education Trust**

(Company number: 06182612)

Balance Sheet as at 31 August 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Intangible assets	12		-		-
Tangible assets	13		145,312		147,759
Investments	14		332		438
<b>Current assets</b>					
Stocks			-		-
Debtors	15	3,420		2,505	
Cash at bank and in hand		11,089		7,543	
		<u>14,509</u>		<u>10,048</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	16	(10,076)		(7,696)	
Net current assets			<u>4,433</u>		<u>2,352</u>
Total assets less current liabilities			150,077		150,549
Creditors: Amounts falling due after more than one year	17		(1,562)		(2,143)
Net assets excluding pension liability			<u>148,515</u>		<u>148,406</u>
Defined benefit pension scheme liability	32		(37,447)		(32,317)
Total net assets			<u><u>111,068</u></u>		<u><u>116,089</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund		148,608		149,417	
Restricted income fund		(1,444)		(2,383)	
Pension reserve		(37,447)		(32,317)	
Endowment funds		-		-	
Total restricted funds			<u>109,717</u>		<u>114,717</u>
Unrestricted income funds			<u>1,351</u>		<u>1,372</u>
Total funds	20		<u><u>111,068</u></u>		<u><u>116,089</u></u>

The financial statements on pages 30 to 56 were approved by the trustees and authorised for issue on 14 December 2020 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 2020**

	Note	2019/20 £000	2018/19 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	2,117	(2,257)
Cash flows from investing activities	24	1,659	1,920
Cash flows from financing activities	25	(230)	(183)
Change in cash and cash equivalents in the reporting period		<u>3,546</u>	<u>(520)</u>
Cash and cash equivalents at 1 September 2019		7,543	8,063
Cash and cash equivalents at 31 August 2020	26	<u>11,089</u>	<u>7,543</u>

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 1 Accounting policies

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.

##### Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### Going concern

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons.

The trust receives funding from the Secretary of State for Education under the Academies Act 2010 in the form of grants towards the normal running costs and capital expenditure of each of its Academies, based on student numbers. The amount of grant funding is determined annually by the Secretary of State.

The trustees have prepared cash flow forecasts for a period of 32 months from the date of approval of these financial statements. After reviewing these forecasts, including the level of grant funding for the year ended 31 August 2021, changes arising from the Covid-19 pandemic and projected student numbers for the year ended 31 August 2022, the trustees are of the opinion that, taking account of severe but plausible downsides, the trust has adequate resources to continue to meet its liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Consequently, the trustees are confident that the trust will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### 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 in full 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 lives 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 costs being incurred and the development occurring on a site where the academy trust controls (through lease) the site where the development occurred. The expenditure was capitalised in assets under construction until the project was complete.

##### Sponsorship income

Sponsorship income provided to the academy 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 measured reliably.

##### 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 measured reliably.

##### 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 receipt, 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' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items, they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 1 Accounting policies (continued)

##### Expenditure

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

##### Expenditure on Raising Funds

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 trading.

##### Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

##### Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, 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	Expected useful life
Freehold buildings	Remaining lifespan, maximum 50 years
Leasehold buildings	Remaining lifespan, maximum 50 years, or the remaining life of the lease if shorter
Leasehold improvements	20 years
Furniture and equipment	5 years
Plant and machinery	10 - 20 years
Computer equipment	3 years
Motor vehicles	3 years
Works of art	Nil

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, or other categories as appropriate.

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.

##### Intangible Fixed Assets

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

Asset class	Amortisation method and rate
Purchased computer software	3 years

##### 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.

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 1 Accounting policies (continued)

##### Stock

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

##### Liabilities

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

##### Provisions

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

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

##### Leased assets

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

##### 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 16 and 17. 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.

##### 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.

##### 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 net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

##### Fund accounting

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

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

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

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

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 1 Accounting policies (continued)

##### Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the accounts, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuations performed at 31 March 2019 has been used by the actuaries in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### 2 Donations and capital grants

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000
Capital grants - DfE Group	-	-	3,015	3,015	3,252
Other capital grants	-	-	230	230	149
Other donations	58	57	-	115	135
Total voluntary income	58	57	3,245	3,360	3,536

