

Company Registration No. 07442789 (England and Wales)

THE DE FERRERS TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



THE DE FERRERS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr S L Allen (Accounting officer)
Mr A Burns
Mrs E Laughlin (Chair)
Mrs C Lovell
Mr D Moss
Mrs C Shaw (Appointed 12 September 2017)
Mr M Taylor
Mrs J Green
Mrs A Smith (Appointed 6 November 2017)

Members

Mrs E Laughlin (Chair)
Mr M Taylor
Mrs J Botton
Rev. M Freeman
Mr A Taylor (appointed 18 November 2016, resigned 16 March 2017)
Mr M Hancock (appointed 15 June 2017)
Mr K Gaunt (appointed 31 October 2017)

Senior management team

- Chief Executive	Mr S L Allen
- Director of Education	Mr C A Brown (from 1 September 2017)
- Director of Finance	Mrs A M Taylor
- Director of Human Resources	Mrs J Harrison
- Director of Governance and Compliance	Mrs T Pyszky
- Executive Principal	Mrs J Green
- Principal	Mr N Holmes
- Principal	Mrs H Phillips
- Principal	Mrs B Breedon
- Principal	Mrs V Sharples (from 1 May 2017)
- Principal	Mrs J Kingswood (from 1 September 2017)

Company secretary

Mrs T Pyszky

Company registration number

07442789 (England and Wales)

Registered office

St Marys Drive
Burton on Trent
Staffordshire
DE13 0LL

Academies operated

The de Ferrers Academy
Horninglow Primary
Granville Academy
Eton Park Junior
Lansdowne
The Pingle Academy

Location

Burton upon Trent
Burton upon Trent
Swadlincote
Burton upon Trent
Burton upon Trent
Swadlincote

Principal

Mr N Holmes
Mrs B Breedon
Mrs J Kingswood
Mrs H Phillips
Mrs H Phillips
Mrs V Sharples

THE DE FERRERS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Bankers Lloyds Bank
16 High Street
Burton on Trent
DE14 1JA

Solicitors Flint Bishop LLP
St Michaels Court
St Michaels Lane
Derby
DE1 3HQ

THE DE FERRERS TRUST

TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The de Ferrers Trust operates one Secondary and three Primary academies in Burton upon Trent. On 1 May 2017 a second Secondary academy joined the Trust, in Swadlincote, South Derbyshire.

After the year end, on 1 September 2017 a third Secondary academy joined the Trust, again in Swadlincote, South Derbyshire.

Its academies have a combined student capacity of 4,792 and had a roll of 4,463 in the Autumn 2017 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and 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 de Ferrers Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

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

A trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover the liability of the trustee which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. Provided that such insurance shall not extend to any claim arising from any act or omission which the trustee knew to be a breach of trust or breach of duty or which was committed by the trustee in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustee in their capacity as a director of the Academy Trust.

Method of recruitment and appointment or election of trustees

Trustees are appointed to the Trust Board under sections 50-58 of The de Ferrers Trust's Articles of Association, as follows:

- The members may appoint up to 5 trustees;
- The Chief Executive is a trustee;
- The members may appoint staff trustees through such process as they may determine, provided that the total number of trustees (including the Chief Executive) who are employees of the Academy Trust does not exceed one third of the total number of trustees;
- The Trustees may appoint up to 2 academy trustees who will be Chairs from a Local Governing Body of an academy within the Trust. The trustees have determined that to fulfil the criteria for those positions the academy for which the Chair serves must be a 'good' or 'outstanding' academy, and the Chair must possess the relevant skills in order to make the management decisions required.
- The trustees may co-opt other trustees from time to time in order to strengthen the skill-set of the Board.

The trustees have appointed a local governing body in each of the Trust's academies with provision for 2 parent governors on each. In view of this decision, parent trustees will not be appointed to the Trust Board.

The members have approved a Governance Recruitment Policy which details a consistent approach to addressing any vacancies that appear within the governance structure at any level across the Trust. This process is managed by the Director of Governance and Compliance who reports to the Trust Board.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. All new trustees are welcomed to the Trust by the Director of Governance and Compliance, who is responsible for their induction.

The Trust now operates a paperless system for its governance requirements namely 'The Trust Governor' https://www.the-trust-governor.co.uk/matlogin2.php?ret_link=%2F&type=notLogged.

The online systems allows immediate access to all governance documentation without the necessity of posting an overwhelming induction pack.

All new trustees are required to sign a declaration confirming their eligibility to perform the role of a director; declare any financial and non-pecuniary interests and to sign the Trustees Code of Conduct.

The trustee is allocated a mentor (a more experienced trustee) to assist them during their first few meetings and at the end of the year an annual review will take place with the Chair of the Trust Board.

A skills audit completed on appointment and further specific training can be arranged if necessary.

To demonstrate the Trust's commitment to strong governance, the Trust also provides all local governors with a similar induction programme and an ongoing training provision.

The Trust has recently purchased the National Governance Association's Learning Link <https://www.nga.org.uk/ConsultancyandTraining/NGA-Learning-Link-e-learning.aspx> which allows for online training to take place.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure

The Board of Trustees has established a scheme of delegation that details how the organisation is structured and who is responsible for making various decisions.

The underlying principles for the scheme of delegation are that all academies in the Trust are in a partnership of equals, irrespective of their length of membership. The Trust Board is mindful that its function is to ensure that all statutory obligations are met and believe that the governors of each local governing body are best able to service the needs of their academy and their local community.

The governance structure is split into three layers: Trust (members), Trust Board (trustees/directors) and Local Governing Body (governors).

The members are considered the custodians of the Trust and act as a 'check and balance' on the performance of the Trust. The members meet at least once a year but have full access to all minutes of meetings, governance documents and any decisions that need making in between meetings are often resolved by email. To ensure robust accountability within our governance structure, the Trust has a majority of independent members.

