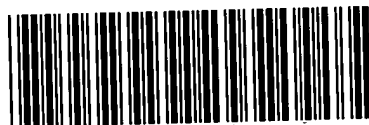


Company Registration No. 07442789 (England and Wales)

THE DE FERRERS TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

SATURDAY



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COMPANIES HOUSE

THE DE FERRERS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs E Laughlin (Resigned 31 August 2018)
Mr M Taylor (Resigned 31 August 2018)
Mrs J Botton
Rev. M Freeman
Mr M Hancock
Mr K Gaunt (Appointed 31 October 2017)
The Church of England Central Education Trust (Appointed 1 September 2018)

Trustees

Mr S L Allen (Resigned 15 May 2018)
Mr A Burns
Mrs E Laughlin (Chair)
Mrs C Lovell (Resigned 22 August 2018)
Mr D Moss (Resigned 9 April 2018)
Mrs C Shaw (Vice chair) (Appointed 12 September 2017)
Mr M Taylor
Mrs J Green (Resigned 28 February 2018)
Mrs A Smith (Appointed 6 November 2017)
Mrs S Leadley (Appointed 15 May 2018)

Senior management team

- Chief Executive (from 1 May 2018)	Mr I McNeilly (Accounting Officer)
- Chief Executive (resigned 1 May 2018)	Mr S L Allen
- Directors of Education	Mr C A Brown
- Director of Finance	Mrs A M Taylor
- Director of Human Resources	Mrs J Harrison
- Director of Governance and Compliance	Mrs T Pyszk
- Executive Principal (resigned 28 February 2018)	Mrs J Green
- Principal	Mr N Holmes
- Principal	Mrs H Phillips
- Principal	Mrs B Breedon
- Principal	Mrs V Sharples
- Principal	Mrs J Kingswood
- Principal (from 1 September 2018)	Mr S Webster

Company secretary

Mrs T Pyszk

Company registration number

07442789 (England and Wales)

Registered office

St Mary's Drive
Burton on Trent
Staffordshire
DE13 0LL

THE DE FERRERS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

The de Ferrers Academy
The Pingle Academy
Granville Academy
Horninglow Primary
Lansdowne
Eton Park Junior
Richard Wakefield C.E. Primary Academy

Location

Burton on Trent
Swadlincote
Swadlincote
Burton on Trent
Burton on Trent
Burton on Trent
Tutbury

Principal

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

Independent auditor

RSM UK Audit LLP
St Phillips Point
Temple Row
Birmingham
B2 5AF

Bankers

Lloyds Bank
16 High Street
Burton on Trent
DE14 1JA

Solicitors

Flint Bishop LLP
St Michael's Court
St Michael's 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 year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The de Ferrers Trust ("the Trust") operates three Secondary and four Primary academies in Burton on Trent and South Derbyshire. Its academies have a combined student capacity of 5,092 and had a roll of 4,853 in the Autumn 2018 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Trust.

The trustees of the Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these financial statements are approved, 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 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 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 eight trustees;
- The Church of England Central Education Trust (CECET), our corporate member, may appoint a trustee to ensure that the Christian distinctiveness of one of our academies is maintained;
- The trustees may co-opt a further two 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 two parent governors on each. In view of this decision, parent trustees will not be appointed to the Trust Board (although this does not mean that parents cannot act as trustees). Two of our academies share a local governing body.

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'. The online system 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 Trust's 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 is 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 which allows for online training to take place.

Organisational structure

The Board of Trustees has rewritten and reviewed its scheme of delegation during the year in order to improve the functioning of the Trust. The scheme of delegation 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 it, as a body, has legal responsibility for the Trust as a whole and that its function is to ensure that all statutory obligations are met. As such, each local governing body is in place to seek the necessary assurances on behalf of the Trust Board to enable these obligations to be met.

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 have a number of powers, one of which is to appoint the majority of the trustees. The members meet at least once a year but have full access to all minutes of meetings and governance documents in order to maintain oversight. Any decisions that are required between meetings often take place via written resolution. We currently have five members, one of which is our corporate member, CECET. To ensure robust accountability within our governance structure, the Trust has a significant degree of separation between the individuals who are our members and those who are trustees.

The trustees meet at least six 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 Finance, Audit and Risk Committee and the Standards Committee who meet three times per year.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

Organisational structure (continued)

The Local Governing Body for each academy meet five 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 seek assurances on behalf of the Trust Board that their academies are performing as they should be. 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.

The day to day management of the Trust is delegated to the Senior Management 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. 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.

Trade union facility time

The information below with respect to the Trust's trade union facility time relates to the year ended 31 March 2018.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	9
Full-time equivalent employee number	8.32

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	6
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1,075
Total pay bill	£16,947,199
Percentage of the total pay bill spent on facility time	0.006%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust has spent time over the past year reviewing its vision and strategy and has clarified this into one single vision statement:

"To ensure that all the children and young people in our care have the opportunity to fulfil their potential through achieving highly, regardless of their ability or background."

This vision will be achieved by meeting the following six strategic aims:

- Deliver a high quality education for all pupils;
- Recruit, develop and retain high calibre members of staff;
- Establish and develop robust governance;
- Ensure financial probity and viability;
- Develop a highly efficient trust infrastructure and central services;
- Establish effective systems to support the sustainable growth of the Trust.