#### 3 Funding for the Academy Trust's educational operations

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000
<b>DfE / ESFA grants</b>					
General Annual Grant (GAG)	-	66,535	-	66,535	63,970
Start Up Grants	-	200	-	200	245
Pupil Premium	-	4,626	-	4,626	4,632
Other DfE Group grants	-	4,254	-	4,254	1,665
	-	75,615	-	75,615	70,512
<b>Other Government grants</b>					
Local authority grants	-	3,095	-	3,095	3,075
Special educational projects	-	82	-	82	-
	-	3,177	-	3,177	3,075
Other income from the academy trust's educational operations	-	130	750	880	224
<b>Exceptional government funding</b>					
Coronavirus Job Retention Scheme grant	-	201	-	201	-
Coronavirus exceptional support	-	465	-	465	-
<b>Total</b>	-	79,588	750	80,338	73,811

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £465k of costs relating mainly to the provision of supermarket vouchers to eligible families as a substitute for benefits-related free school meals and also a small amount of incremental utility costs associated with the exceptional opening of schools during school holiday periods. These costs are included in notes 6 and 7 below as appropriate.

- The academy furloughed some of its catering, boarding, facilities, enrichment, fundraising, early years, wraparound care and admin staff under the government's CJRS. The funding received of £215k (of which £14k relates directly to staff associated with provision of boarding) relates to staff costs in respect of 105 staff which are included within note 8 below as appropriate.

The David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

4 Other trading activities

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000
Hire of facilities	208	-	-	208	515
Income from ancillary trading activities	44	148	-	192	320
Income from other charitable activities	493	351	-	844	1,172
Gifts in kind	-	555	-	555	578
	745	1,054	-	1,799	2,585

5 Investment income

	Unrestricted Funds	Total 2019/20	Total 2018/19
	£000	£000	£000
Bank interest	5	5	5
Dividends	16	16	12
	21	21	17

6 Expenditure

	Staff costs	Premises	Other costs	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000
Expenditure on raising funds and costs of trading activities:	807	55	514	1,376	1,749
Academy Trust's educational operations:					
Direct costs	55,090	-	5,438	60,528	54,896
Allocated support costs	10,140	7,773	9,785	27,698	26,615
	65,230	7,773	15,223	88,226	81,511
Boarding activities:					
Direct costs	-	-	24	24	48
Allocated support costs	184	63	63	310	217
	184	63	87	334	265
	66,221	7,891	15,824	89,936	83,525

Net expenditure for the year includes:

	2019/20	2018/19
	£000	£000
Operating lease rentals	1,388	969
Depreciation	3,882	3,705
Amortisation of intangible fixed assets	-	1
Loss on disposal of fixed assets	172	-
Fees payable to auditor for:		
- audit	73	70
- other services	-	-

7 Charitable activities

	Educational operations	Boarding	Total	Total
	2019/20	2019/20	2019/20	2018/19
	£000	£000	£000	£000
<b>Analysis of support costs</b>				
Support staff costs	10,140	184	10,324	11,001
Depreciation	3,851	31	3,882	3,706
Technology costs	1,097	1	1,098	1,004
Premises costs	7,773	63	7,836	5,538
Legal costs	54	13	67	61
Other support costs	4,664	18	4,682	5,327
Governance costs	119	-	119	195
<b>Total support costs</b>	<b>27,698</b>	<b>310</b>	<b>28,008</b>	<b>26,832</b>

8 Staff

a. Staff costs

	2019/20	2018/19
	£000	£000
<b>Staff costs during the year were:</b>		
Wages and salaries	46,080	43,685
Social security costs	4,221	3,913
Pension costs	13,605	10,211
	<b>63,906</b>	<b>57,809</b>
Agency staff costs	1,482	3,052
Staff restructuring costs	206	423
	<b>65,594</b>	<b>61,284</b>
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	173	141
Severance payments	33	282
	<b>206</b>	<b>423</b>

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

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £10k (2019: £64k). Individually, the payments were: £7k and £3k.

c. Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	765	709
Administration and support	1,052	1,138
Management	38	38
	<b>1,855</b>	<b>1,885</b>

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



## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 8 Staff (continued)

##### d. Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001 - £70,000	31	21
£70,001 - £80,000	11	12
£80,001 - £90,000	8	9
£90,001 - £100,000	6	5
£100,001 - £110,000	1	2
£110,001 - £120,000	1	1
£120,001 - £130,000	1	-
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1

##### e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £715,063 (2019: £685,412). Included in the increase compared to the prior year is £18,547 attributable to the increase in employer contribution rate for the Teachers' Pension Scheme which was effective from 1st September 2019.

#### 9 Central services

During the years ended 31 August 2019 and 31 August 2020, the trust provided the following central services to its academies:

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

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

#### 10 Trustees' remuneration and expenses

Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as trustees, for either the year ended 31 August 2020 or the year ended 31 August 2019.