The trustees meet at least 6 times per year and have strategic oversight and ultimate responsibility for all of the management decisions within the Trust. The trustees' key responsibilities are to ensure, through their governance structure and leadership team that the Trust is making proper and effective use of public funds and that the quality of provision is guaranteed.

The trustees have established two sub-committees namely the Audit and Risk Committee and the Policy Committee who meet three times per year.

The Local Governing Body for each academy meets 6 times per year in line with the meetings of the trustees and around their own data cycle. The Local Governing Bodies carry out the Trust's vision, policies and priorities. They will play a support and challenge role and will hold senior leaders to account for the academic performance and quality of care and provision for their academy. They are responsible for making decisions by way of the powers delegated to them by the Trust Board in accordance with their Terms of Reference and Scheme of Delegation.

Each Local Governing Body has one sub-committee namely the Pay Committee who ratify decisions regarding pay progression.

The day to day management of the Trust is delegated to the Trust Leadership Team. Details of the Trust Leadership Team are included in the Reference and Administrative details on page 1.

Arrangements for setting pay and remuneration of key management personnel

Working in the academy sector, the Trust believes that it is important to be transparent about pay levels of its key management personnel and how those salaries are set. Our salaries are benchmarked against similar roles in the academy sector. The Trust generally uses a recognised pay scale for the sector, however some flexibility is applied to take into consideration the specific requirements for each post and ensure we can recruit and retain the best people for the role with both the skills required and the passion for the service.

Related parties and co-operation with other organisations

The Trust serves a diverse range of communities in Burton an Trent and South Derbyshire. A register of business interests is maintained at both Trust Board and local Governing Body level.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objectives and aims

The strategic plan for The de Ferrers Trust over the next 3-5 years is to create a network of successful academies which will provide sustainable progress and attainment for all students. These academies will be the hubs of their communities to rejuvenate lifelong learning and provide a focus for family engagement.

At each of our academies we will strive to inspire through the delivery of a 'world class' education ensuring that every student achieves their potential. We aspire to be a beacon of excellence within the community we serve, where everyone feels valued, included and proud.

Our PRIDE values of Partnership, Respect, Integrity, Determination, and Excellence are the foundations for the Trust and the community we serve.

Our specific objectives for 2017-2020 include:

- the development of a full 3 to 18 year educational provision integrating all partner primary schools;
- the development of a Post 16 facility in Burton to accommodate 600+ students;
- the expansion of The de Ferrers Academy 11-16 capacity (potential increase in PAN from 2018-19);
- securing a minimum of 2 new secondary partners from 2018-19;
- considering a new provision in respect of Key Stage 1-2 Pupil Referral Unit;
- ensuring that central services provided by the Trust are appropriate and beneficial to all Academies.

We will achieve these objectives by:

- working closely with all of our Trust academies and their Leadership teams;
- creating open dialogue with local secondary schools and all feeder primary schools;
- expanding the central Trust support team where necessary.

Public benefit

The principal activity undertaken to further the Academy Trust's purposes for the public benefit is 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 a Trust that offers a broad and balanced curriculum.

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

The Trust enjoyed success at all Key Stages in 2017, despite a challenging backdrop of national assessment and qualification change. All partner academies have worked particularly hard to mitigate these circumstances and are on an upward trend across the board.

In the Primary phase, improvement was clear in comparison to 2016.

At Key Stage 1, at least 75% of students at Lansdowne Infants achieved the Expected Standard in Reading, Writing or Maths. This represented an increase of 11%, 25% and 8% respectively.

Similar gains were also seen at Key Stage 2. At Eton Park Juniors, 12% more students achieved the Combined Expected Standard in Reading, Writing and Maths than in 2016 (up to 55%) and over three quarters achieved the standard in Grammar, Punctuation and Spelling. At Horninglow Primary, the year on year performance was even greater with 29% more students achieving the Combined Expected Standard (up to 57%) and 75% of students now reaching the standard in Grammar, Punctuation and Spelling.

Progress measures at Key Stage 2 from Key Stage 1 were also positive on the whole across the Trust. At Horninglow Primary, value was added in Reading, Writing and Maths, when compared to the national average. At Eton Park Juniors, Maths was in line with progress nationally and Writing was 1.4 points above.

At Key Stage 4 in the Secondary phase, both The de Ferrers Academy and Granville Academy (which converted and joined the Trust on 1 September 2017 having worked closely with the Trust as a partner school for several months) achieved positive Progress 8 scores and the percentage of students achieving a Standard pass in English and Maths was also above the national average. At The Pingle Academy, 3 percent more students achieved the Basics standard in English and Maths in 2017, compared to the previous year.

The de Ferrers Academy continued its strong track record of high level performance with the percentage of students achieving the new Grade 5 Good Pass in the Basics and English Baccalaureate, both being significantly above the national average.

Notably, Granville Academy demonstrated outstanding year on year progress in 2017. The Academy secured nearly 1 in 5 more students a pass in English and Maths and attainment in all examination grades were in line with the national average, compared to a position in 2017 where students were on average half a grade lower than that achieved nationally.

At Key Stage 5, the upward trend continued. The Pingle Academy added value in the top 10% of schools and those students completing Year 13, achieved an Average Point Score per entry for Academic subjects in line with the national average. At The de Ferrers Academy, the average grade across all subjects was a C+ and well over 50% of grades achieved awarded were A*-B. Value Added at The de Ferrers Academy was in the top 40% of schools, despite an excellent set of Key Stage 4 results two years earlier.

Financial review

During the period the academy trust received income of £16,720,000 (2016: £11,097,000) in government and local authority grants and £642,000 (2016: £920,000) of other income, totalling £17,362,000 (excluding £21,679,000 of assets donated from local authority on conversion).