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

Objectives, strategies and activities

Our specific objectives for 2018-2020 include:

- to improve the quality of teaching and learning across the Trust and, thereby, pupils' outcomes;
- to recruit to attract and retain high calibre professionals across all aspects of the Trust;
- to ensure a robust governance framework is in place that supports strategic leadership and direction;
- to implement new finance, budgeting and HR software across the Trust and, thereby, improve management reporting between the Trust and individual schools;
- to ensure long-term financial plans are in place and regularly review to ensure that these fit with the long-term strategic aims of the Trust;
- to ensure central services are fit for purpose and complementary to adequate in-school provision;
- to ensure that our vision, ethos and values are understood and acted upon by every stakeholder.

We will achieve these objectives by:

- working closely with all of our Trust academies and their leadership teams;
- establishing effective MAT to MAT collaboration in the local area;
- engaging with all stakeholders.

Public benefit

The principal activity undertaken to further the 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 celebrated a variety of successes across all Key Stages in 2018. Sweeping qualification changes continued to bring uncertainty at Key Stage 4 in particular and yet the positive impact of working within a multi-academy trust was clear.

In the Early Years Foundation Stage, both Lansdowne Infants and Horninglow Primary made improvements compared to 2017, with the latter exceeding the Good Level of Development (for children in Early Years) national average by 11%.

In Year 1, a Trust focus on Phonics paid dividends in 2018 with significant gains across the board. The performance at Lansdowne Infants was of particular note, a 17% increase means that the academy is now in line with the national average pass rate.

The proportion of pupils achieving the Expected Standard at the end of Key Stage 1 still needs to improve. However, the level of progress by the end of Year 2 is in line with other students nationally and, in fact, the proportion of pupils achieving a combined expected standard in Reading, Writing and Mathematics at Horninglow Primary, increased by 30% in 2018.

Key Stage 2 outcomes need specific interpretation. Whilst the proportion of pupils achieving the expected standard in Reading, Writing and Mathematics is significantly lower than the national average, the progress of the 2018 cohort in each school was very much in line with other pupils nationally. The class of 2018 had particularly low starting points and each school deserves credit for ensuring that its pupils made sufficient progress over the last four years.

At Key Stage 4, it is notable that all three secondary schools achieved a percentage 5+ Basics score greater than the national average. 6% more students achieved the standard at The de Ferrers Academy and 7% more did so at The Pingle Academy. Granville Academy improved by a further 2% in 2018 to take them above the national figure for the first time.

The Progress 8 score at The de Ferrers Academy remains in line with the national average although the progress of students in Mathematics deserves specific mention; each student achieved approximately half a grade higher on average than their peers with similar starting points.

It is at The Pingle Academy where the most gains have been made in terms of progress. In 2017, the Academy was in the bottom 300 schools in the country for Progress 8. With intense support from the Trust, the Academy guided their students in 2018 to achieve nearly three quarters of a grade higher on average compared to the previous year. This a phenomenal improvement and means that the overall progress of students in the academy is now directly in line with that of their peers nationally.

The Pingle Academy also led the charge in terms of progress at Key Stage 5. Whilst overall Academic average point score is below the national figure, progress compared to Key Stage 4 is in the top 25% of the country according to Alps. The Key Stage 5 progress of students at The de Ferrers Academy is just below the average although the average point score for the best 3 A Levels remains above that of other schools.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

During the year the Trust received income of £24,759,000 (2017: £16,720,000) in government and local authority grants and £728,000 (2017: £642,000) of other income totalling £25,487,000. It also received £8,457,000 (2017: £16,414,000) of assets donated from the local authority when school converted to join the Trust and £3,990,000 (£2017: £nil) of donated fixed assets taking total incoming resources to £37,934,000 (2017: £33,776,000).

Total expenditure amounted to £27,032,000 (2017: £18,094,000) Academies within the Trust are encouraged to utilise annual income during the year in which funding is received (i.e. maintain a break even position).

The underlying income and expenditure has grown in line with growth in the student population of the Trust. As a Trust we have also moved into the School Condition Allowance (SCA) funding regime for the first time this year and as such received £989,000 of capital funding which has been spent across our Trust estate.

The Board of Trustees also approved expenditure from reserves in respect of the following projects during the year:

- £500,000 in relation to the set up phase of The de Ferrers Academy Sixth Form Campus; and
- £135,000 in relation to upgrading ICT networks and infrastructure at The Pingle Academy and Granville Academy in order to commence the roll out of the 1:1 iPad scheme across the secondary phase.

The financial position has improved during the year with net assets totalling £47,348,000 at 31 August 2018 (compared to £34,526,000 at 31 August 2017 restated). The main movements in this financial position are:

- an increase in tangible fixed assets of £11,801,000 which relates to leasehold land and buildings donated to the Trust on conversion; and
- A decrease of £692,000 in the total defined benefit pension scheme liability following actuarial valuation.

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.

The Trust utilises CIF and Salix loan facilities which are interest free or have below market rate interest rates in order to fund capital projects when necessary. At 31 August 2018 the outstanding balance on the loan facilities was £447k (2017: £557k).

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 aim is to maintain reserves of a minimum level of one month's average revenue expenditure (which is currently around £2 million).

