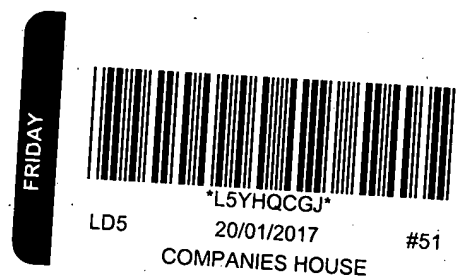


RUSSELL EDUCATION TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016
Company Registration Number: 07452885 (England and Wales)



RUSSELL EDUCATION TRUST

FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2016

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RUSSELL EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS YEAR ENDED 31 AUGUST 2016

Board of Directors	P Ward (Chair) K Lynch (CEO) D C Lynch J McDermott M Karaolis C Smyth D Hale (Resigned 18 January 2016) C Brazil (Appointed 14 March 2016)
Members	D Lynch Education London P Ward
Company Secretary	D Lynch
Key Management Personnel	K Lynch – RET Chief Executive P Jones – Bristol Free School Headteacher S Price – King's School Headteacher R Ahearn – St Andrew the Apostle Headteacher C Mackinlay – Turing House Headteacher P Frayne – RET Head of Finance & Operations
Business Address	Manor House The Crescent Leatherhead Surrey KT22 8DY
Registered Office	Manor House The Crescent Leatherhead Surrey KT22 8DY
Company Registration Number	07452885
Independent Auditor	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	NatWest Leatherhead Branch 1 Bridge Street Leatherhead KT22 7EP
Solicitors	Brown Jacobson LLP Victoria Square House Victoria Square Birmingham B2 4BU
Schools within Multi Academy Trust	Bristol Free School King's School St Andrew the Apostle School Turing House School

RUSSELL EDUCATION TRUST

DIRECTORS' REPORT YEAR ENDED 31 AUGUST 2016

The directors present their report and financial statements of the company for the year ended 31 August 2016.

This report has been prepared in accordance with the Companies Act 2006 and also Part 8 of the Charities Act 2011 and serves the purpose of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (FRS102).

The company was incorporated on 26 November 2010, the principal activity since incorporation was that of establishing and running new schools.

Russell Education Trust (the Trust) became a Multi Academy Trust on 1 September 2013 when a funding agreement, and supplemental funding agreements for RET St Andrew the Apostle School and RET King's School were signed by the Trust and the Department for Education. Bristol Free School subsequently transferred into the Multi Academy Trust with effect from 1 May 2014. RET Turing House School opened on 1 September 2015 following the signature of a supplemental funding agreement in March 2015.

When all of its four schools (which were delivered under the free schools programme and therefore not all year groups are filled) are at capacity its academies will have a combined pupil capacity of 4,550. The total number of pupils recorded in the school census in October 2016 was 1,911.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee incorporated on 26 November 2010, is an exempt charity, and does not have share capital. The Charitable Company's Memorandum and Articles of Association are the primary governing document of the Trust. The Memorandum of Association established the objects and powers of the charitable company and it is governed under its Articles of Association.

The Russell Education Trust Memorandum and Articles of Association works alongside Memorandum and Articles of Association and the Funding Agreements with the Secretary of State for Education, to which the Russell Education Trust is a party.

The trustees/directors who served during the year are included in the Reference and Administrative Details on page 1.

The members of the company comprise:

- The Principal Sponsor – Education London Limited (CRN 04655433)
- Up to four persons appointed by the Principal Sponsor
- One person appointed by the Secretary of State for Education, (in the event that the Secretary of State appoints a person for this purpose)
- The chairman of the directors
- Any person appointed by the other members, by unanimous agreement.

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, such amount as may be required not exceeding £10.

Directors' Indemnities

In accordance with normal commercial practice, the academy trust has arranged for cover to protect directors and officers from the financial impact of claims arising from negligent acts, errors or omissions occurring whilst on trust business. The financial protection is through the Department for Education's Risk Protection Arrangement (RPA). The RPA scheme provides cover up to £5m on any one claim and is capped at a total of £5m for all claims in any year.

Relationship between Principal Sponsor and Charity

Education London Ltd (CRN 04655433), a profit-making private company, sponsors the exempt charity, Russell Education Trust (RET). Russell Education Trust is a Multi Academy Trust. Education London (EL) is a specialist project management and school improvement company, best known for its comprehensive literacy, numeracy, subject specialist, expert teacher and Ofsted inspectors, advisors and consultants. The directors of Education London are Karen Lynch and Danny Lynch. Education London became known nationally in 2007 when it was appointed to the highly successful Department for Education, London Challenge programme as its sole Education Services Provider (2007-2011). As the programme ended, Education London decided to transfer some of its expertise, capacity and profits into the work of a new

RUSSELL EDUCATION TRUST

DIRECTORS' REPORT YEAR ENDED 31 AUGUST 2016

charity – Russell Education Trust – to establish new academies and free schools and to support those at social or educational disadvantage. This was approved by the Department for Education.

As is the case when an approved academy sponsor has services supplied by a third party, a Deed of Agreement (Tripartite Agreement) sets out the relationship between Education London, Russell Education Trust and the Secretary of State. Under this agreement, all goods and services provided by Education London to Russell Education Trust are supplied on a strictly not-for-profit ("at cost") basis. The "at cost" calculation basis is the definition used by the Department for Education. This calculation basis is implemented by Education London's and Russell Education Trust's accountants.

Method of Recruitment and Appointment of Directors

Directors serve for four years following which they are eligible for re-appointment. This time limit does not apply to the directors appointed by the Principal Sponsor.