Total expenditure amounted to £18,129,000 (2016: £12,741,000). Academies within the Trust are encouraged to utilise annual income during the year in which the funding is received (i.e. to maintain a break even position).

During the year, Trust reserves have been utilised for the following specific items:

- refurbishments to central Trust office accommodation to avoid additional rental cost outlay;
- commencement of work on Trust-wide ICT infrastructure to enable one cross Trust ICT network to improve communication and sharing of resources and improve efficiency.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

Financial and risk management objectives and policies

The trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academies within the Trust, and its finances. The trustees have implemented a number of systems to assess these risks as well as operational procedures and internal controls to manage these risks. Where significant financial risk remains they have ensured they have adequate insurance cover. The Trust is developing an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements.

The trustees have identified a number of priority projects to expand and improve the Trust's facilities, including:

- the potential addition of a third campus for The de Ferrers Academy;
- the need for additional accommodation on the Trent and/or Dove campus of The de Ferrers Academy;
- the need to upgrade a substantial portion of teaching space at The Pingle Academy - especially the Maths block;
- the on-going need to replace and upgrade the Trust's ICT infrastructure.

The academy held fund balances at 31 August 2017 of £39,756,000 (2016: £18,045,000) comprising an amount of £1,731,000 (2016: £765,000) in respect of unrestricted general funds, £44,075,000 (2016: £22,895,000) in respect of restricted fixed asset funds, and a deficit of £6,050,000 (2016: deficit of £5,615,000) in respect of restricted general funds.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £2,262,000 (2016: £859,000).

The level of reserves will be kept under review by trustees.

Investment policy

Cash flow and current account balances will be regularly monitored to ensure immediate financial commitments can be met (e.g. payroll and supplier payments), and that the current account has adequate balances to meet forthcoming commitments. In practice a working balance of between £250,000 and £750,000 is likely to be maintained in the Trust's current account.

The academy trust will normally seek to avoid its current account going overdrawn.

Funds surplus to immediate cash requirements will be identified and transferred to Lloyds High Interest Deposit accounts, or to Virgin Charity Deposit account, bearing a higher interest rate.

Periodically (at least annually) interest rates will be reviewed and compared with other investment opportunities.

Funds will only be invested in low risk and easily accessible deposit accounts. Funds can be invested for periods from six weeks to 12 months or more based on medium to long term forecast and financial planning.

Key performance indicators

The key financial performance indicators of the Academy Trust are focused on the generation of income through sustained student numbers, and management of expenditure and cash flow, as follows:

- student intake in Year 7 of at least 90% PAN;
- staff costs less than 80% grant income;
- expenditure within approved budget;
- minimum cash level to fund at least one month's average expenditure

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Plans for future periods

In accordance with the aims and objectives of the Trust it will continue to drive improvements in the levels of performance of its students at all levels and will continue its efforts to ensure its students gain employment or a place in higher education. Each academy in the Trust will continue to develop its facilities for its staff and students.

Specific plans for future periods, including our key challenges and opportunities, include:

- continued growth in student numbers at Year 7 and Post 16 (potential increase in PAN with acquisition of former Burton UTC buildings). Implications on staffing, accommodation and teaching group size;
- trust development and expansion - one further conversion expected for early 2018 (a fourth primary academy). Following that, the Trust will seek two further secondary partners and also consider the potential to develop the all through 3-18 Academy model into South Derbyshire;
- development of Trust-wide standards around teaching and learning to drive up educational outcomes in all Trust academies - Director of Education appointed from 1 September 2017, Lead Practitioners of Maths and English to be appointed from 1 January 2018;
- continued establishment and development of the Trust governance structure;
- continued establishment and development of the central Trust finance team to enable development and implementation of Trust-wide financial procedures and controls;
- ensuring all Trust Academies are Ofsted ready.

Principal risks and uncertainties

The trustees have considered the principal risks and uncertainties facing the Trust and consider the following to be the most significant challenges over the next 12 months:

- reputational risks associated with the changes in both the grading structure at Key stage 4 and the assessment criteria at Key Stage 2;
- recruitment of a new Chief Executive due to the imminent retirement of the current Chief Executive (on 31 August 2018);
- impact of growth in the Trust:
 - a. effecting and evidencing improvement in educational performance at all Trust Academies;
 - b. consideration of financial viability – getting the balance right;
 - c. ensuring that the central Trust support team is adequately resourced.

In order to address these risks, the trustees have agreed upon a period of consolidation until September 2018.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

As the Trust employs over 250 period it is required to have a policy in respect of application for employment for disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons. Advice and guidance on these matters currently sits within various separate policies (such as Managing Attendance at Work). A full Recruitment and Retention Policy is currently being drafted.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

AUDITOR

RSM UK Audit LLP was appointed auditor to the charitable company. A resolution proposing re-appointment will be put to the members.

Statement as to disclosure of information to auditor

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 05 December 2017 and signed on its behalf by:



Mrs E Laughlin
Chair

THE DE FERRERS TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The De Ferrers 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 9 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr S L Allen (Accounting officer)	9	9
Mr A Burns	7	9
Mrs E Laughlin (Chair)	9	9
Mrs C Lovell	8	9
Mr D Moss	9	9
Mrs C Shaw (Appointed 12 September 2017)	0	0
Mr M Taylor	7	9
Mrs J Green	8	9
Mrs A Smith (Appointed 6 November 2017)		

Governance reviews

The Board of Trustees has not carried out a formal governance review during this period, however on-going review has taken place to ensure the governance structure is fit for purpose as new academies have joined the Trust.

The Director of Governance and Compliance and the Chair of the Trust Board meet weekly throughout the year to review governance and to make adjustments where necessary. Chairs and Clerks Briefings are also held prior to every meeting so that important messages can be relayed and standing agenda items can be delivered.