During the year ended 31 August 2020, travel and subsistence expenses totalling £2,443 were reimbursed or paid directly to 5 trustees (2019: £3,517 to 6 trustees).

#### 11 Trustees' and officers' insurance

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

**The David Ross Education Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2020**

**12 Intangible fixed assets**

	Software	Total
	£000	£000
<b>Cost</b>		
At 1 September 2019	369	369
Additions	-	-
At 31 August 2020	369	369
<b>Amortisation</b>		
At 1 September 2019	369	369
Charge for the year	-	-
At 31 August 2020	369	369
<b>Carrying amount</b>		
At 31 August 2020	-	-
At 31 August 2019	-	-

**13 Tangible fixed assets**

	Freehold Land and Buildings	Leasehold Land and Buildings	Leasehold Improvements	Furniture and equipment	Plant and Machinery	Computer equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>								
At 1 September 2019	45,326	114,527	-	3,700	-	7,533	113	171,199
Reclassification of asset categories	(304)	(1,061)	801	(525)	1,087	2	-	-
Reclassified cost at 1 September 2019	45,022	113,466	801	3,175	1,087	7,535	113	171,199
Additions	1,406	225	94	8	352	61	211	2,357
Disposals	(929)	-	(161)	-	-	-	-	(1,090)
Transfers	161	151	-	-	-	-	(312)	-
At 31 August 2020	45,660	113,842	734	3,183	1,439	7,596	12	172,466
<b>Depreciation</b>								
At 1 September 2019	4,139	9,507	-	3,229	-	6,565	-	23,440
Reclassification of asset categories	(18)	(44)	105	(384)	321	20	-	-
Reclassified depreciation at 1 September 2019	4,121	9,463	105	2,845	321	6,585	-	23,440
Charge for the year	781	2,274	55	150	145	477	-	3,882
Disposals	(167)	-	(1)	-	-	-	-	(168)
At 31 August 2020	4,735	11,737	159	2,995	466	7,062	-	27,154
<b>Net book values</b>								
At 31 August 2020	40,925	102,105	575	188	973	534	12	145,312
At 31 August 2019	41,187	105,020	-	471	-	968	113	147,759

The academy trust's transactions relating to land and buildings included the disposal of part of the freehold land and a building at Charnwood College by the academy trust at a value of £750,000.

The academy trust's additions during the year mainly comprised:

- £1.4m of classroom and school environment improvement works at several academies including Barnes Wallis Academy, Charnwood College, Humberston Academy, Lodge Park Academy and Thomas Middlecott Academy;
- £0.6m of boiler upgrade works at King Edward VI Academy, Lodge Park Academy, Rockingham Primary Academy and Skegness Grammar School;
- £0.3m of fire safety and security improvement works at various schools; and
- continued investment in IT equipment at Bobby Moore Academy as the school grows towards capacity.

At the start of the year, the Trust undertook a review of fixed assets and increased the number of categories assets are classified into, to better align to the Academies Accounts Direction. In some cases, this improved categorisation of assets has resulted in more appropriate useful economic lives being applied to assets. Overall, this has resulted in an increase in depreciation charge compared with the prior year of £0.1m.

# The David Ross Education Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 14 Investments

	Investments
	£000
Cost or valuation	
At 1 September 2019	438
Revaluation	(106)
At 31 August 2020	<u>332</u>

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

	2020	2019
UK high income		
Carphone Warehouse Group plc ord 0.001	35%	30%
Talk Talk Telecom Group plc ord 0.001	65%	70%

The Trust owns 100% of the ordinary shares of David Ross Education Services Ltd, a company incorporated in England and Wales. The company is dormant. Turnover for the year ended 31 August 2020 was £Nil, expenditure was £Nil and the profit/(loss) for the year was £Nil. The assets of the company at 31 August 2020 were £Nil, liabilities were £Nil and capital and reserves were £Nil.

### 15 Debtors

	2020	2019
	£000	£000
Trade debtors	139	216
VAT recoverable	772	244
Other debtors	680	689
Prepayments and accrued income	<u>1,829</u>	<u>1,356</u>
	<u>3,420</u>	<u>2,505</u>

The Trust has not written off any trade debtors, however, due to the age, nature and individually low value of many of the balances, a provision for doubtful debts has been charged in the period of £207,000 (2019: £44,000).