Directors are recruited so that the following areas of expertise, experience and responsibility are represented on the Board:

- Senior local government leadership
- Management and leadership of charities
- Primary leadership in outstanding schools
- Secondary leadership in outstanding schools
- Relevant and up to date experience of the Ofsted inspection of primary and secondary schools and local authorities
- Financial management and monitoring
- Management of the sponsor, Education London
- School improvement
- Project management
- Government education policy.

Directors' Induction and Training

Most directors are already familiar with the work of the company. Additionally, new directors will be given an individual induction by the Chairman of the Board which covers:

- The obligations of members of the Board
- The current financial position of the company
- Future plans and objectives

Organisational Structure

Overall responsibility for finances and for all other aspects of the Trust continues to rest with the Board of Directors. The CEO's delegated responsibilities are outlined in a scheme of delegation. The board delegates a number of functions to the local governing bodies of Turing House School, Bristol Free School, King's School and St Andrew the Apostle School, and the governing body of the RET Becket Keys School which is a subsidiary trust.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The setting of pay for all staff, including key management personnel, is managed in accordance with the Trust's Pay Policy and performance management framework. Pay decisions are reviewed by either the local governing body or the RET Board to ensure external review of management decisions.

Connected Organisations, including Related Party Relationships

Russell Education Trust established RET Becket Keys Church of England Free School Trust (08096798) as a separate trust and the relationship between the two trusts is set out in the Articles and Funding Agreement of each. Education London is RET's sponsor and makes donations to associated academies as well as providing services 'at cost' under agreement with the governing bodies. This relationship is governed by a Tripartite agreement between RET, EL and the Secretary of State.

Objectives and Activities

Objects

The objects of the company are to advance, for the public benefit, education in the United Kingdom, by sponsoring, establishing, developing and maintaining academy schools.

Objectives and Aims

Russell Education Trust, using its own capacity and that of its sponsor, Education London, works in partnership with a number of outstanding primary and secondary schools to establish and disseminate best practice and support the establishment of free schools and academies. In particular:

RUSSELL EDUCATION TRUST

DIRECTORS' REPORT YEAR ENDED 31 AUGUST 2016

1. Russell Education Trust's approach is based on best practice in schools; in which each child's needs and aspirations are met in a stimulating and safe environment. We understand that excellent discipline and the security of each student to both express individuality and take responsibility at school are fundamental to personal, social and academic success.
2. In Russell Education Trust's schools, students will be taught exceptionally well, and trained and encouraged to progress to the jobs, training and higher education most suited to their talents and abilities, irrespective of their social or economic circumstances.
3. Russell Education Trust works with proposing groups to envision, propose and then plan free schools. We work with parents, communities and diocesan authorities to set up and run new free schools. Russell Education Trust will only support free schools when a new school is needed in the proposed locality and its establishment significantly extends parental choice (for example establishing a secondary or primary school where there is none; or opening a Church school for which there is very strong parental demand and diocesan support; or opening a coeducational non-faith school for which there is very strong parental demand). These schools are inclusive comprehensives with the highest possible academic standards, serving their locality and working as part of their local family of schools. Both Russell Education Trust and the founding groups with whom it works are firmly resolved that these free schools will all be judged to be good or outstanding by Ofsted and their communities within two years of opening.
4. Russell Education Trust aims to contribute to the development of training for teachers and head teachers.
5. Russell Education Trust aimed to have five secondary free schools open by 2015, which was achieved with the opening of Turing House School in September 2015.
6. Russell Education Trust aims to improve the life chances of children from the most economically and socially disadvantaged groups, through improved teaching and extended extra-curricular opportunities.

Public Benefit

The directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year. The directors consider that the charitable company's aims are demonstrably for the public benefit.

Strategic Report

A. Achievements and Performance

Overview

1. Russell Education Trust's (RET) strategic aim was to have five new secondary schools open by September 2015. The chronology of the opening of the five RET schools is as follows:
 - Bristol Free School – September 2011
 - Becket Keys School – September 2012
 - King's School – September 2013
 - St Andrew the Apostle School – September 2013
 - Turing House School – September 2015
2. Bristol Free School has been supported by RET to achieve exceptionally high standards; this was validated in its first Ofsted inspection report in February 2013. The school was oversubscribed for both the 2013, 2014 and 2015 intake. 117 of the school's founding year group sat their GCSE examinations in summer 2016 with 66 per cent of them gaining A*-C grades in both English and maths.
3. RET supported the parent, primary school and diocesan free school group proposing Becket Keys Church of England School in Brentwood in Essex. This 11-18 Church of England secondary school was successfully steered through the application process to open on 1 September 2012. The school is a subsidiary trust and not part of the Multi Academy Trust. High standards have already been achieved and the school was oversubscribed for 2013 and 2014 intake. The exceptional standards achieved have been validated by the Ofsted inspection report in May 2014 which identified the school as Outstanding in all areas. The school's first year group started their GCSE studies in September 2015 and the school and the Trust are confident that these pupils will be successful in summer 2017.
4. RET worked with the Classical Education Trust and the office of the Archbishop of Thyateira and Great Britain to agree plans for the country's only Greek Orthodox secondary school (St Andrew the Apostle). This school opened successfully in September 2013. The high standards achieved by the school were recognised in the school's Ofsted inspection in May 2015 which identified the school as Outstanding in All Areas. The school and Trust are working closely with the Education Funding Agency to finalise the acquisition of a permanent site for the school with works expected to commence in 2017.
5. RET worked with the parent proposers of King's School to open in September 2013. The Trust is working with the Department for Education and the local council to finalise securing a permanent site for the school. The school had its first Ofsted inspection in May 2015 and the hard work of the staff and students was rewarded with an excellent Ofsted inspection outcome. The school was judged by Ofsted to be Good with Outstanding Features. The school has an identified permanent site and work is well underway to complete the design of the new school, with works scheduled to commence on site in 2017.