At the end of each academic year the Chairs of Governors for each Local Governing Body are asked to conduct annual reviews with each individual governor to address any issues at a local level.

At the end of the year the Trust launched 'The Trust Governor' as a paperless governance system to all Local Governing Bodies. The Trustees had used the system for several months prior to the launch to ensure it was fit for purpose. The system has allowed for greater transparency at each level of governance and has improved levels of communication.

The system allows each governor to conduct a self-review of their knowledge and performance which can then be used to inform any development planning.

The Trust has planned a period of consolidation without further expansion for 2017-18. The trustees have commissioned the National Governance Association to conduct an external review of governance during this period.

THE DE FERRERS TRUST

GOVERNANCE STATEMENT (CONTINUED)

The Audit and Risk Committee is a sub-committee of the main board of trustees. The committee consists of trustees and governors (the majority of members being trustees). Its purpose is to:-

- Have strategic oversight of the external audit process, including recommending to the members the re-appointment of the external auditors.
- Have strategic oversight of the internal audit and to make recommendations to the Board accordingly.
- To keep under review the Trust's financial management and reporting arrangements, providing constructive challenge (where necessary) to the actions and judgements of management in relation to the interim management and financial accounts, statements and reports and the annual accounts and financial statements, prior to submission to the Trust Board.
- To review the effectiveness of the Trust's risk management policy, strategy, processes and procedures for the identification, assessment, evaluation, management and reporting of risks.
- To review the adequacy and robustness of risk registers.

In the prior year, the Audit and Risk Committee reviewed the effectiveness of the role of the Responsible Officer. It was agreed that as the Trust expanded, the role may become untenable and therefore it was agreed to appoint a firm of Chartered Accountants to perform internal controls work for the period 2016-17.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs C Lovell (Chair)	3	3
Mr M Taylor	2	3
Mr D Moss	3	3
Mr T Lofts (Local Governor)	1	3

THE DE FERRERS TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- **Improving Educational Outcomes** - The Trust continues to demonstrate effective use of resources through continued improvement in educational outcomes for our students. The Trust makes effective use of Pupil Premium funding to target individual students.
- **Collaboration** - The Trust has been engaged by the Local Authority to work with other schools in the area, to share the good practice in place at The de Ferrers Academy in order to support them in driving through improvements in educational outcomes. Over the last year, Academy has provided support to two schools, all of whom have seen improvements in their examination performance in 2016.
- **Income Generation** - The academies in the Trust continue to develop their community programmes, trying to encompass the facilities across all Trust sites. Income has grown from £25,000 in 2012-13 to £103,000 in 2016-17.
- **Financial Management** Through careful financial management, the Trust has been successful in building its reserves so that we have some funds to:
 - Maintain a prudent level of contingency (see Reserves policy);
 - Cope with the lagged funding methodology in place and the threat of flat funding going forwards;
 - Contribute to essential capital projects.
- **Cost review** External expert advice is sought where appropriate (e.g. for the appointment of building contractors, and the management of building projects). Competitive quotes / tenders are sought for expenditure over £10k, regularly using frameworks such as CPC.

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 de Ferrers Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 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 DE FERRERS TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes 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 decided to appoint Mazars LLP as their internal auditor. However, full internal audit work is not deemed to be necessary. Mazars LLP have been engaged to carry out finance based controls visits and reporting. Two such visits have taken place during the year: one visit covered the three primary academies, the other covered The de Ferrers Academy and the Trust finance function.

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

Review of effectiveness

As accounting officer the principal 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 financial management and governance;
- 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 Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 05 December 2017 and signed on its behalf by:



Mr S L Allen
Accounting officer



Mrs E Laughlin
Chair

THE DE FERRERS TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The de Ferrers Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of 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 2016.

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.



Mr S L Allen
Accounting Officer

05 December 2017

THE DE FERRERS TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees, who are also the directors of The de Ferrers Trust for the purposes of company law, are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and 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 de Ferrers Trust 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 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that 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 05 December 2017 and signed on its behalf by:



Mrs E Laughlin
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DE FERRERS TRUST

Opinion on financial statements

We have audited the financial statements of The de Ferrers Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DE FERRERS TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who act as trustees for the charitable activities of the charitable company, and are also 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

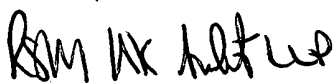
In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Coleman FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
West Midlands, B2 5AF

18 December 2017

THE DE FERRERS TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	-	809	485	1,294	216
Donations - transfer from local authority on conversion	28	309	(630)	22,000	21,679	5,001
Charitable activities:						
- Funding for educational operations	4	102	15,451	-	15,553	11,227
Other trading activities	5	504	-	-	504	556
Investments	6	11	-	-	11	18
Total		<u>926</u>	<u>15,630</u>	<u>22,485</u>	<u>39,041</u>	<u>17,018</u>
Expenditure on:						
Raising funds	7	280	8	-	288	17
Charitable activities:						
- Educational operations	8	303	16,856	682	17,841	12,724
Total	7	<u>583</u>	<u>16,864</u>	<u>682</u>	<u>18,129</u>	<u>12,741</u>
Net income/(expenditure)		343	(1,234)	21,803	20,912	4,277
Transfers between funds		623	-	(623)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	799	-	799	(638)
Net movement in funds		966	(435)	21,180	21,711	3,639
Reconciliation of funds						
Total funds brought forward		765	(5,615)	22,895	18,045	14,406
Total funds carried forward		<u>1,731</u>	<u>(6,050)</u>	<u>44,075</u>	<u>39,756</u>	<u>18,045</u>