The Trust held fund balances at 31 August 2018 of £47,348,000 (2017 as restated: £34,526,000) comprising an amount of £2,080,000 (2017: £1,731,000) in respect of unrestricted general funds, £50,974,000 (2017 as restated: £38,845,000) in respect of restricted fixed asset funds, and a deficit of £5,706,000 (2017: deficit of £6,050,000) in respect of restricted general funds.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 was £2,263,000 (2017: £2,262,000) which is slightly higher than the aim of £2 million.

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

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

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 Trust will normally seek to avoid its current account going overdrawn as this is not permitted by the Academies Financial Handbook.

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 medium term key financial performance indicators of the 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% total revenue income;
- expenditure within approved budget, unless deficit is part of a medium-long term plan approved by the Board of Trustees;
- minimum cash level to fund at least one month's average expenditure.

Recurring staff costs are currently around 84% of total revenue income and there are projects and plans in place to achieve the stated key performance indicator over the next two years.

Two of our academies had planned deficit positions for the year under review:

- The de Ferrers Academy – due to investment in their new Sixth Form Centre; and
- The Pingle Academy – due to growth in student numbers coupled with lagged funding.

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 Post-16 provision following the opening of The de Ferrers Academy Sixth Form Centre;
- continued development of Trust-wide standards around teaching and learning to improve educational outcomes in all Trust schools;
- continued development of the central Trust finance team to enable continuous improvement of Trust-wide financial procedures and controls;
- review and improve marketing of the Trust, including updating all Trust websites;
- investigate the possibility of opening a separate Trust Alternative Provision facility;
- investigate the possibility of combining Eton Park Juniors and Lansdowne Infants onto one site.

THE DE FERRERS TRUST

TRUSTEES' REPORT (CONTINUED)

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:

- changes in the inspection framework – renewed focus on the ethos and validity of curriculum design;
- understanding of the new exam specifications across the Trust;
- financial implications of any potential decrease in student numbers;
- getting the balance right between consolidation and tentative, sustainable growth.

Fundraising

Any fundraising activities undertaken by the schools in the Trust comply with the requirements of the Charities (Protection and Social Investments) Act 2016.

Fundraising is not part of our core business and is incidental to the main charitable objectives. Commercial participators/professional fundraisers are not used. Any funds collected from the public for charitable causes are held on the Balance Sheet as "other creditors" until they are passed over to the relevant charity. No fundraising income is included within the income of the Trust shown in the Statement of Financial Activities. The costs included in "Raising Funds" in the Statement of Financial Activities relate to the income streams in "Other Trading Activities" income.

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

As the Trust employs over 250 people, 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.

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 18 December 2018 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 Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding 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 seven 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 (Resigned 15 May 2018)	6	6
Mr A Burns	5	7
Mrs E Laughlin (Chair)	7	7
Mrs C Lovell (Resigned 22 August 2018)	4	7
Mr D Moss (Resigned 9 April 2018)	5	5
Mrs C Shaw (Vice chair) (Appointed 12 September 2017)	3	6
Mr M Taylor	5	7
Mrs J Green (Resigned 28 February 2018)	2	4
Mrs A Smith (Appointed 6 November 2017)	5	5
Mrs S Leadley (Appointed 15 May 2018)	2	2

THE DE FERRERS TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

During the academic year, the Trust Board requested a period of consolidation for the Trust. A new Chief Executive Officer was appointed in May 2018 and the Chair of the Trust Board had indicated that this would be her final year as Chair. Trustees used the period of consolidation, plus the opportunity presented by a change in CEO and the impending change of the chair, to commission an external review of governance to ensure it was fully fit for purpose for the next stage of growth and development.

A number of recommendations were made as a result and various actions have already been taken as outlined below.

The Trust Board together with the Chief Executive Officer and Trust executive team reviewed the vision for the Trust and identified the strategic priorities that would need to be met in order to achieve the vision. The vision has now been communicated to all stakeholders, meaning that all of those involved in the trust have a clearer understanding of what the board is aiming to achieve.

A Trust delivery plan will now be developed that will link to the strategic priorities and will be used by the Trust Board to inform agenda setting and to hold senior leaders to account.

The governance structure has been reviewed and amended to include an additional sub-committee of the Trust Board to review standards. In addition, all terms of references for all sub-committees have been reviewed to ensure that they explicitly link to the purposes of governance.

Trustees have identified the key assurance areas and who should provide such assurances to them and as a consequence, annual work plans have been produced to ensure the flow of business allows for all statutory responsibilities to be fulfilled.

The scheme of delegation has been re-written to re-define roles and responsibilities, clarify accountability and reporting lines, and has been re-worked to ensure the document is much more accessible and user friendly. The role of the local governing body has been re-defined and made clearer to position them as sub-committees of the Trust Board, seeking such assurances on their behalf. This has ensured that the work of the Trust Board remains strategic.

The Director of Governance and Compliance and the Chair of the Trust Board continue to meet regularly throughout the year to review the progress that is being made following the external review of governance and to make adjustments where necessary. Chair's and Clerk's Briefings are also held prior to every meeting cycle so that important messages can be relayed and standing agenda items can be delivered.

Risk Management

The Trust Board have established a sub-committee to address Audit and Risk. The committee consists of trustees and governors. 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.