RUSSELL EDUCATION TRUST

DIRECTORS' REPORT YEAR ENDED 31 AUGUST 2016

6. Turing House School opened on 1 September 2015 following close co-operation between the Trust and parent proposers. The Trust has worked with parents, the EFA, and local authority to secure both a temporary and permanent site for the school. A permanent site for the school is being acquired by the EFA and the Trust expects works to commence on site in 2017.

Activities

1. A significant element of the Trust's activity is working with the relevant local authorities and the Education Funding Agency to secure permanent sites for St Andrew the Apostle School, Kings School and Turing House School, and to ensure that the high standards in the schools that Ofsted have recognised are maintained despite the use of temporary sites.
2. RET is also working with the Education Funding Agency to ensure the effective delivery of significant capital projects at Bristol Free School and Becket Keys School. These projects commenced in 2016.

Risk Management

The directors hold responsibility for the management of the risks faced by the company. In light of the Corporate Governance guidance contained within the Charities Statement of Recommended Practice (SORP) FRS102, they have considered the major risks to which the company is exposed and continue to review regularly the financial and compliance controls necessary to mitigate those risks.

A key risk faced by the Trust concerns the acquisition of permanent sites and the associated capital works at King's School, St Andrew the Apostle School and Turing House School. In April 2016 the Trust was notified by the EFA that new arrangements for new build projects were to be introduced with immediate effect. Henceforth the capital works for new build projects were to be managed by the Education Funding Agency (EFA) and its appointed technical advisers on the Trust's behalf. The Trust does not believe that these new arrangements are compliant with the Academies Financial Handbook because decisions made during the design process, to which the Trust and its schools may or may not be involved, will have long term implications for school revenue budgets. The Academies Financial Handbook precludes trusts from entering into arrangements for which the associated financial liabilities are unknown. The Trust also has concerns, based on its experience working with the EFA across a range of capital projects, regarding the capacity of the EFA to effectively manage capital projects to time and to budget.

Following consultation with the RET Board, the Trust's officers met with the EFA's capital team. Subsequently the Trust submitted proposals to the EFA for alternative project management arrangements to ensure both compliance with the Academies Financial Handbook and best value in the use of public funds. The EFA rejected the Trust's proposals. Nevertheless, the Trust, the EFA, and the EFA's technical advisers work constructively to ensure the delivery of schemes and the associated project management is as effective as possible.

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:

- The Trust's Financial Procedures;
- Delegation of authority and segregation of duties in each associated academy's financial procedures;
- Directors' review of projected new schools' costs;
- Directors' review of proposed and actual procurement (e.g. ICT provider);
- Identification and management of other risks through the use of risk registers; and
- Internal audit arrangements.

The Trust has a risk register in place for each school that identifies the risks being managed by each school, categorises the risks according to their likelihood and impact, and identifies the mitigating actions being taken. The schools' management teams review the risk registers and they are also reviewed by local governing bodies and the RET board. There is also a strategic risk register that identifies those risks being managed corporately by the Trust.

The RET Board considered the need for a specific internal audit function and took the decision to provide an internal audit function using a peer review model under which qualified accountants from across Russell Education Trust review compliance with each school's internal controls. The scope of work was set by the RET Finance and Buildings Committee. The results of the internal audit checks were reported to the RET Finance and Buildings Committee and no material issues were identified.

Key Performance Indicators

Bristol Free School was the first of the RET schools to open when its founding year group joined in September 2011. 117 of the school's founding year group sat their GCSE examinations in summer 2016 with 66 per cent of them gaining A*-C grades in both English and Maths.

Pupil recruitment is extremely strong at the Trust's schools, after initial challenges faced when the delivery of the St Andrew the Apostle School and King's School projects by the Education Funding Agency did not meet the Trust's expectations. For example, St Andrew the Apostle's year 7 intake increased to 150 in 2016-17. Bristol Free School

RUSSELL EDUCATION TRUST

DIRECTORS' REPORT YEAR ENDED 31 AUGUST 2016

remains significantly oversubscribed. Turing House School is also oversubscribed despite facing similar challenges to King's School and St Andrew the Apostle in terms of site issues.

Going Concern

After making appropriate enquiries, the Board has reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies in note 1 to the financial statements.

B. Financial Review

Russell Education Trust's income is mainly derived from Department for Education grants. Each year the Trust's schools receive revenue and capital grants and the Trust also receives revenue funding towards the costs of opening free schools.

Total income (excluding Fixed Asset Funds) of £9,855k was offset by expenditure (excluding Fixed Asset Funds) of £10,168k and pensions transfers of £63k creating an in-year deficit of £251k on the Restricted and Unrestricted Funds. There is a cumulative deficit on the Unrestricted and Restricted Funds (excluding Fixed Assets and Pension Reserve) but this is a small surplus after allowing for the 2013-14 and 2014-15 Pupil Number Adjustments which in reality will be met from future year's grant income through adjustments agreed with the Education Funding Agency.

Restricted fixed asset income for the year is £5,466k and total fixed asset expenditure during the year is £5,772k.

Net pension liabilities at 31 August 2016 are £514k. Whilst the Local Government Pension Scheme (LGPS) liabilities are recognised as a significant deficit within the Trust's restricted funds, there is not an immediate liability for the total amount, but rather the liability reflects the potential for increases in employer pension contributions in later years.

Reserves Policy

The Trust will continue to review its reserves position as it moves into a phase when it is not planning to either open a free school or incorporate another academy into the Multi Academy Trust. As the Trust's schools increase their pupil numbers and therefore their GAG funding levels it anticipates consolidating its reserves position.

The Board of Directors have examined the company's requirements for reserves in light of the main risks to the organisation. It has established a policy to retain sufficient funds to meet unforeseen expenditure and to continue to finance the investment programme in schools.

Investment Policy

In the short term cash balances are strong and it looks like these balances will continue to grow. The Board has approved an investment policy with the focus upon minimising risk. Investments are restricted to accounts and investments held with UK banking institutions.