THE DE FERRERS TRUST

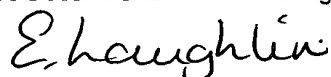
BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		44,075		22,719
Current assets					
Debtors	14	1,067		1,194	
Cash at bank and in hand		3,662		1,662	
		4,729		2,856	
Current liabilities					
Creditors: amounts falling due within one year	15	(2,020)		(1,354)	
Net current assets			2,709		1,502
Total assets less current liabilities			46,784		24,221
Creditors: amounts falling due after more than one year	16		(447)		(467)
Net assets excluding pension liability			46,337		23,754
Defined benefit pension scheme liability	24		(6,581)		(5,709)
Net assets			39,756		18,045
Funds of the academy trust:					
Restricted funds	19				
- Restricted fixed asset funds			44,075		22,895
- Restricted income funds			531		94
- Pension reserve			(6,581)		(5,709)
Total restricted funds			38,025		17,280
Unrestricted income funds	19		1,731		765
Total funds			39,756		18,045

The figures for the year ended 31 August 2016, have been restated to include current investments amounting to £1,484,000 within the cash at bank and in hand of £1,662,000 to reflect their maturity profile.

The financial statements on pages 19 to 45 were approved by the board of trustees and authorised for issue on 05 December 2017 and are signed on their behalf by:



Mrs E Laughlin
Chair

THE DE FERRERS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	as restated £'000	£'000
Cash flows from operating activities					
Net cash provided by (used in) operating activities	22		427		(375)
Cash funds transferred on conversion			351		198
			<u>778</u>		<u>(177)</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		11		18	
Capital grants from DfE and ESFA		784		214	
Capital funding from sponsors and others		485		-	
Purchase of tangible fixed assets		(38)		(1,146)	
		<u></u>		<u></u>	
Net cash provided by/(used in) investing activities			1,242		(914)
Cash flows from financing activities					
Repayment of other loan		(20)		(18)	
		<u></u>		<u></u>	
Net cash used in financing activities			(20)		(18)
			<u></u>		<u></u>
Net increase/(decrease) in cash and cash equivalents in the reporting period			2,000		(1,109)
Cash and cash equivalents at beginning of the year			1,662		2,771
			<u></u>		<u></u>
Cash and cash equivalents at end of the year			3,662		1,662
			<u><u></u></u>		<u><u></u></u>

The figures for the year ended 31 August 2016, have been restated to include current investments amounting to £1,484,000 within the cash and cash equivalents at end of the year if £1,662,000 to reflect their maturity profile.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

General information

The de Ferrers Trust is a charitable company (the Academy Trust). The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustee's Report.

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 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 financial statements 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The academy trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

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

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for *£nil consideration*. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from The Pingle Academy to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

Income

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

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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 its 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 period 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 grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other income

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

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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 to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

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. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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 that require 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 directly 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, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years
Leasehold land and buildings	30 years and 120 years
Computer equipment	4 years
Fixtures, fittings and equipment	10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

The Academy Trust writes the purchase of iPads off as an expense in the year, on the grounds that this is a four year rolling programme, with iPads purchased and disposed of each year.

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.

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 payments for the goods or services it must provide.

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Financial instruments

The academy trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

The LGPS is a funded 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 reporting date. The amounts charged to net income 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 Education and Skills Funding Agency.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

Accounting for agency arrangements

The Academy Trust acts as an agent in distributing bursary funds and grants from government bodies. Payments received and subsequent disbursements are excluded from the statement of financial activities as the Academy trust does not have control over the charitable application of the funds. In some instances the trust can use a proportion of the allocation towards its own administration costs and this is recognised in the statement of financial activities where applicable. The fund received and paid and any balances held are disclosed in note 27.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgement

The judgements (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements are disclosed below:

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Academy Trust as lessee.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	1,269	1,269	214
Other donations	-	25	25	2
	<u>-</u>	<u>1,294</u>	<u>1,294</u>	<u>216</u>

The income from donations and capital grants was £1,294,000 (2016: £216,000) of which £809,000 was restricted (2016: £2,000) and £485,000 was restricted fixed assets (2016: £214,000).

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	13,863	13,863	10,165
Start up grants	-	50	50	75
Other DfE / ESFA grants	-	1,017	1,017	535
	-	14,930	14,930	10,775
Other government grants				
Local authority grants	-	374	374	135
Special educational projects	-	147	147	41
	-	521	521	176
Other incoming resources	102	-	102	276
	102	15,451	15,553	11,227

The income from funding for educational operations was £15,553,000 (2016: £11,227,000) of which £102,000 was unrestricted (2016: £21,000) and £15,451,000 was restricted (2016: £11,206,000).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	103	-	103	76
Music tuition	8	-	8	10
Parental contributions	48	-	48	20
Exam fees	4	-	4	6
Other income	341	-	341	444
	504	-	504	556

The income from other trading activities was £504,000 (2016: £556,000) of which £504,000 was unrestricted (2016: £556,000).

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Interest from short term deposits	11	-	11	17
Other investment income	-	-	-	1
	<u>11</u>	<u>-</u>	<u>11</u>	<u>18</u>

The income from funding for investment income was £11,000 (2016: £18,000) of which £11,000 was unrestricted (2016: £18,000).

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2017 £'000	Total 2016 £'000
Expenditure on raising funds	-	-	288	288	17
Academy's educational operations					
- Direct costs	11,290	-	1,000	12,290	10,735
- Allocated support costs	1,887	2,452	1,212	5,551	1,989
	<u>13,177</u>	<u>2,452</u>	<u>2,500</u>	<u>18,129</u>	<u>12,741</u>

The expenditure on raising funds was £288,000 (2016: £17,000) of which £280,000 was unrestricted (2016: £16,000) and £8,000 was restricted (2016: £1,000).