# The David Ross Education Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 16 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	754	1,469
Other taxation and social security	1,029	1,016
ESFA creditor: abatement of GAG	625	129
Pension scheme creditor	1,240	837
Loans	185	204
Other creditors	708	1,211
Accruals and deferred income	5,535	2,830
	<b>10,076</b>	<b>7,696</b>
	2020	2019
	£000	£000
Deferred income at 1 September 2019	1,192	926
Released from previous years	(1,102)	(876)
Resources deferred in the year	1,069	1,142
Deferred income at 31 August 2020	<b>1,159</b>	<b>1,192</b>

At the balance sheet date the academy trust was holding funds of £1,159,000 (2019: £1,192,000) received in advance, mainly in respect of Universal Infant Free School Meal funding, lettings, boarding deposits booked for the autumn term and Early Years Funding.

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 £48,000 and disbursed £36,000 from the current year fund. An amount of £5,000 (2019: £40,000) is included in other creditors relating to undistributed funds that is repayable to the Education and Skills Funding Agency.

Included in creditors is an interest free loan of £28,000 (2019: £40,000) from Salix. Amounts falling due after one year of £84,000 (2019: £112,000) are included within creditors falling due after one year.

### 17 Creditors: amounts falling due after one year

	2020	2019
	£000	£000
Loans	1,162	1,343
ESFA creditor: advance of GAG	400	800
	<b>1,562</b>	<b>2,143</b>

Included in creditors is a capital loan from the Education and Skills Funding Agency totalling £1,235,000 (2019: £1,395,000), 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.; £157,000 (2019: £164,000) is included within creditors falling due within one year and £1,078,000 (2019: £1,231,000) 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 October 2020 were received net of £400,000 recoupment of this advance and the GAG payment in September 2021 is similarly expected to be received net of the remaining £400,000.

The David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

18 Funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(2,511)	66,535	(65,302)	(106)	(1,384)
Start Up Grants	-	200	(200)	-	-
Pupil Premium	-	4,626	(4,626)	-	-
Other DfE Group Grants	-	4,254	(4,254)	-	-
Local Authority funding	-	3,095	(3,095)	-	-
Gifts in kind	-	555	(555)	-	-
Other income	122	1,434	(1,453)	-	103
Provision for boarding facilities	6	134	(303)	-	(163)
Pension reserve	(32,317)	-	(4,499)	(631)	(37,447)
	<b>(34,700)</b>	<b>80,833</b>	<b>(84,287)</b>	<b>(737)</b>	<b>(38,891)</b>
<b>Restricted fixed asset funds</b>					
DfE capital grants	47,520	3,015	(4,023)	-	46,512
Proceeds from disposal of fixed assets	-	750	-	-	750
Capital expenditure from other grant income	6,340	230	-	-	6,570
Private sector capital donations	4,320	-	(31)	-	4,289
Donation of transferred assets from local authority	91,237	-	(750)	-	90,487
	<b>149,417</b>	<b>3,995</b>	<b>(4,804)</b>	<b>-</b>	<b>148,608</b>
<b>Other restricted funds</b>					
Endowment funds	-	-	-	-	-
<b>Total restricted funds</b>	<b>114,717</b>	<b>84,828</b>	<b>(89,091)</b>	<b>(737)</b>	<b>109,717</b>
<b>Unrestricted general funds</b>	<b>1,372</b>	<b>824</b>	<b>(845)</b>	<b>-</b>	<b>1,351</b>
<b>Total funds</b>	<b>116,089</b>	<b>85,652</b>	<b>(89,936)</b>	<b>(737)</b>	<b>111,068</b>

The academy trust is not subject to GAG carried forward limits.

# The David Ross Education Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 18 Funds (continued)

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

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

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) Local Authority funding in the main relates to funding supplied for pupils with statements of special educational needs and pupils attending nurseries within the Trust.
- (iv) Restricted fixed assets were funded by capital grants from DfE, Local Authorities or from the private sector.
- (v) Other income is deemed to be restricted where the funder places conditions on how the income can be spent.
- (vi) The restricted expendable endowment fund is The David Ross Education Trust Endowment Fund.
- (vii) The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund and the pension liability has therefore been aligned with these costs.
- (viii) Transfers from restricted general funds to restricted fixed asset funds relate to capital expenditure from revenue income, as permitted by the conditions of the grants.

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 18 Funds (continued)

The academy trust is carrying a net deficit of £0.1m (2019: £1.0m) 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 and has made continued progress towards this during the year.

Historically, some of the academies have overspent on staffing and restructures were undertaken during the year ended 31 August 2018 to reduce staffing costs at Charnwood College, Lodge Park Academy, Skegness Grammar School and Thomas Middlecott Academy. In the year ended 31 August 2020 a staffing restructure has been undertaken within the Estates and Facilities team, which it is anticipated will deliver cost savings in the year ended 31 August 2021 and beyond. Also, cost savings and improved value for money have been achieved through retendering and consolidation of some of the trust's supplier relationships.