Plans for Future Periods

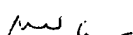
The Trust is working with the governing body of RET Becket Keys Free School School Trust, Chelmsford Diocese and the Department for Education to explore how the school could be included within the Multi Academy Trust. A similar process was concluded in 2013-14 for Bristol Free School and therefore the Trust has the experience to effectively manage the legal and financial issues arising from the inclusion of Becket Keys within the RET Multi Academy Trust.

Provision of Information to Auditors

In so far as all of the directors are aware:

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

The directors' report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, and signed on its behalf by:



P Ward
Chairman

16 December 2016

RUSSELL EDUCATION TRUST

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

Mrs K Lynch is the Trust's CEO and Accounting Officer.

The Board has delegated the day to day responsibility to the CEO for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between Russell Education Trust and the DfE with regard to RET King's School, RET St Andrew the Apostle, RET Turing House School, and Bristol Free School, and in the financial handbooks of each of RET's associated academies. The CEO is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors/trustees has formally met four times during the year to 31 August 2016. Attendance during the year at meetings of the current board members was as follows:

Trustee	Meetings attended	Out of a possible
P Ward (Chair)	4	4
K Lynch (Chief Executive and Accounting Officer)	4	4
J McDermott	4	4
D Lynch	3	4
DA Hale (resigned 18 January 2016)	0	2
C Brazil (joined 14 March 2016)	2	2
M Karaolis	2	4
C Smyth	3	4

The Finance Committee is a subcommittee of the main board and its purposes are to:

- Receive and consider advice from CEO and Head of Finance and Operations (HF&O) and then advise the Board on matters related to finance, buildings/premises and general purposes;
- Consider the MAT's indicative funding, notified annually by the EFA, and to assess its implications for the MAT;
- Consider and recommend acceptance/non-acceptance of the MAT's budget including staffing levels, at the start of each financial year;
- Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the MAT's priorities set out in the strategic plan;
- Review the monitoring reports from the internal finance team about each school and approve any necessary action, up to and including removal of financial delegation;
- Review the schools' internal audit reports commentary by HF&O;
- Receive, consider and approve the end of year accounts prior to sending on to the full Board for their information and approval;
- Act as the Audit Committee of the Board – i.e. to receive and consider the auditors' report; to recommend acceptance to the full Board, including any recommendations for action arising from them;
- Recommend to the Board the appointment or reappointment of the auditors;
- Review the MAT's list of preferred suppliers and oversee procurement arrangements; and
- Consider policies and procedures.

Attendance at Finance Committee meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
P Ward (Chair)	2	2
K Lynch (Chief Executive and Accounting Officer)	2	2
D Lynch	2	2
DA Hale (resigned 18 January 2016)	0	0
C Brazil (joined 14 March 2016)	2	2

RUSSELL EDUCATION TRUST

GOVERNANCE STATEMENT YEAR ENDED 31 AUGUST 2016

Review of Value for Money

As Accounting Officer the CEO 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 appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Sharing expertise, experience and data within the Trust, as well as accessing economies of scale when undertaking shared purchases. Examples of cost savings from vendors include common agreements with recruitment providers such as ETeach and TES;
- Reducing administrative burdens upon staff by introducing automated systems such as electronic payslips, online reporting for student absences, and a more effective tool for school to parent communications; and
- Reviewing, as part of the budget setting process, the pupil:teacher ratios for all RET schools to ensure alignment of each school's budget with its curriculum model.

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's 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 current system of internal control has been in place since September 2012 and for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to manage those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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:

- The Trust's Financial Procedures;
- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Delegation of authority and segregation of duties in each associated academy's Financial Procedures;
- Director review of projected new schools' costs;
- Director review of proposed and actual procurement (e.g. ICT provider);
- Identification and management of other risks through the use of risk registers. Additional detail is provided in the Risk and Control Framework section of the Directors' Report;
- Setting targets to measure financial and other performance; and
- Clearly defined purchasing (asset purchase or capital investment) guidelines.

The board of trustees has considered the need for a specific internal audit function and has decided to put in place an internal audit function. The service is delivered by qualified accountants from across Russell Education Trust's schools. The internal audit function reports directly to the trustees, who also set an annual scope of work for internal audit.

Internal audit's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Single central record; and
- Risk registers and management.

On a termly basis, the internal audit function reports to the board of trustees, through the RET Finance Committee in 2015-16, and to the RET Audit Committee from 1 September 2016, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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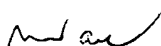
GOVERNANCE STATEMENT YEAR ENDED 31 AUGUST 2016

Review of Effectiveness

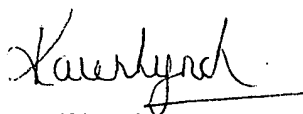
Review of the effectiveness of the Trust's system of internal control is the responsibility of the CEO. During the year in question the review has been informed by:

- the work of the internal audit function;
- the work of the Finance Committee which is to be supplemented by the work of the Audit Committee which was created in 2015;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board on 16 December 2016 and signed on its behalf by:



P Ward
Chairman



K Lynch
Accounting Officer

RUSSELL EDUCATION TRUST

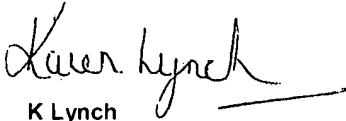
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE YEAR ENDED 31 AUGUST 2016

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Russell Education Trust, I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the academy trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's Funding Agreement and the Academies Financial Handbook 2015.

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 EFA.