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Operating lease rentals	45	45
Depreciation of tangible fixed assets	682	504
Net interest on defined benefit pension liability	134	140
Fees payable to RSM UK Audit LLP (2016: Crowe Clark Whitehill LLP) and its associates in respect of both audit and non-audit services are as follows:		
- Audit	23	25
- Other services	3	-
	<u>26</u>	<u>25</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	-	12,290	12,290	10,735
Support costs - educational operations	303	5,248	5,551	1,989
	<u>303</u>	<u>17,538</u>	<u>17,841</u>	<u>12,724</u>

The expenditure on educational operations was £17,841,000 (2016: £12,724,000) of which £303,000 was unrestricted (2016: £166,000), £16,856,000 was restricted (2016: £12,054,000) and £682,000 was restricted fixed assets (2016: £504,000).

	2017 £'000	2016 £'000
Analysis of support costs		
Support staff costs	1,887	1,214
Depreciation and amortisation	682	50
Technology costs	475	-
Premises costs	1,683	134
Other support costs	714	524
Governance costs	110	67
	<u>5,551</u>	<u>1,989</u>

9 Staff

Staff costs

Staff costs during the year were:.

	2017 £'000	2016 £'000
Wages and salaries	9,774	6,631
Social security costs	922	583
Operating costs of defined benefit pension schemes	2,179	1,316
	<u>12,875</u>	<u>8,530</u>
Total staff costs	12,875	8,530
Supply staff costs	248	284
Staff development and other staff costs	54	87
	<u>13,177</u>	<u>8,901</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff (Continued)

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2017 Number	2016 Number
Teachers	160	124
Administration and support	248	160
Management	25	15
	<u>433</u>	<u>299</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	5	4
£70,001 - £80,000	1	-
£80,001 - £90,000	2	3
£90,001 - £100,000	1	-
£140,001 - £150,000	1	1
	<u>10</u>	<u>8</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance) received by key management personnel for their services to the academy trust was £816,984 (2016: £451,980).

10 Central services

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

- External and internal audit;
- Teacher recruitment advertising;
- External and internal HR support and payroll bureau fees;
- All costs of ICT provisions and finance software licence;
- Educational support;
- Finance and premises support;
- Governance and compliance support.

The Academy Trust charge a levy to each school at a rate of 5.5% of the total GAG income. During the current year, the cost of the services provided were borne by The de Ferrers Academy and the levy was paid direct to that academy.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Central services (Continued)

The amounts charged during the year were as follows:

	Total £'000
The de Ferrers Academy	-
Horninglow Primary	40,424
Eton Park Junior	39,141
Lansdowne	49,595
The Pingle Academy	102,600
	<u>231,760</u>

11 Trustees' remuneration and expenses

Two of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

During the year remuneration of £150,000 (2016: £150,000) was paid to Mr S Allen, Chief Executive. He was also accruing retirement benefits under the LGPS pension scheme and contributions paid in the year amounted to £24,720 (2016: £24,720).

During the year remuneration of £79,724 (2016: £26,575) was paid to Mrs J Green, Executive Principal. She was also accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £13,138 (2016: £4,379).

Mrs M Evans resigned as a trustee on 29 April 2016. In the year ended 31 August 2016 she had remuneration of £42,667 and pension contributions of £8,672.

One trustee was paid a total of £43 in respect of travel expenses during the year (2016: £nil).

No other trustees were remunerated during the current or prior year.

Other related party transactions involving the trustees are set out in note 25.

12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was included in the total costs of Risk Protection Arrangement (RPA) of £60,889 (2016: £55,150). The cost of this insurance is included in the total insurance cost.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost					
At 1 September 2016	6,510	17,040	716	1,252	25,518
Transfer on conversion	22,000	-	-	-	22,000
Additions	-	-	-	38	38
At 31 August 2017	28,510	17,040	716	1,290	47,556
Depreciation					
At 1 September 2016	33	1,510	618	638	2,799
Charge for the year	222	308	26	126	682
At 31 August 2017	255	1,818	644	764	3,481
Net book value					
At 31 August 2017	28,255	15,222	72	526	44,075
At 31 August 2016	6,477	15,530	98	614	22,719

The balance at 1 September 2016 for freehold land and buildings has been restated as three schools which joined the Trust in 2016 were incorrectly included within leasehold land and buildings in the previous years accounts. Therefore the freehold land and buildings cost has been restated at 1 September 2016 to £6,510,000 and depreciation has been restated at £33,000.

The freehold land and buildings transfer on conversion of £22,000,000 was valued by the Trustees on the basis of independent advice received.

14 Debtors	2017 £'000	2016 £'000
Trade debtors	35	15
VAT recoverable	360	447
Prepayments and accrued income	672	732
	1,067	1,194

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15	Creditors: amounts falling due within one year	2017	2016
		£'000	£'000
	Other loans	110	110
	Trade creditors	849	492
	Other taxation and social security	286	194
	Other creditors	295	204
	Accruals and deferred income (see note 17)	480	354
		<u>2,020</u>	<u>1,354</u>
16	Creditors: amounts falling due after more than one year	2017	2016
		£'000	£'000
	Other loans	447	467
		<u>447</u>	<u>467</u>
	Analysis of loans		
	Not wholly repayable within five years by instalments	56	94
	Wholly repayable within five years	501	483
		<u>557</u>	<u>577</u>
	Less: included in current liabilities	(110)	(110)
		<u>447</u>	<u>467</u>
	Loan maturity		
	Debt due in one year or less	110	110
	Due in more than one year but not more than two years	110	110
	Due in more than two years but not more than five years	281	263
	Due in more than five years	56	94
		<u>557</u>	<u>577</u>

Other loans from Salix Finance Ltd of £52,000 (2016: £72,000) are unsecured, interest free and have fixed repayment terms up to September 2023.