Another contributing factor to the historic 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 undertook a review of its curriculum offering and 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 were operated to achieve affordable pupil - teacher ratios. In secondaries, pupil numbers are in aggregate gradually increasing which has helped to alleviate some financial pressure.

The academy trust's investment shareholdings, which were donated to the academy trust in a previous year, have suffered a further loss on revaluation of £0.1m (2019: £0.1m) during the year, which has adversely impacted on the in-year net expenditure result and the closing funds position.

#### Total funds analysis by academy

From 1 September 2017 the academy trust, as permitted by its funding agreement with the Department for Education and the provisions of the Academies Financial Handbook, pools GAG income and therefore does not recharge out costs for 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 2020**

**19 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 2019/20	Total 2018/19
	£000	£000	£000	£000	£000	£000
Abbey CE Academy	591	67	102	135	895	788
Ainthorpe Primary Academy	1,041	69	49	250	1,409	1,304
Barnes Wallis Academy	1,788	241	152	288	2,469	2,239
Bobby Moore Academy	2,416	300	206	614	3,536	2,449
Briar Hill Primary School	1,231	49	53	334	1,667	1,477
Brighthurst Primary School	517	51	43	95	706	687
Cedar Road Primary School	1,131	50	80	300	1,561	1,512
Charles Read Academy	1,336	207	115	390	2,048	1,868
Charnwood College	2,393	414	230	821	3,858	3,690
Eastfield Academy	807	32	55	250	1,144	1,037
Edward Heneage Primary Academy	1,016	81	71	196	1,364	1,416
Endike Primary Academy	1,406	62	79	320	1,867	1,884
Eresby Special School	1,090	107	25	129	1,351	1,205
Fairfield Academy	1,166	111	99	187	1,563	1,458
Falconer's Hill Academy	683	77	97	142	999	891
Greenfields Primary School	1,209	112	103	202	1,626	1,589
Havelock Academy	3,773	410	256	1,149	5,588	4,993
Hogsthorpe Primary Academy	272	28	18	60	378	356
Humberston Academy	2,916	406	353	357	4,032	3,656
Ingoldsby Academy	227	24	26	50	327	332
King Edward VI Academy	2,157	291	178	527	3,153	3,020
Kings Heath Primary Academy	1,098	32	103	393	1,626	1,571
Lodge Park Academy	3,597	320	375	452	4,744	4,566
Malcolm Arnold Academy	4,878	475	606	678	6,637	6,369
Malcolm Arnold Preparatory School	931	48	65	135	1,179	1,110
Newnham Primary School	349	28	26	65	468	450
Quay Academy	1,319	56	87	379	1,841	1,803
Rockingham Primary School	899	90	61	153	1,203	1,161
Skegness Grammar School	2,249	494	254	542	3,539	2,935
The Arbours Primary Academy	1,003	59	71	386	1,519	1,424
Thomas Hinderwell Primary Academy	944	68	74	266	1,352	1,323
Thomas Middlecott Academy	1,936	200	171	611	2,918	2,447
Welton CE Primary Academy	371	39	50	87	547	490
Wold Academy	1,950	103	77	323	2,453	2,347
Central services	2,216	3,615	561	2,674	9,066	10,882
<b>Academy Trust</b>	<b>52,906</b>	<b>8,816</b>	<b>4,971</b>	<b>13,940</b>	<b>80,633</b>	<b>76,729</b>

The above represents the expenditure incurred before the adjustments required under FRS102 in respect of the local government pension scheme and excluding loss on disposal of fixed assets.



# The David Ross Education Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 20 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	145,312	145,312
Investments	-	332	-	332
Current assets	1,422	7,621	5,466	14,509
Current liabilities	(71)	(8,997)	(1,008)	(10,076)
Non-current liabilities	-	(400)	(1,162)	(1,562)
Pension scheme liability	-	(37,447)	-	(37,447)
<b>Total net assets</b>	<b>1,351</b>	<b>(38,891)</b>	<b>148,608</b>	<b>111,068</b>

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

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

### 21 Capital commitments

	2020	2019
	£000	£000
Contracted for, but not provided in the financial statements	550	1,800

Capital commitments at the balance sheet date mainly related to works committed to undertake roof improvements at two of the trust's academies, as well as various other condition improvement works across a range of academies.