THE DE FERRERS TRUST

GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
C Lovell (Chair) (Resigned 22 August 2018)	3	3
M Taylor	3	3
D Moss (Resigned 9 April 2018)	2	2
S Andjelkovic (Appointed 3 October 2017 and resigned 31 August 2018)	3	3
K Geering (Appointed 3 October 2017 and resigned 31 August 2018)	-	3
S Leadley (Appointed 26 June 2018)	1	1
A Burns (Appointed 17 July 2018)	-	-

As part of the review of governance and for the new academic year 2018-19, the Audit and Risk Committee has been expanded to encompass Finance as well. Claire Lovell has resigned from the Board of Trustees and as such no longer chairs this committee. The chair going forwards will be Mark Taylor.

Review of value for money

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

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

- 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 within its academies.
- 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 £127,000 in 2017-18.
- Careful financial management - the Trust has been successful in building its reserves so that there are funds available 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 reviews - external expert advice is sought where appropriate, competitive quotes/tenders are sought for expenditure over £10k, frameworks (such as CPC) are used where appropriate.

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 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 Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

THE DE FERRERS TRUST

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

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

The risk and control framework

The 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 Audit and Risk 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 reports 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.

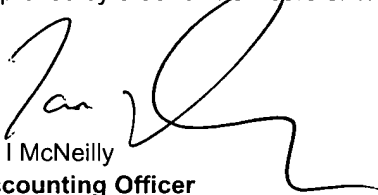
Review of effectiveness


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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 18 December 2018 and signed on its behalf by:


Mr I McNeilly
Accounting Officer


Mrs E Laughlin
Chair

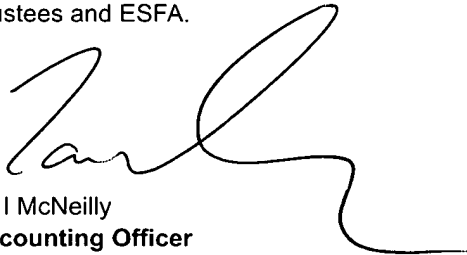
THE DE FERRERS TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The de Ferrers Trust, I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregularity or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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



Mr I McNeilly
Accounting Officer

18 December 2018

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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 18 December 2018 and signed on its behalf by:



Mrs E Laughlin
Chair

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

Opinion

We have audited the financial statements of The de Ferrers Trust (the "charitable company") for the year ended 31 August 2018 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 2017 to 2018 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 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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.

Opinions on other matters 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 which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors Report and the Strategic Report included within the Trustees' 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 Directors' Report or the Strategic Report included within the Trustees' 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, 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) 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.

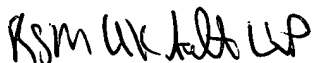
Auditor's responsibilities for the audit of the financial statements

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.

Use of our 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 auditor's 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 Phillips Point

Temple Row

Birmingham

B2 5AF



THE DE FERRERS TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2018	Total 2017
	Notes	£'000	£'000	£'000	£'000	as restated £'000
Income and endowments from:						
Donations and capital grants	4	-	94	5,699	5,793	1,294
Donations - transfer from local authority on conversion	30	385	(307)	8,379	8,457	16,414
Charitable activities:						
- Funding for educational operations	5	243	23,050	-	23,293	15,553
Other trading activities	6	376	-	-	376	504
Investments	7	15	-	-	15	11
Total		<u>1,019</u>	<u>22,837</u>	<u>14,078</u>	<u>37,934</u>	<u>33,776</u>
Expenditure on:						
Raising funds	8	106	16	-	122	288
Charitable activities:						
- Educational operations	9	564	24,623	1,723	26,910	17,806
Total	8	<u>670</u>	<u>24,639</u>	<u>1,723</u>	<u>27,032</u>	<u>18,094</u>
Net income/(expenditure)		349	(1,802)	12,355	10,902	15,682
Transfers between funds	20	-	226	(226)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	26	-	1,920	-	1,920	799
Net movement in funds		349	344	12,129	12,822	16,481
Reconciliation of funds						
Total funds brought forward		<u>1,731</u>	<u>(6,050)</u>	<u>38,845</u>	<u>34,526</u>	<u>18,045</u>
Total funds carried forward		<u>2,080</u>	<u>(5,706)</u>	<u>50,974</u>	<u>47,348</u>	<u>34,526</u>

THE DE FERRERS TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		50,646		38,845
Current assets					
Debtors	15	951		1,067	
Cash at bank and in hand		4,186		3,662	
		<u>5,137</u>		<u>4,729</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(2,203)		(2,020)	
Net current assets			2,934		2,709
Total assets less current liabilities			53,580		41,554
Creditors: amounts falling due after more than one year	17		(343)		(447)
Net assets excluding pension liability			53,237		41,107
Defined benefit pension scheme liability	26		(5,889)		(6,581)
Total net assets			<u>47,348</u>		<u>34,526</u>
Funds of the Trust:					
Restricted funds	20				
- Restricted fixed asset funds			50,974		38,845
- Restricted income funds			183		531
- Pension reserve			(5,889)		(6,581)
Total restricted funds			45,268		32,795
Unrestricted income funds	20		2,080		1,731
Total funds			<u>47,348</u>		<u>34,526</u>