K Lynch
Accounting Officer

16 December 2016

RUSSELL EDUCATION TRUST STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (who act as trustees for charitable activities of Russell Education Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors 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 2015 to 2016;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards FRS102 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 directors 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 directors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The directors 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 on 16 December 2016 and signed on its behalf by:


P Ward
Chairman

RUSSELL EDUCATION TRUST

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report on the Financial Statements to the Members of Russell Education Trust

We have audited the financial statements of Russell Education Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 which is the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015, and the Academies Accounts Direction 2015 to 2016 issued by the EFA.

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.

Respective Responsibilities of Directors and Auditors

The Directors act as trustees for the charitable activities of Russell Education Trust and are also the directors of the company for the purposes of company law.

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on Financial Statements

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency in respect of the relevant financial period.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young LLP, Chartered Accountants

Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

20 December 2016

RUSSELL EDUCATION TRUST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	3	13	-	5,466	5,479	751
Charitable activities:						
- Funding for the academy trust's education operations	4	-	9,279	-	9,279	5,993
Other trading activities	5	225	338	-	563	389
Total		238	9,617	5,466	15,321	7,133
Expenditure on:						
Charitable activities:						
- Academy trust's education operations	6, 7	152	10,016	1,771	11,939	8,068
Total		152	10,016	1,771	11,939	8,068
Net income / (expenditure)		86	(399)	3,695	3,382	(935)
Transfers between funds		-	(85)	85	-	-
Net income / (expenditure) for the year		86	(484)	3,780	(3,382)	(935)
Other recognised gains and losses:						
Actuarial losses on defined benefit pension scheme	24	-	(292)	-	(292)	(15)
Net movement in funds		86	(776)	3,780	3,090	(950)
Total funds brought forward	15	58	(588)	13,541	13,011	13,961
Total funds carried forward	15	144	(1,364)	17,321	16,101	13,011

The Statement of Financial Activities also complies with the requirements for an Income and Expenditure Account under the Companies Act 2006.

All of the academy's activities derive from continuing operations during the above two financial periods.

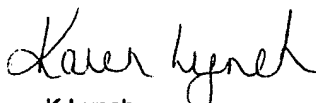
A comparative Statement of Financial Activities for the year ended 31 August 2015 is shown in note 2 to the financial statements.

RUSSELL EDUCATION TRUST
BALANCE SHEET AT 31 AUGUST 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		17,314		13,313
Current assets					
Stocks			-		-
Debtors	12	1,730		547	
Cash at bank and in hand		<u>3,218</u>		<u>1,156</u>	
		4,948		1,703	
Liabilities					
Creditors: amounts falling due within one year	13	<u>(4,984)</u>		<u>(1,121)</u>	
Net current (liabilities)/assets			(36)		582
Total assets less current liabilities			17,278		13,895
Creditors: amounts falling due after more than one year	14		(663)		(725)
Net assets excluding pension liability			16,615		13,170
Defined benefit pension scheme liability	24		<u>(514)</u>		<u>(159)</u>
Net assets including pension liability			16,101		13,011
Funds of the Trust:					
Restricted funds					
- Fixed asset fund	15		17,321		13,541
- General fund	15		(850)		(430)
- Pension reserve			<u>(514)</u>		<u>(159)</u>
Total restricted funds			15,957		12,952
Unrestricted income funds					
- General fund	15		<u>144</u>		<u>59</u>
Total unrestricted funds			144		59
Total funds			16,101		13,011

The financial statements were approved by the directors and authorised for issue on 16 December 2016 and are signed on their behalf by:


P Ward
Chairman


K Lynch
Accounting Officer

Company Number: 07452885

RUSSELL EDUCATION TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	2,369	249
Cash flows (used in) / from investing activities	20	(307)	180
Cash flows (used in) / from financing activities	21	-	-
Change in cash and cash equivalents in the reporting period		2,062	429
Cash and cash equivalents at 1 September 2015		1,156	727
Cash and cash equivalents at 31 August 2016		3,218	1,156

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

1. Accounting Policies

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006. Russell Education Trust meets the definition of a public benefit entity under FRS 102. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

First Time Adoption of FRS 102

These financial statements are the first financial statements of Russell Education Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of the Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

Going Concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the trust to continue as a going concern. The directors make this assessment each year in respect of a period of one year from the date of approval of the financial statements.

Income

All incoming resources are recognised when the trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants Receivable

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship Income

Sponsorship income provided to the free school trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance related conditions), where the receipt is probable and it can be measured reliably. There was no sponsorship income received during the period.

Donations

Donations are recognised on a receivable basis where the receipt is probable and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Donated Services and Gifts in Kind

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

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 should be 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 academy trust's accounting policies.

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

• Long leasehold land and buildings	life of lease
• Fixtures and equipment	15% straight line
• Computer equipment and software	20% straight line
• Plant and machinery	15% straight line
• Motor vehicles	20% straight line

Assets or buildings in the course of construction are included at cost, based on the value certified or other direct costs incurred to 31 August. Depreciation on these assets is not charged until they are brought into use.

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

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised in the period to which they relate.

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 balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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 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 and include grants from the Education Funding Agency or the Department for Education.

Critical Accounting Estimates and Areas of Judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2016. 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.

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

2. Comparative SoFA

In accordance with the requirement under SORP 2015 the Trust must disclose the comparative information for all amounts presented in the SoFA. The trust's SoFA for 2014-15 is provided below to allow comparisons with the 2015-16 SoFA.