In the prior year, capital commitments at the balance sheet date included £0.4m relating to works commenced to enable the Trust to vacate Block K at Charnwood College, in anticipation of sale of the building to Leicestershire County Council, which subsequently completed in November 2019.

### 22 Commitments under operating leases

#### Operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£000	£000
<b>Land and buildings</b>		
Amounts due within one year	1,189	1,189
Amounts due between one and five years	4,760	4,760
Amounts due after five years	102,823	104,013
	<b>108,772</b>	<b>109,962</b>
<b>Other</b>		
Amounts due within one year	197	147
Amounts due between one and five years	193	202
	<b>390</b>	<b>349</b>

**The David Ross Education Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2020**

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

	2019/20	2018/19
	£000	£000
Net income / (expenditure) for the year	(4,284)	(3,389)
Adjusted for:		
Amortisation	-	1
Depreciation	3,882	3,705
Loss on disposal of fixed assets	172	-
Capital grants from DfE and other capital income	(3,245)	(3,401)
Interest receivable	(21)	(17)
Interest payable on loans	30	30
Defined benefit pension scheme service cost less contributions payable	4,499	3,090
(Increase)/decrease in stocks	-	4
(Increase)/decrease in debtors	(915)	1,206
Increase/(decrease) in creditors	1,999	(3,486)
<b>Net cash provided by / (used in) operating activities</b>	<b>2,117</b>	<b>(2,257)</b>

**24 Cash flows from investing activities**

	2019/20	2018/19
	£000	£000
Dividends, interest and rents from investments	21	17
Purchase of tangible fixed assets	(2,357)	(1,498)
Proceeds from sale of tangible fixed assets	750	-
Capital grants from DfE Group	3,015	3,252
Capital funding received from sponsors and others	230	149
<b>Net cash provided by / (used in) investing activities</b>	<b>1,659</b>	<b>1,920</b>

**25 Cash flows from financing activities**

	2019/20	2018/19
	£000	£000
Cash inflows from new borrowing	-	34
Repayments of borrowing	(230)	(217)
<b>Net cash provided by / (used in) financing activities</b>	<b>(230)</b>	<b>(183)</b>

**26 Analysis of cash and cash equivalents**

	2020	2019
	£000	£000
Cash in hand and at bank	11,079	7,543
Notice deposits (less than 3 months)	10	-
<b>Total cash and cash equivalents</b>	<b>11,089</b>	<b>7,543</b>

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 27 Analysis of changes in net funds

	At 1 September 2019	Cash flows	Other non-cash changes	At 31 August 2020
	£000	£000	£000	£000
Cash	7,543	3,536	-	11,079
Cash equivalents	-	10	-	10
<b>Total cash and cash equivalents</b>	<b>7,543</b>	<b>3,546</b>	<b>-</b>	<b>11,089</b>
Loans falling due within one year	(204)	230	(211)	(185)
Loans falling due after more than one year	(1,343)	-	181	(1,162)
<b>Total net funds / (debt)</b>	<b>5,996</b>	<b>3,776</b>	<b>(30)</b>	<b>9,742</b>

#### 28 Contingent liabilities

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

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

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

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

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

#### 29 Members' liability

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

## The David Ross Education Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020

#### 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 Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, 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.

##### *Expenditure Related Party Transactions*

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

The Trust purchased staff training totalling £6,750 (2019: £16,131) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).

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

The Trust purchased training and religious education curriculum resources totalling £6,600 (2019: £6,405) during the period, as part of an ongoing relationship. There were no amounts outstanding at 31 August 2020 (2019: £nil).

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

The Trust purchased training totalling £8,280 (2019: £8,925) during the period. There were no amounts outstanding at 31 August 2020 (2019: £744).

Uppingham School of which Mr David Ross (Chair of Trustees) was a Trustee until 16 March 2019, and of which Ms Tracey Maloney's spouse is Headmaster.

The Trust paid £nil for a music residential course (2019: £6,699) during the period, although this transaction occurred after Mr Ross' resignation from his trusteeship at Uppingham. The Trust paid £1,062 (2019: £1,271) for swimming pool hire and instruction, for pupils of Brighthelm Primary School. There were no amounts outstanding at 31 August 2020 (2019: £nil).

The Confederation of School Trusts of which Mr Martyn Oliver (Trustee) is a Board Member.

The Trust incurred expenditure of £2,330 in respect of its annual membership fee to The Confederation of School Trusts and £1,925 to the company's wholly owned subsidiary, CST Professional Development Limited, in respect of delegate places at the Confederation of School Trusts' annual conference. Both these transactions were entered into prior to Mr Oliver's appointment to the board of trustees of The David Ross Education Trust.