The financial statements on pages 19 to 47 were approved by the Board of Trustees and authorised for issue on 18 December 2018 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 2018

		2018	2017
	Notes	£'000	as restated £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	24	(1,174)	427
Cash flows from investing activities			
Dividends, interest and rents from investments		15	11
Capital grants from DfE Group		1,120	784
Capital funding received from sponsors and others		589	485
Purchase of tangible fixed assets		(363)	(38)
Cash funds transferred on conversion		447	351
Net cash provided by investing activities		1,808	1,593
Cash flows from financing activities			
Repayment of other loan		(110)	(20)
Net cash used in financing activities		(110)	(20)
Net increase in cash and cash equivalents in the reporting period		524	2,000
Cash and cash equivalents at beginning of the year		3,662	1,662
Cash and cash equivalents at end of the year		4,186	3,662

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

General information

The de Ferrers Trust is a charitable company ("the 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 Trustees' 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 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The 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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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 certain 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 Granville Sports College to the 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 30.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Income

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions, there is not unconditional entitlement to the income and 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 Trust has provided the goods or services.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

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 Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Charitable activities

These are costs incurred on the 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 Trust apportioned to charitable activities.

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	25 years, 50 years and 125 years
Computer equipment	4 years
Fixtures, fittings and equipment	10 years

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

Assets in the course of construction are included at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 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.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Financial instruments

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

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the 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.

Concessionary loans are initially measured at the amount received. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest payable, where relevant.

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 Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the 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 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 an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently 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 2018

1 Accounting policies (Continued)

Pension benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 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 Trust; this is normally upon notification of the interest paid or payable by the Bank.

Accounting for agency arrangements

The 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 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 29.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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 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 26, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 Prior period adjustment

		1 September 2016 £'000	31 August 2017 £'000
Reconciliation of funds	Notes		
Funds as previously reported		18,045	39,756
Adjustments arising:			
Reduction in valuation of freehold building transferred on conversion in previous year		-	(5,230)
Funds as restated		<u>18,045</u>	<u>34,526</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

3 Prior period adjustment (Continued)

	2017 £'000
Reconciliation of net income for the previous financial period Notes	
Net income as previously reported	20,912
Adjustments arising:	
Reduction in valuation of freehold building transferred on conversion in previous year	(5,265)
Reservall of depreciation charge	35
Net income as restated	<u>15,682</u>

Notes to restatement

Freehold land and buildings

The prior period adjustment has arisen as result of the freehold land and buildings that was previously capitalised at an incorrect valuation in the Trust balance sheet when the academy was original transferred to the Trust. The valuation of the freehold land and buildings was overstated by the independent valuer and as now been restated at the updated valuation by the independent valuer. The above prior period adjustment relates to the restricted fixed asset fund only.

	31 August 2017 As previously stated £'000	31 August 2017 As restated £'000	Prior period adjustments £'000
Donations - transfer from local authority on conversion	21,679	16,414	5,265
Charitable activities			
Support costs:			
Depreciation	682	647	35
Fixed assets			
Freehold land and buildings	28,255	23,025	5,230
Funds			
Restricted fixed assets fund	44,075	38,845	5,230

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Donated fixed assets	-	3,990	3,990	-
Capital grants	-	1,709	1,709	1,269
Other donations	-	94	94	25
	-	5,793	5,793	1,294

The income from donations and capital grants was £5,793,000 (2017: £1,294,000) of which £94,000 was restricted (2017: £809,000) and £5,699,000 was restricted fixed assets (2017: £485,000).

5 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	20,581	20,581	13,863
Start up grants	-	25	25	50
Other DfE group grants	-	1,451	1,451	1,017
	-	22,057	22,057	14,930
Other government grants				
Local authority grants	-	790	790	374
Special educational projects	-	203	203	147
	-	993	993	521
Other incoming resources	243	-	243	102
	243	23,050	23,293	15,553

The income from funding for educational operations was £23,293,000 (2017: £15,553,000) of which £243,000 was unrestricted (2017: £102,000) and £23,050,000 was restricted (2017: £15,451,000).

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	127	-	127	103
Music tuition	7	-	7	8
Parental contributions	71	-	71	48
Exam fees	4	-	4	4
Other income	167	-	167	341
	<u>376</u>	<u>-</u>	<u>376</u>	<u>504</u>

The income from other trading activities was £376,000 (2017: £504,000) of which £376,000 was unrestricted (2017: £504,000).

7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Interest from short term deposits	15	-	15	11
	<u>15</u>	<u>-</u>	<u>15</u>	<u>11</u>

The income from funding for investment income was £15,000 (2017: £11,000) of which £15,000 was unrestricted (2017: £11,000).

8 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 as restated £'000
Expenditure on raising funds					
- Direct costs	-	-	122	122	288
Academy's educational operations					
- Direct costs	17,321	-	1,578	18,899	12,290
- Allocated support costs	2,944	3,190	1,877	8,011	5,516
	<u>20,265</u>	<u>3,190</u>	<u>3,577</u>	<u>27,032</u>	<u>18,094</u>

The expenditure on raising funds was £122,000 (2017: £288,000) of which £106,000 was unrestricted (2017: £280,000) and £16,000 was restricted (2017: £8,000).