Other loans from ESFA under the Condition Improvement Fund of £505,000 (2016: £505,000) have an interest rate of 2.1% and fixed repayment terms up to August 2022.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17	Deferred income	2017	2016
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	249	81
		<u> </u>	<u> </u>
	Deferred income at 1 September 2016	81	171
	Released from previous years	(81)	(171)
	Amounts deferred in the year	249	81
		<u> </u>	<u> </u>
	Deferred income at 31 August 2017	249	81
		<u> </u>	<u> </u>

Deferred income includes £12,000 for school trips in 2018 and £237,000 for deferral of different government grants.

18	Financial instruments	2017	2016
		£'000	£'000
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	666	669
		<u> </u>	<u> </u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	1,930	1,546
		<u> </u>	<u> </u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	43	13,863	(13,906)	-	-
Start up grants	-	50	(37)	-	13
Other DfE / ESFA grants	-	1,801	(1,553)	-	248
Other government grants	-	521	(521)	-	-
Other restricted funds	51	448	(229)	-	270
Pension reserve	(5,709)	(1,053)	(618)	799	(6,581)
	<u>(5,615)</u>	<u>15,630</u>	<u>(16,864)</u>	<u>799</u>	<u>(6,050)</u>
Restricted fixed asset funds					
Restricted fixed asset funds	22,895	22,485	(682)	(623)	44,075
	<u>22,895</u>	<u>22,485</u>	<u>(682)</u>	<u>(623)</u>	<u>44,075</u>
Total restricted funds	<u>17,280</u>	<u>38,115</u>	<u>(17,546)</u>	<u>176</u>	<u>38,025</u>
Unrestricted funds					
General funds	765	926	(583)	623	1,731
	<u>765</u>	<u>926</u>	<u>(583)</u>	<u>623</u>	<u>1,731</u>
Total funds	<u>18,045</u>	<u>39,041</u>	<u>(18,129)</u>	<u>799</u>	<u>39,756</u>

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

1. Restricted general funds comprise restricted funds received from the Department for Education, Local Authority and other funders which will be used for educational purposes in line with the Academy Trust's objects.

2. Restricted fixed asset funds represent the carrying value of fixed assets that have either been received upon conversion of constituent academies into the Academy Trust or have been purchased from grants received from the Department for Education. It also includes amounts received which have yet to be spent on future capital assets.

3. Unrestricted funds are available for use at the discretion of the Trustees for the furtherance of the Academy Trusts' charitable objects.

4. Transfers represent the capital expenditure unspent and transferred to unrestricted reserves.

Under the funding agreement with the Secretary of State, the Trust and each constituent academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Funds (Continued)

Funds prior year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	571	10,165	(10,734)	-	2
Start up grants	-	75	(75)	-	-
Other DfE / ESFA grants	-	535	(535)	-	-
Other government grants	6	176	(141)	-	41
Other restricted funds	408	257	(296)	(318)	51
Pension reserve	(3,058)	(1,739)	(274)	(638)	(5,709)
	<u>(2,073)</u>	<u>9,469</u>	<u>(12,055)</u>	<u>(956)</u>	<u>(5,615)</u>
Restricted fixed asset funds					
Restricted fixed asset funds	<u>15,535</u>	<u>6,756</u>	<u>(504)</u>	<u>1,108</u>	<u>22,895</u>
Total restricted funds	<u>13,462</u>	<u>16,225</u>	<u>(12,559)</u>	<u>152</u>	<u>17,280</u>
Unrestricted funds					
General funds	<u>944</u>	<u>793</u>	<u>(182)</u>	<u>(790)</u>	<u>765</u>
Total funds	<u>14,406</u>	<u>17,018</u>	<u>(12,741)</u>	<u>(638)</u>	<u>18,045</u>

Total funds analysis by academy

Fund balances at 31 August were allocated as follows:	Total 2017 £'000	Total 2016 £'000
The de Ferrers Academy	907	680
Horninglow Primary	62	19
Eton Park Junior	125	98
Lansdowne	147	62
The Pingle Academy	485	-
Central services	536	-
Total before fixed assets fund and pension reserve	<u>2,262</u>	<u>859</u>
Restricted fixed asset fund	<u>44,075</u>	<u>22,895</u>
Pension reserve	<u>(6,581)</u>	<u>(5,709)</u>
Total funds	<u>39,756</u>	<u>18,045</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Funds (Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2017 £'000	Total 2016 £'000
The de Ferrers Academy	7,382	948	606	1,949	10,885	11,136
Horninglow Primary	779	73	46	126	1,024	312
Eton Park Junior	821	111	50	296	1,278	403
Lansdowne	776	118	33	245	1,172	386
The Pingle Academy	1,510	176	226	164	2,076	-
Central services	17	16	42	320	395	-
	<u>11,285</u>	<u>1,441</u>	<u>1,003</u>	<u>3,100</u>	<u>16,829</u>	<u>12,237</u>

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	44,075	44,075
Current assets	1,731	2,998	-	4,729
Creditors falling due within one year	-	(2,020)	-	(2,020)
Creditors falling due after one year	-	(447)	-	(447)
Defined benefit pension scheme liability	-	(6,581)	-	(6,581)
Total net assets	<u>1,731</u>	<u>(6,050)</u>	<u>44,075</u>	<u>39,756</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Analysis of net assets between funds (Continued)

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	22,719	22,719
Current assets	765	1,915	176	2,856
Creditors falling due within one year	-	(1,354)	-	(1,354)
Creditors falling due after one year	-	(467)	-	(467)
Defined benefit pension scheme liability	-	(5,709)	-	(5,709)
Total net assets	765	(5,615)	22,895	18,045

21 Commitments under operating leases

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £'000	2016 £'000
Amounts due within one year	42	36
Amounts due between one and five years	65	84
	107	120