All of the above expenditure transactions were undertaken at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The transactions were all trivial in value and represent the continuation of ongoing supplier relationships therefore no advance declarations to the ESFA were considered necessary.

##### *Income Related Party Transactions*

Mr D Ross is a trustee of The David Ross Foundation, which, during the year ended 31 August 2020, allowed the Trust use of its office space without charge which has been valued at £400 (2019: £1,000).

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

Mr Ross is owner of Nevill Holt Hall which includes Nevill Holt Farm and Nevill Holt Opera. Over 250 Trust pupils visited Nevill Holt Farm on day trips or camping trips during the course of the year (2019: over 1,000 pupils), for which there has been no charge and which has been valued at £2,500 (2019: £21,000). Pupils and teachers also visited Nevill Holt Opera for various events for which there was no charge and which has been valued at £8,000 (2019: £2,000).

Mr Ross is the ultimate beneficial owner of the Best Dressed Group Limited and group companies including Simon Jersey. Simon Jersey provided t-shirts to the Trust for the Summer Cup in the year ended 31 August 2019 at no charge, which has been valued at £5,000.

In the year ended 31 August 2020, the Trust benefitted from use of sports facilities at The University of Nottingham, of which Mr David Ross (Chair of Trustees) is Chair of the Nottingham Development Committee and a member of the University Council, to hold the Trust's Winter Cup and Performance Conference events, free of charge. This has been valued at £6,000.

##### *Investments Related Party Transaction*

The Trust's shareholding investments were donated to the Trust in prior years by The David Ross Foundation.

**The David Ross Education Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2020**

**31 Academy boarding trading account**

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Income</b>		
Fee income	120	187
Coronavirus Job Retention Scheme grant	14	-
<b>Expenditure - Direct costs</b>		
Other direct costs	24	48
<b>Expenditure - Indirect costs</b>		
Staff costs	184	148
Utilities	23	11
Rent and rates	5	8
Security	4	4
Buildings maintenance	35	16
Depreciation	31	13
Other indirect costs	28	17
Total indirect costs	310	217
<b>Total operating costs</b>	<b>334</b>	<b>265</b>
<b>Surplus / (deficit) on boarding</b>	<b>(200)</b>	<b>(78)</b>
<b>(Deficit) brought forward at 1 September</b>	<b>(128)</b>	<b>(50)</b>
<b>(Deficit) carried forward at 31 August</b>	<b>(328)</b>	<b>(128)</b>

32 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 latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £1,240,000 were payable to the schemes at 31 August 2020 (2019: £837,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £6,785,000 (2019: £4,183,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions' website.

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

# The David Ross Education Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 32 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £3,582,000 (2019: £3,899,000), of which employer's contributions totalled £2,739,000 (2019: £3,034,000) and employees' contributions totalled £843,000 (2019: £865,000). The agreed employer's contribution rates for future years vary across the academies and employees' contribution rates vary between 5.5% and 12.5% depending on an employee's gross salary.

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

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

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

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

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

- Lincolnshire Pension Fund: Barnes Wallis Academy, Charles Read Academy, Eresby Special School, Hogsthorpe Primary Academy, Ingoldsby Academy, King Edward VI Academy, Skegness Grammar School, Thomas Middlecott Academy.

- North Yorkshire Pension Fund: Thomas Hinderwell Primary Academy.

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

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

As per previous years and detailed below, all six schemes were in deficit at the end of the financial period. In order to repay this deficit all employer contribution rates incorporate additional contributions in respect of a past service adjustment. This rate varies per academy; the repayment period varies per scheme, falling between 10 and 21 years.

	East Riding %	Northants %	Lincs %	N Yorks %	Leics %	Newham %
<b>Principal Actuarial Assumptions</b>						
Rate of increase in salaries	3.10	2.70	2.50	3.45	2.70	3.20
Rate of increase for pensions in payment / inflation	2.20	2.20	2.20	2.20	2.20	2.20
Discount rate for scheme liabilities	1.70	1.70	1.70	1.70	1.70	1.65
Inflation assumption (CPI)	2.20	2.20	2.20	2.20	2.20	2.20
Commutation of pensions to lump sums; pre-April 2008 service	60	50	50	n/a	50	50
Commutation of pensions to lump sums; post-April 2008 service	80	75	75	n/a	75	50