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2018 £'000	2017 £'000
Operating lease rentals	61	45
Depreciation of tangible fixed assets	869	647
Net interest on defined benefit pension liability	182	134
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	25	23
- Other assurance services	2	2
- Other non-audit	3	3

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 as restated £'000
Direct costs				
Educational operations	109	18,790	18,899	12,290
Support costs				
Educational operations	455	7,556	8,011	5,516
	<u>564</u>	<u>26,346</u>	<u>26,910</u>	<u>17,806</u>

The expenditure on charitable activities was £26,910,000 (2017: £17,806,000) of which £564,000 was unrestricted (2017: £303,000), £24,623,000 was restricted (2017: £16,856,000) and £1,723,000 was restricted fixed assets (2017: £647,000).

	2018 £'000	2017 as restated £'000
Analysis of support costs		
Support staff costs	2,944	1,887
Depreciation	869	647
Technology costs	697	475
Premises costs	2,321	1,683
Other support costs	991	714
Governance costs	189	110
	<u>8,011</u>	<u>5,516</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	14,666	9,774
Social security costs	1,398	922
Pension costs	3,271	2,179
Staff costs	19,335	12,875
Agency staff costs	732	248
Staff restructuring costs	47	-
Staff development and other staff costs	151	54
Total staff expenditure	20,265	13,177

Staff restructuring costs comprise:

Redundancy payments	47	-
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No specific funding was received or receivable to support the redundancy payments in respect of the current year.

Staff numbers

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

	2018 Number	2017 Number
Teachers	240	160
Administration and support	314	248
Management	38	25
	592	433

The total average number of employees on full time equivalent basis 467 (2017: 318).

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff (Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	7	5
£70,001 - £80,000	3	1
£80,001 - £90,000	3	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	-
£140,001 - £150,000	-	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1, which has increased during the year to include two new posts. The total amount of employee benefits (including employer pension contributions and employer's national insurance) received by key management personnel for their services to the Trust was £965,210 (2017: £816,984).

11 Central services

The 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 Trust charge a levy to each school at a rate of 5.5% of the total GAG income. During 2016/17, the cost of the services provided were borne by The de Ferrers Academy and the levy was paid directly to that academy.

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
The de Ferrers Academy	529	-
The Pingle Academy	292	103
Granville Academy	159	-
Horninglow	39	40
Lansdowne	44	50
Eton Park Junior	47	39
	<u>1,110</u>	<u>232</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Trustees' remuneration and expenses

Two of the trustees have been paid remuneration or have received other benefits from an employment with the Trust. The former Chief Executive Officer and one other staff trustee receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff member under their contracts of employment, and not in respect of their services as trustees.

During the year, remuneration of £103,958 (2017: £150,000) was paid to Mr S Allen, former Chief Executive Officer and Accounting Officer. He did not accrue retirement benefits during the year, but in the prior year he was also accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £24,720. Mr S Allen resigned as a trustee on 15 May 2018.

During the year, remuneration of £19,930 (2017: £79,724) 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 £1,092 (2017: £13,138). Mrs J Green resigned as a Trustee on 28 February 2018.

One trustee was paid a total of £179 in respect of travel expenses during the year (2017: £43).

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

Other related party transactions involving the trustees are set out in note 27.

13 Trustees and officers insurance

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

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Asset in course of construction £'000	Total £'000
Cost						
At 1 September 2017	23,245	17,040	716	1,290	-	42,291
Transfer on conversion	-	8,317	-	-	-	8,317
Additions	-	3,990	-	-	363	4,353
Disposals	-	-	(18)	-	-	(18)
At 31 August 2018	23,245	29,347	698	1,290	363	54,943
Depreciation						
At 1 September 2017	220	1,818	644	764	-	3,446
On disposals	-	-	(18)	-	-	(18)
Charge for the year	252	462	26	129	-	869
At 31 August 2018	472	2,280	652	893	-	4,297
Net book value						
At 31 August 2018	22,773	27,067	46	397	363	50,646
At 31 August 2017	23,025	15,222	72	526	-	38,845

The net book value of the freehold buildings at 31 August 2017 has been restated from £28,255,000 as previously reported to £23,025,000 due to the prior year adjustment of £5,230,000, as explain further in note 3.

The leasehold land and buildings transferred on conversion of £8,317,000 was valued by the Trustees on the basis of independent advice received. The Trust was donated a new sixth form centre on a 25 year lease at an independent value of £3,990,000, which is included within leasehold land and buildings. The independent valuations were performed using the Depreciation Replacement Cost basis.

Included within leasehold land and buildings net book value of £27,067,000 (2017: £15,222,000), is short leasehold land and buildings with a net book value of £3,990,000 (2017: £nil), therefore the remaining balance of £23,077,000 (2017: £15,222,000) are long leasehold land and buildings.