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017 £'000	2016 £'000
Net income for the reporting period (as per the statement of financial activities)	20,912	4,277
Adjusted for:		
Net surplus on conversion to academy	(21,679)	(5,001)
Capital grants from DfE/ESFA and other capital income	(1,269)	(214)
Interest receivable	(11)	(18)
Defined benefit pension scheme cost less contributions payable	484	134
Defined benefit pension scheme finance cost	134	140
Depreciation of tangible fixed assets	682	504
Movements in working capital:		
Decrease/(increase) in debtors	127	(295)
Increase in creditors	666	98
Stocks, debtors and creditors transferred on conversion	381	-
Net cash provided by operating activities	427	(375)

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 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, which is managed by Staffordshire Pension Fund and Derbyshire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

Contributions amounting to £260,405 (2016: £175,000) were payable to the schemes at 31 August 2017 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 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24. Pension and similar obligations (Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014.

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,088,945 (2016: £790,931).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are Derbyshire 21% and for Staffordshire 22.2% for employers and 5.5% to 12.5% for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school who were already members of the scheme (as described in note 28) together with new employees who were eligible to and did join the scheme, whose cumulative retirement benefit was transferred to the academy trust in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the date of transfer.

During the year The Pingle Academy joined the Academy Trust. The obligation in respect of employees who transferred with The Pingle Academy to the Academy Trust representing their cumulative service to the predecessor employer was recognised in the Statement of Financial Activities as part of the gain on transfer as set out in note 28,

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

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Pension and similar obligations (Continued)

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	599	394
Employees' contributions	165	119
Total contributions	<u>764</u>	<u>513</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to August 2017 by a qualified independent actuary.

	2017 Derbyshire %	2017 Staffordshire %	2016 Staffordshire %
Discount rate for scheme liabilities	2.5	2.5	2.1
Rate of salary increase	2.9	2.8	2.5
Rate of pension increase	2.4	2.4	2.1

The assumed life expectations on retirement age 65 are:

	2017 Derbyshire Years	2017 Staffordshire Years	2016 Staffordshire Years
Retiring today			
-Males	21.9	22.1	22.1
-Females	24.4	24.4	24.3
Retiring in 20 years			
-Males	23.9	24.1	24.3
-Females	26.5	26.4	26.6

The academy trust's share of the assets in the scheme

	2017 Fair value £'000	2016 Fair value £'000
Equities	5,332	3,416
Bonds	996	501
Cash	326	273
Property	558	365
Total fair value of assets	<u>7,212</u>	<u>4,555</u>

The actual return on scheme assets was £304,000 (2016: £695,000).

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Pension and similar obligations (Continued)

Amount recognised in the statement of financial activities	2017 £'000	2016 £'000
Current service cost	1,083	528
Net interest cost	134	140
Total operating charge	<u>1,217</u>	<u>668</u>
Changes in the present value of defined benefit obligations		2017 £'000
At 1 September 2016		10,264
Obligations acquired on conversion		2,728
Current service cost		1,083
Interest cost		251
Employee contributions		165
Actuarial gain		(612)
Benefits paid		(86)
At 31 August 2017		<u>13,793</u>
Changes in the fair value of the academy trust's share of scheme assets		2017 £'000
At 1 September 2016		4,555
Assets acquired on conversion		1,675
Interest income		117
Return on plan assets (excluding net interest on the net defined pension liability)		187
Employer contributions		599
Employee contributions		165
Benefits paid		(86)
At 31 August 2017		<u>7,212</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

25 Related party transactions

Owing to the nature of the academy trust's operations 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Mr D Lovell who is Vice Principal of The de Ferrers Academy, and Mrs C Lovell who is a director of the Charitable Company are related by marriage. Mr D Lovell received remuneration amounting to £76,137 (2016: 72,372) which includes pension contribution. Mrs C Lovell did not receive any remuneration during the year, and is not involved in setting pay and remuneration.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11 and key management personnel compensation disclosure is included in note 9.

26 Post balance sheet events

On 1 September 2017, Granville Sports College converted to Academy Trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to The de Ferrers Trust from Derbyshire County Council Local Authority for £nil consideration.

Academy	Location	Date of conversion
Granville Academy	Swadlincote	1 September 2017

27 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £33,135 and disbursed £32,901 from the fund. An amount of £234 is included in other creditors relating to undistributed funds carried forward.

28 Conversion to an academy

On 1 May 2017 The Pingle Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The de Ferrers Trust from Derbyshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
The Pingle Academy	Swadlincote	1 May 2017

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

28 Conversion to an academy (Continued)

				2017 £'000
Net assets transferred:				
Freehold land and buildings				22,000
Cash				351
LGPS pension surplus/(deficit)				(1,053)
Debtors				381
				<u>21,679</u>
				<u>21,679</u>
	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2017 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	22,000	22,000
LA budget funds	309	423	-	732
LGPS pension funds	-	(1,053)	-	(1,053)
	<u>309</u>	<u>(630)</u>	<u>22,000</u>	<u>21,679</u>
	<u>309</u>	<u>(630)</u>	<u>22,000</u>	<u>21,679</u>

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE DE FERRERS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 25 July 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by The de Ferrers Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of The de Ferrers Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of The de Ferrers Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of The de Ferrers Trust's funding agreement with the Secretary of State for Education dated 1 December 2014 and the Academies Financial Handbook, extant from 1 September 2016, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The de Ferrers Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 2016 to 2017.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2016 to 31 August 2017 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE DE FERRERS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to The de Ferrers Trust and the ESFA in accordance with the terms of our engagement letter dated 25 July 2017. Our work has been undertaken so that we might state to the The de Ferrers Trust and the 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 The de Ferrers Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



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Dated: 18 December 2017