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
Income and endowments from:					
Donations and capital grants	3	7	-	744	751
Charitable activities:					
- Funding for the academy trust's education operations	4		5,993	-	5,993
Other trading activities	5	139	250	-	389
Total		146	6,243	744	7,133
Expenditure on:					
Charitable activities:					
- Academy trust's education operations	6, 7	65	7,042	961	8,068
Total		65	7,042	961	8,068
Net income / (expenditure)		81	(799)	(217)	(935)
Transfers between funds		-	(42)	42	-
Net income / (expenditure) for the year		81	(841)	175	(935)
Other recognised gains and losses:					
Actuarial losses on defined benefit pension scheme	24	-	(15)	-	(15)
Net movement in funds		81	(856)	(175)	(950)
Total funds brought forward	15	(22)	267	13,716	13,961
Total funds carried forward	15	59	(589)	13,541	13,011

3. Donations and Capital Grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	-	5,466	5,466	744
Donations	13	-	-	13	7
	13	-	5,466	5,479	751

The income from donations and capital grants was £5,479k (2015: £751k) of which £13k was unrestricted (2015: £7k), £nil restricted (2015: £nil) and £5,466 restricted fixed assets (£744k).

4. Funding for Trust's Educational Operations

	Unrestricted Funds £000	Restricted General Funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA revenue Grants				
- General Annual Grant (GAG)	-	8,037	8,037	5,004
- Start Up Grants	-	610	610	482
- Other DfE/EFA Grants	-	-	-	127
	-	8,647	8,647	5,613
Other Government Grants				
- SEN Grant	-	120	120	75
- VASIS grants	-	512	512	305
	-	632	632	380
Total	-	9,279	9,279	5,993

Funding for the Trust's educational operations was £9,279k (2015: £5,993k) of which £nil was unrestricted (2015: £nil) and £9,279k restricted (2015: £5,993k).

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

5. Other Trading Activities

	Unrestricted Funds	Restricted General Funds	Total 2016	Total 2015
	£000	£000	£000	£000
Hire of Facilities	18	-	18	19
Trip and Club Income	142	338	480	314
Other Income	65	-	65	55
	225	338	563	389

Income from other trading activities was £563k (2015: £19k) of which £225k was unrestricted (2015: £139k) and £368k restricted (2015: £250k).

6. Expenditure

	Staff Costs	Premises	Other	Total 2016	Total 2015
	£000	£000	£000	£000	£000
Trust's education operations:					
- Direct costs	5,486	1,278	661	7,425	4,514
- Allocated support costs	1,532	1,605	1,377	4,514	3,554
	7,018	2,883	2,038	11,939	8,068

Net income / (expenditure) for the year includes:

	2016 £000	2015 £000
Depreciation	1,771	960
Fees payable to auditor - audit	32	39

Included within expenditure are cash losses of £1,210.

7. Charitable activities – Educational Operations

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations:	7,425	4,514
Support costs – educational operations	4,514	3,554
	11,939	8,068

Analysis of Support Costs

Support staff costs	1,532	1,389
Depreciation	493	385
Technology costs	222	170
Premises costs	1,112	839
Other support costs	1,105	729
Governance costs	50	42
Total Support Costs	4,514	3,554

8. Staff

a. Staff Costs

	2016 £000	2015 £000
Wages and salaries	5,511	3,844
Social security costs	482	312
Pension costs	896	594
	6,889	4,750
Supply staff costs	129	101
	7,018	4,851

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

b. Staff Numbers

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

	2016 No.	2015 No.
Teachers	110	72
Administration and support	66	54
Management	6	6
	182	132

The number of employees whose emoluments fell within the following bands was:

	2016 No.	2015 No.
£60,001 - £70,000	5	2
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	2
£100,001 - £110,000	-	1
£130,001 - £140,000	1	-

c. Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £598,733 (2015: £570,197).

9. Related Party Transactions - Directors' Remuneration and Expenses

The RET Chief Executive only receives remuneration in respect of this role, and not in respect of services provided as a trustee. Other trustees did not receive any remuneration in respect of their services as trustees. The value of the trustee's remuneration was as follows:

K Lynch (RET Chief Executive and Trustee): £132,998 (2015: £108,000). There are no pension costs to disclose.

The CEO's gross pay level is 10% higher than this, but she donates 10% of her salary back to the Trust. Other related party transactions involving the directors are set out in note 25.

The following expenses were paid to trustees:

- J McDermott £1,484
- K Lynch £2,005 (all in relation to her role as RET Chief Executive)

10. Governors' and Officers' Financial Liabilities

In accordance with normal commercial practice, the academy has arranged for cover through the Department for Education's Risk Protection Arrangement (RPA) to protect governors and officers from the financial impact of claims arising from negligent acts, errors or omissions occurring whilst on academy business. The arrangement provides cover up to £5m on any one claim and is capped at a total of £5m for all claims in any year. The membership cost for the scheme is £25 per pupil per annum and the Governors and Officers cover is included within this cost.

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

11. Tangible Fixed Assets

	Leasehold land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2015	13,473	776	1,480	76	15,805
Additions	5,357	109	306	-	5,772
At 31 August 2016	18,830	885	1,786	76	21,578
Depreciation					
At 1 September 2015	1,637	217	608	30	2,492
Charged in year	1,279	132	345	15	1,771
At 31 August 2016	2,916	349	953	45	4,263
Net book values					
At 31 August 2016	15,914	536	833	31	17,314
At 1 September 2015	11,836	559	872	46	13,313

12. Debtors

	2016 £000	2015 £000
Trade debtors	83	5
VAT recoverable	285	108
Other debtor	5	5
Prepayments and accrued income	1,357	429
	1,730	547

13. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	1,014	400
Other taxation and social security	137	93
Pensions	271	160
Other creditors	393	167
Accruals and deferred income	3,169	301
	4,984	1,121

The significant increase in accruals and deferred income relates to £2.388m of works undertaken at Bristol Free School in relation to the expansion of the school's facilities.

Deferred Income

	2016 £000
Deferred income at 1 September 2015	157
Resources deferred in the year	179
Amounts released from previous years	(153)
Deferred income at 31 August 2016	183

Deferred income represents funds received in advance for school trips, and grants for business rates.

14. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
EFA creditors	663	725
	663	725

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

The balance solely relates to 2013-14 and 2014-15 Pupil Number Adjustments for St Andrew the Apostle School and King's School. The circumstances that led to these adjustments is set out in the Financial Review section of the Trustees' Report. An agreement has been reached with the EFA on the repayment of the Pupil Number Adjustment. The agreed profile for the repayment is as follows:

	St Andrew the Apostle £000	King's School £000	TOTAL £000
2017-18	76	40	116
2018-19	157	45	202
2019-20	110	55	165
2020-21	112	68	180
TOTAL	455	208	663

15. Funds

15.1 Analysis of Funds

	Balance at 1 September 2015 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	(725)	8,037	(8,309)	(20)	(1,017)
Start-up Grant	-	610	(610)	-	-
Other DfE/EFA grants	340	-	(127)	-	213
Pension reserve	(159)	-	(292)	(63)	(514)
Activities for generating funds	(44)	338	(338)	(2)	(46)
Local authority grant	-	120	(120)	-	-
Other government grant	-	512	(512)	-	-
	(588)	9,617	(10,308)	(85)	(1,364)
Restricted fixed asset funds					
DfE / EFA building grants	8,057	5,431	(1,602)	-	11,886
DfE/EFA capital grants	39	35	-	-	74
Capital expenditure from GAG	106	-	-	85	191
Activities for generating funds	20	-	(8)	-	12
Voluntary Income	5,319	-	(161)	-	5,158
	13,541	5,466	(1,771)	85	17,321
Total restricted funds	12,953	15,083	(12,079)	-	15,957
Unrestricted funds					
General funds	58	238	(152)	-	144
Total unrestricted funds	58	238	(152)	-	144
Total funds	13,011	15,321	(12,231)	-	16,101

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

General Annual Grant

The General Annual Grant must be used for the normal running costs of the Academy including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other DfE/EFA and government grants

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the purchase of tangible fixed assets.

Pension reserve

The pension reserve is the element of the local government pension fund liability attributable to the Academy (note 24).

Transfer between funds

A transfer from unrestricted funds to the restricted fixed asset fund was necessary to fund capital expenditure carried out during the year.

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

15.2 Analysis of Academies by Fund Balance

Fund balances at 31 August 2016 were as follows:

	2016 £000	2015 £000
Bristol Free School	302	552
RET Schools Central	(275)	(191)
St Andrew the Apostle School	(317)	(361)
King's School	(351)	(371)
Turing House School	(65)	-
Total before fixed assets and pension reserve	(706)	(371)
Restricted fixed asset fund	17,321	13,541
Pension reserve	(514)	(159)
Total	16,101	13,011

The deficits on King's School (£351k) and St Andrew the Apostle School (£317k) are as a result of the charging of the Pupil Number Adjustments for the two schools in 2014-15 (see note 14). The adjustments arose following issues with the management of the capital works, which is the responsibility of the EFA, at the two schools immediately before they opened and continuing into 2014-15. The deficit on the central services budgets is as a result of the cumulative pressures from opening five free schools in four years. As pupil numbers and therefore income in the schools increases then this deficit will be eliminated.

15.3 Analysis of Academies by Cost

	Teaching and education support £000	Other support staff costs £000	Education supplies £000	Other costs (excluding depreciation) £000	TOTAL £000
Bristol Free School	2,657	412	271	761	4,101
RET Schools Central	-	656	5	522	1,183
St Andrew the Apostle	1,156	198	147	760	2,261
King's School	1,058	197	101	282	1,638
Turing House School	615	68	38	264	985
Total before fixed assets and pension reserve	5,486	1,531	562	2,589	10,168

16. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	2016 Total funds £000	2015 Total funds £000
Tangible fixed assets	-	-	17,314	17,314	13,313
Current assets	144	4,797	7	4,948	1,703
Current liabilities	-	(4,984)	-	(4,984)	(1,121)
Non-current liabilities	-	(663)	-	(663)	(725)
Pension scheme liability	-	(514)	-	(514)	(159)
Total net assets	144	(1,364)	17,321	16,101	13,011

17. Capital Commitments

There are no capital commitments not provided for in the financial statements.

18. Commitments under Operating Leases

At 31 August 2016 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was

	2016 £000	2015 £000
Land and Buildings		
Amounts due within one year	516	422
Amounts due between one and five years	142	88
Amounts due after five years	35	52
TOTAL	693	562

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

19. Reconciliation of Net Income / (Expenditure) to Net Cash Inflow from Operating Activities

	2016	2015
	£000	£000
Net income / (expenditure)	3,382	(935)
Depreciation	1,771	961
Capital grants from DfE and other capital income	(5,466)	(744)
Defined benefit pension scheme costs less contributions payable	80	90
Defined benefit pension scheme finance cost	(16)	12
Increase in debtors	(1,183)	164
Increase in creditors	3,801	701
Net cash provided by operating activities	2,369	249

20. Cash Flows from Investing Activities

	2016	2015
	£000	£000
Purchase of tangible fixed assets	(5,773)	(564)
Capital grants from DfE/EFA	5,466	744
Net cash (used in) / from financing activities	(307)	180

21. Cash Flows from Financing Activities

	2016	2015
	£000	£000
Interest received	-	-
Net cash outflow from capital expenditure and financial investment	-	-

22. Analysis of Cash and Cash Equivalents

	2015	2016
	£000	£000
Cash in hand and at bank	3,218	1,156
Total cash and cash equivalents	3,218	1,156

23. Members' Liabilities

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

24. Pension and Similar Obligations

Overview

The academy's employees belong to two principal pension schemes which are both defined-benefit schemes:

1. Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and
2. Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by Essex Pension Fund.

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

Contributions amounting to £271,350 were payable to the schemes at 31 August 2016 (2015: £159,568) and are included within creditors.

1. Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

RUSSELL EDUCATION TRUST
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Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £642,857.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

2. Local Government Pension Scheme

Each Local Government Pension Scheme is a multi-employer funded defined-benefit scheme with the assets held in separate trustee-administered funds. The Trust is currently part of five different funds:

- London Borough of Barnet Pension Fund (St Andrew the Apostle School);
- Avon Pension Fund (Bristol Free School);
- East Sussex Pension Fund (King's School);
- London Borough of Richmond upon Thames Pension Fund (Turing House School); and
- Surrey County Council Pension Fund (Russell Education Trust central staff).

The total contributions made for the year ended 31 August 2016 was £265,926 of which employee's contributions totalled £77,992 and employer's contributions totalled £188,913. The agreed contribution rates for future years are between 5.5% and 12.5% for employees and between 13.7% and 23.8% for employers.

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.

2.a Principal Actuarial Assumptions

	2016 Range		2015 Range	
	From	To	From	To
Rate of increase in salaries - employer specific	3.2%	4.1%	3.8%	4.6%
Rate of increase for pensions in payment / inflation	1.8%	2.3%	2.3%	2.7%
Discount rate for scheme liabilities	2.0%	2.2%	3.8%	4.0%
Inflation assumption (CPI)	1.8%	2.7%	2.3%	2.7%
Inflation assumption (RPI)	n/a	n/a	3.2%	3.6%
Commutation of pensions to lump sums	n/a	n/a	50.0%	50.0%

RUSSELL EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2016

2.b Mortality Expectations

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

	2016 Range		2015 Range	
	From	To	From	To
Retiring today				
Males	22.1	23.5	22.1	23.4
Females	24.4	26.0	24.4	25.9
Retiring in 20 years				
Males	24.2	25.9	24.2	25.8
Females	26.8	28.9	26.7	28.8

2.c Estimated Share of Assets and Expected Rates of Return

The estimated share of the assets in the schemes attributable to the Trust and the average expected rates of return across the schemes were:

	2016 Fair Value £000	2015 Fair Value £000
Gilts	59	25
Equities	316	168
Other Bonds	56	35
Property	44	21
Alternative Assets	63	27
Cash	3	5
Total Market Value of Assets	541	281
Present value of scheme liabilities funded	(1,055)	(440)
Deficit in the scheme	514	(159)

2.d Amounts Recognised in the Statement of Financial Activities

	2016 £000	2015 £000
Current service cost	222	208
Past service costs	-	-
Net cost	222	208

2.e Movements in Present Benefit Obligations during the Year

	2016 £000	2015 £000
At 1 September	440	172
Current service cost	222	208
Employee contributions	54	43
Actuarial gain / loss	320	5
Benefits paid	(2)	-
Interest on pension liabilities	19	12
At 31 August	1,053	440

2.f Movements in the Present Value of Defined Benefit Assets

	2016 £000	2015 £000
At 1 September	281	130
Expected return on assets	34	10
Actuarial gain / loss	29	(10)
Employer contributions	145	108
Employee contributions	54	43
Assets transferred in	(2)	-
Benefits paid	(2)	-
At 31 August	539	281

RUSSELL EDUCATION TRUST
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25. Related Party Transactions

During the year £156,417 (2015: £120,372) was paid (at cost) to Education London Limited for school improvement services with no monies owing at year-end for these services.

Education London Limited provided a short term working capital loan of £65k in 2010-11 that is included within other creditors at the 2015-16 year end. Furthermore, £53k (2015: £53k) arising from 2012-13 salaries chargeable to RET but borne by Education London remains repayable by RET to Education London. No additional liabilities falling to RET have arisen since RET became a Multi academy Trust.

All companies are related by common directors and Education London is the Principal Sponsor of Russell Education Trust. The relationships are more fully described in the Directors' Report.

26. Central Services

The academy trust has provided the following central services to its academies (including Becket Keys which is in a related trust) during the year:

- Corporate governance in line with the obligations imposed by company and charity law as well as by the DfE / EFA
- School improvement
- Payroll support and training
- Governor support including clerking
- Premises project management
- ICT coordination and support
- Others as arising
- Finance and accounting
- Human resources

The Trust charges for these services using a flat percentage rate of 6.5% of the school's total budget in its first year of operations, which reduces by 0.5% per annum during the lifetime of the school to a minimum of 3.5%. The Trust also charges using a flat rate for finance and bursarial services of £25k per annum and between £18k and £30k per annum for specific curriculum support. All charges are subject to review by the governing bodies of the Trust's schools. The actual amounts charged during the year were as follows:

RET School	2016 £000	2015 £000
Bristol Free School	376	204
St Andrew the Apostle School	202	168
King's School	139	283
Becket Keys School (related trust)	275	194
Turing House School	94	-
Total	1,086	849

27. Explanation of Transition to FRS102

It is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015, and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards. Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

	Note	31 August 2015 £000
Net income/(expenditure) previously reported under UK GAAP		(950)
Change in recognition of LGPS interest cost	A	Nil
Net movement in funds reported under FRS 102		(950)

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets within both income and expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income and expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015.

There are no adjustments to Total Funds for holiday pay accruals as the Trust's annual leave year for all employees runs from September to August and employees are not permitted to carry forward annual leave.

28. Ultimate Controlling Party

The directors consider there to be no ultimate controlling party.

RUSSELL EDUCATION TRUST
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
RUSSELL EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY
YEAR ENDED 31 AUGUST 2016

Independent Assurance Report on Regularity to the Governing Body of Russell Education Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Russell Education Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of Russell Education Trust Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Russell Education Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment and operational effectiveness of the controls, policies and procedures;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement; and
- Formal representations have been obtained from the governing body and the Accounting Officer acknowledging their responsibilities for matters relating to regularity and propriety.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

UHY Hacker Young LLP
Chartered Accountants
Reporting Accountant

Quadrant House
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20 December 2016