15 Debtors

	2018 £'000	2017 £'000
Trade debtors	57	35
VAT recoverable	457	360
Prepayments and accrued income	437	672
	951	1,067

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Other loans	104	110
Trade creditors	1,398	849
Other taxation and social security	-	286
Other creditors	28	295
Accruals and deferred income (see note 18)	673	480
	<u>2,203</u>	<u>2,020</u>
17 Creditors: amounts falling due after more than one year	2018 £'000	2017 £'000
Other loans	<u>343</u>	<u>447</u>
Analysis of loans		
Not wholly repayable within five years by instalments	13	56
Wholly repayable within five years	<u>434</u>	<u>501</u>
	447	557
Less: included in current liabilities	<u>(104)</u>	<u>(110)</u>
Amounts included above	<u>343</u>	<u>447</u>
Loan maturity		
Debt due in one year or less	104	110
Due in more than one year but not more than two years	96	110
Due in more than two years but not more than five years	246	281
Due in more than five years	<u>1</u>	<u>56</u>
	<u>447</u>	<u>557</u>

Other loans from Salix Finance Ltd of £33,000 (2017: £52,000) are unsecured, interest free and have fixed repayment terms up to September 2023.

Other loans from ESFA under the Condition Improvement Fund of £414,000 (2017: £505,000) are unsecured, 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 2018

18 Deferred income	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	211	249
	<u>211</u>	<u>249</u>
Deferred income at 1 September 2017	249	81
Released from previous years	(249)	(81)
Resources deferred in the year	211	249
	<u>211</u>	<u>249</u>
Deferred income at 31 August 2018	211	249

Deferred income includes £114,000 (2017: £12,000) for school trips, £95,000 (2017: £237,000) for deferral of different government grants and £2,000 (£nil) of donations.

19 Financial instruments	2018 £'000	2017 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	310	666
	<u>310</u>	<u>666</u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,335	1,930
	<u>2,335</u>	<u>1,930</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds

	Balance at 1 September 2017 as restated £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	20,581	(20,807)	226	-
Start up grants	13	25	(38)	-	-
Other DfE / ESFA grants	248	1,451	(1,699)	-	-
Other government grants	-	993	(993)	-	-
Other restricted funds	270	94	(181)	-	183
Pension reserve	(6,581)	(307)	(921)	1,920	(5,889)
	<u>(6,050)</u>	<u>22,837</u>	<u>(24,639)</u>	<u>2,146</u>	<u>(5,706)</u>
Restricted fixed asset funds					
Restricted fixed asset funds	38,845	14,078	(1,723)	(226)	50,974
	<u>38,845</u>	<u>14,078</u>	<u>(1,723)</u>	<u>(226)</u>	<u>50,974</u>
Total restricted funds	<u>32,795</u>	<u>36,915</u>	<u>(26,362)</u>	<u>1,920</u>	<u>45,268</u>
Unrestricted funds					
General funds	1,731	1,019	(670)	-	2,080
	<u>1,731</u>	<u>1,019</u>	<u>(670)</u>	<u>-</u>	<u>2,080</u>
Total funds	<u>34,526</u>	<u>37,934</u>	<u>(27,032)</u>	<u>1,920</u>	<u>47,348</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 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 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 Trust's charitable objects.
4. Transfers represent the capital expenditure incurred in the prior year for which funding was received this year.

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 2018.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds (Continued)

Funds prior year (as restated)

	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 (GAG)	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	<u>22,895</u>	<u>17,220</u>	<u>(647)</u>	<u>(623)</u>	<u>38,845</u>
Total restricted funds	<u>17,280</u>	<u>32,850</u>	<u>(17,511)</u>	<u>176</u>	<u>32,795</u>
Unrestricted funds					
General funds	<u>765</u>	<u>926</u>	<u>(583)</u>	<u>623</u>	<u>1,731</u>
Total funds	<u>18,045</u>	<u>33,776</u>	<u>(18,094)</u>	<u>799</u>	<u>34,526</u>

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds (Continued)

Total funds analysis by academy

	2018	2017 as restated
	£'000	£'000
Fund balances at 31 August 2018 were allocated as follows:		
The de Ferrers Academy	1,019	907
The Pingle Academy	172	485
Granville Academy	138	-
Horninglow Primary	75	62
Lansdowne	33	147
Eton Park Junior	89	125
Central services	737	536
Total before fixed assets fund and pension reserve	2,263	2,262
Restricted fixed asset fund	50,974	38,845
Pension reserve	(5,889)	(6,581)
Total funds	47,348	34,526

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
The de Ferrers Academy	7,230	735	1,186	1,461	10,612	10,885
The Pingle Academy	4,852	591	720	551	6,714	2,075
Granville Academy	2,346	295	463	516	3,620	-
Horninglow Primary	814	74	99	114	1,101	1,024
Lansdowne	745	131	79	274	1,229	1,172
Eton Park Junior	809	117	102	133	1,161	1,278
Central services	438	376	58	1,043	1,915	395
	17,234	2,319	2,707	4,092	26,352	16,829

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 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 2018 are represented by:				
Tangible fixed assets	-	-	50,646	50,646
Current assets	2,080	2,729	328	5,137
Creditors falling due within one year	6	(2,209)	-	(2,203)
Creditors falling due after one year	(6)	(337)	-	(343)
Defined benefit pension liability	-	(5,889)	-	(5,889)
Total net assets	2,080	(5,706)	50,974	47,348

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	38,845	38,845
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 liability	-	(6,581)	-	(6,581)
Total net assets	1,731	(6,050)	38,845	34,526

22 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	258	-

23 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	62	42
Amounts due between one and five years	74	65
	136	107

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018	2017
	£'000	as restated £'000
Net income for the reporting period (as per the Statement of Financial Activities)	10,902	15,682
Adjusted for:		
Net surplus on conversion to academy	(8,457)	(16,414)
Capital grants from DfE/ESFA and other capital income	(5,699)	(1,269)
Interest receivable	(15)	(11)
Defined benefit pension scheme cost less contributions payable	739	484
Defined benefit pension scheme finance cost	182	134
Depreciation of tangible fixed assets	869	647
Movements in working capital:		
Decrease in debtors	116	127
Increase in creditors	189	666
Stocks, debtors and creditors transferred on conversion	-	381
Net cash (used in)/provided by operating activities	(1,174)	427

25 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.