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

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

#### Assumed life expectation on retirement age 65

	East Riding	Northants	Lincs	N Yorks	Leics	Newham
Males retiring today	20.9	21.5	21.4	21.8	21.5	21.3
Females retiring today	23.3	23.7	23.7	23.9	23.8	23.9
Males retiring in 20 years	21.8	22.3	22.4	23.5	22.2	22.8
Females retiring in 20 years	24.8	25.1	25.2	25.7	25.2	25.5

#### Assumed life expectation on retirement age 65 - Prior Year

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

The David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

32 Pension and similar obligations (continued)

Sensitivity analysis - approximate increase in defined obligation

	East Riding	Northants	Lincs	N Yorks	Leics	Newham
	£000	£000	£000	£000	£000	£000
0.1% decrease in Real Discount rate	951	639	377	33	150	13
0.1% increase in Salary Increase rate	69	22	31	2	14	-
0.1% increase in the Pension Increase Rate (CPI)	868	608	340	31	133	13
Mortality assumption – 1 year increase in life expectancy	1,402	969	648	40	259	12

	East Riding	Northants	Lincs	N Yorks	Leics	Newham	Total
	£000	£000	£000	£000	£000	£000	£000
Employer Contributions estimated for the period to 31 August 2021	1,015	808	625	55	195	30	2,728

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

	East Riding	Northants	Lincs	N Yorks	Leics	Newham	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Equities	12,697	9,954	5,833	222	1,804.0	57	30,567	31,914
Bonds	3,078	2,308	1,691	75	887.0	15	8,054	7,704
Property	2,308	1,731	845	25	245.0	10	5,164	4,493
Cash	1,154	433	84	14	122.0	7	1,814	1,058
Other	-	-	-	40	-	17	57	44
Total market value of assets	19,237	14,426	8,453	376	3,058	106	45,656	45,213
Present value of schemes' liabilities - funded	(35,053)	(24,224)	(16,208)	(1,110)	(6,186)	(322)	(83,103)	(77,530)
Deficit in the schemes	(15,816)	(9,798)	(7,755)	(734)	(3,128)	(216)	(37,447)	(32,317)

	East Riding	Northants	Lincs	N Yorks	Leics	Newham	Total
	£000	£000	£000	£000	£000	£000	£000
Actual return on the scheme assets, year ended 31 August 2020	(900)	(660)	(292)	(4)	(490)	(10)	(2,356)
Actual return on the scheme assets, year ended 31 August 2019	769	646	455	17	199	4	2,090

Amounts recognised in Statement of Financial Activities

	East Riding	Northants	Lincs	N Yorks	Leics	Newham	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
Current service cost	2,862	1,943	1,236	107	347	101	6,596	5,225
Past service cost	-	-	-	15	-	-	15	369
Total operating charge	2,862	1,943	1,236	122	347	101	6,611	5,594
Interest income on pension scheme assets	(352)	(279)	(153)	(7)	(63)	(2)	(856)	(1,162)
Interest cost on pension liabilities	557	476	309	17	120	4	1,483	1,692
Net pension finance cost / (income)	205	197	156	10	57	2	627	530
Total cost recognised in the SOFA	3,067	2,140	1,392	132	404	103	7,238	6,124



The David Ross Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

32 Pension and similar obligations (continued)

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

	East Riding	Northants	Lincs	N Yorks	Leics	Newham	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 September	29,438	24,033	16,535	872	6,463	189	77,530	57,761
Current service cost	2,862	1,943	1,236	107	347	101	6,596	5,225
Past service cost	-	-	-	15	-	-	15	369
Interest cost	557	476	309	17	120	4	1,483	1,692
Employee contributions	393	237	142	15	40	16	843	865
Actuarial (gains)/losses	2,111	(2,260)	(1,808)	86	(730)	20	(2,581)	12,150
Benefits paid out	(308)	(205)	(206)	(2)	(54)	(8)	(783)	(532)
At 31 August	35,053	24,224	16,208	1,110	6,186	322	83,103	77,530

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

	East Riding	Northants	Lincs	N Yorks	Leics	Newham	Total 2019/20	Total 2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 September	18,934	14,235	8,256	324	3,383	81	45,213	39,756
Interest income	352	279	153	7	63	2	856	1,162
Actuarial gain/(loss)	(1,252)	(939)	(445)	(11)	(553)	(12)	(3,212)	928
Employer contributions	1,118	819	553	43	179	27	2,739	3,034
Employee contributions	393	237	142	15	40	16	843	865
Benefits paid	(308)	(205)	(206)	(2)	(54)	(8)	(783)	(532)
	19,237	14,426	8,453	376	3,058	106	45,656	45,213