26 Pension and similar obligations

The 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 £nil (2017: £260,405) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 2018

26 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)
- 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 2.0% 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. Subsequent to the year end, the TPS has proposed an increase in the employer's contribution rate to approximately 23% payable from September 2019. This has not yet been confirmed formally and is subject to consultation.

The employer's pension costs paid to the TPS in the period amounted to £1,646,554 (2017: £1,088,945).

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 Trust participates in the LGPS managed by Staffordshire Pension Fund and Derbyshire Pension Fund.

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 21.1% and for Staffordshire 23.3% for employers and 5.5% to 12.5% for employees.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

26 Pension and similar obligations (Continued)

The LGPS obligation relates to the employees of the Trust who were employees transferred as part of the conversion from the maintained school (as described in note 30) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

During the year Granville Sports College joined the Trust. The obligation in respect of employees who transferred with Granville Sports College to the 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 30.

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.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	885	599
Employees' contributions	239	165
Total contributions	1,124	764

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the funds at 31 March 2016 updated to August 2018 by a qualified independent actuary.

	2018 Derbyshire %	2018 Staffordshire %	2017 Derbyshire %	2017 Staffordshire %
Discount rate for scheme liabilities	2.8	2.8	2.5	2.5
Rate of salary increase	2.8	2.7	2.9	2.8
Rate of pension increase/inflation	2.3	2.3	2.4	2.4

The assumed life expectations on retirement age 65 are:

	2018 Derbyshire Years	2018 Staffordshire Years	2017 Derbyshire Years	2017 Staffordshire Years
Retiring today				
-Males	21.9	22.1	21.9	22.1
-Females	24.4	24.4	24.4	24.4
Retiring in 20 years				
-Males	23.9	24.1	23.9	24.1
-Females	26.5	26.4	26.5	26.4

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

26 Pension and similar obligations (Continued)

The Trust's share of the assets in the scheme	2018 Fair value £'000	2017 Fair value £'000
Equities	6,417	5,332
Bonds	1,765	996
Cash	394	326
Property	715	558
Total fair value of assets	9,291	7,212

The actual return on scheme assets was £513,000 (2017: £304,000).

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	1,624	1,083
Net Interest cost	182	134
Total operating charge	1,806	1,217

Changes in the present value of defined benefit obligations	2018 £'000
At 1 September 2017	13,793
Obligations acquired on conversion	824
Current service cost	1,624
Interest cost	388
Employee contributions	239
Actuarial gain	(1,613)
Benefits paid	(75)
At 31 August 2018	15,180

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

26 Pension and similar obligations (Continued)

Changes in the fair value of the Trust's share of scheme assets

	2018 £'000
At 1 September 2017	7,212
Assets acquired on conversion	517
Interest income	206
Return on plan assets (excluding net interest on the net defined pension liability)	307
Employer contributions	885
Employee contributions	239
Benefits paid	(75)
	<hr/>
At 31 August 2018	9,291
	<hr/>

27 Related party transactions

All transactions involving related parties are conducted at cost and in accordance with the 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 was a director of the Trust until she resigned on 22 August 2018 are related by marriage. Mr D Lovell received remuneration amounting to £79,648 (2017: £76,137) which includes pension contributions. The appointment was made in open competition and the trustee was not involved in the decision making process regarding appointment. The post is paid within the normal pay scale for the role and the individual receives no special treatment as a result of the relationship to the trustee.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12 and key management personnel compensation disclosure is included in note 10.

28 Post balance sheet events

On 1 September 2018, Richard Wakefield C.E. Primary School 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 Staffordshire County Council Local Authority for £nil consideration.

Academy	Location	Date of conversion
Richard Wakefield C.E. Primary Academy	Tutbury	1 September 2018

The valuation of the land and buildings that will be transfer on conversion to the Trust is £3,390,000.

29 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. During the year ended 31 August 2018, the Trust received £49,702 (2017: £33,135) and disbursed £40,906 (2017: £32,901) from the fund. An amount of £8,795 (2017: £234) is included in other creditors relating to undistributed funds carried forward.

THE DE FERRERS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

30 Conversion to an academy

On 1 September 2017 Granville Sports College 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 the Derbyshire County Council Local Authority 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
Granville Academy	Swadlincote	1 September 2017

	2018 £'000
Net assets transferred:	
Leasehold land and buildings	8,317
Cash	447
LGPS pension deficit	(307)
	<u>8,457</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	8,317	8,317
LA budget funds	385	-	62	447
LGPS pension deficit	-	(307)	-	(307)
	<u>385</u>	<u>(307)</u>	<u>8,379</u>	<u>8,457</u>

Total income of £3,745k and net income of £124k was contributed by Granville Academy between the date of transfer and 31 August 2018.