



**RUSHEY MEAD EDUCATIONAL TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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## RUSHEY MEAD EDUCATIONAL TRUST

(A company limited by guarantee)

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2016

<b>Members</b>	Rachael Clarke Carolyn Robson Colin Forknall Jill Wilkinson Anthony Glover
<b>Trustees</b>	Anthony Glover Carolyn Robson Rita Hindocha Rachael Clarke Zoe Conneally Colin Forknall Margaret Taylor Jill Wilkinson Deepak Karia (appointed 18 October 2016) Hetal Parmar (appointed 18 October 2016) Cathy Brown (resigned 1 June 2016) Alison Greenhill (resigned 1 September 2015) Trevor Pringle (resigned 22 September 2015)
<b>Company registered number</b>	09079258
<b>Company name</b>	Rushey Mead Educational Trust
<b>Principal and registered office</b>	Rushey Mead Academy Melton Road Leicester LE4 7AN
<b>Company secretary</b>	Cathy Brown
<b>Senior management team</b>	Carolyn Robson, Chief Executive Officer David Wyatt, Chief Financial Officer Cathy Brown, Head of Governance Rita Hindocha, Secondary Partnership Lead Sarah Ridley, Primary Partnership Lead Jackie Gair, Associate Principal
<b>Independent auditors</b>	Clear and Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
<b>Bankers</b>	Lloyds Bank High Street Leicester LE1 4FP

**RUSHEY MEAD EDUCATIONAL TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Rushey Mead Educational Trust (RMET) was established in June 2014 to provide a local academy sponsorship solution and became fully operational in November 2015 with its first two academies, Rushey Mead Academy, the lead academy, and Northfield House Primary Academy, the sponsored academy. Since 2015, RMET has taken on a further three converter academies and currently operates **1 secondary and 4 primary** academies in Leicester, which together have pupils aged from pre-school to 16 years. The academies had a combined pupil capacity of **2760** and had a roll of **2788** in the school census in October 2016 (numbers do not include the Foundation 1 children). RMET has a combined General Annual Grant (GAG) of £8M.

RMET has always been underpinned by a strong moral purpose and commitment to improving life chances for all young people; there has been a long history of collaboration and system leadership through the National Support School at Rushey Mead Academy, its Teaching School Alliance and SCITT. RMET is deliberately a cross phase entity, believing that it has much to learn from each other and that primary colleagues in particular have a rich, holistic understanding of their learners.

The Board of RMET is determined to create a high performing Multi-Academy Trust that delivers the very best educational experience for pupils at both primary and secondary level. As a Trust, it will build on reciprocity and partnership to develop excellent opportunities and ambitious, aspirational outcomes for all, whilst nurturing self-worth and resilience.

The ambition of the Trust is to deliver growth in its membership in order to create both value for money central services and also a highly responsive school improvement model. RMET will extend the Trust's reach and impact in the local community by planned growth over the next six to eighteen months. RMET will achieve this growth through structured responses to membership requests, undertaking appropriate due diligence. To operate the most efficient and effective services RMET envisages a Multi-Academy Trust with a minimum of 4,000-5,000 pupils and a central trust budget of over £1M.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### ● **Constitution**

Rushey Mead Educational Trust is a company limited by guarantee (No. 9079258) and an exempt charity in accordance with the Academies Act 2010. The charitable company was incorporated on 10th June 2014.

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreements with the Department for Education (DfE). The Trustees of RMET are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Rushey Mead Educational Trust.

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

RMET's **Governance Charter** sets out the fundamental principles of the organisation and the rules of governance. The Trust Board has overall responsibility and ultimate decision-making authority but delegate's authority to two key groups in order to ensure effective leadership and governance: the Executive Team and Local Governing Bodies. A **roles and responsibilities matrix** outlines decision-making processes at all levels within the Trust.

Each academy has a Local Governing Body which is governed by a Scheme of Delegation, which is individual to the academy and its Local Governing Body, and a constitution and terms of reference.

The core business of each academy's Local Governing Body is:

- Reviewing and monitoring the Academy Improvement Plan;
- Monitoring and reviewing progress and attainment;
- Financial accountability, making sure that the budget is on track and the money is spent well;
- Reviewing and monitoring the curriculum.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

Governance is such an important aspect of the Trust that it has, during this last year, appointed a Head of Governance who will ensure effective governance throughout the Trust. It includes, induction, training and support of the Board and Local Governing Bodies and ensuring the Governance Charter is effectively implemented.

The Trust Board has a broad range of experience and ensures that it has the appropriate skills required to provide effective strategic leadership and oversight, including financial stewardship.

● **Members' liability**

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

● **Trustees' indemnities**

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

● **Method of recruitment and appointment or election of Trustees**

RMET has the following trustees as set out in its Articles of Association and Funding Agreement:

- up to 4 Trustees appointed by Members;
- up to 3 Academy Trustees appointed or elected by other Trustees;
- up to 1 Staff Trustee appointed by the Trustees;
- up to 2 Community Trustees appointed by the Trustees;
- the Chief Executive Officer;
- the Rushey Mead Academy Principal;
- a minimum of 2 Parent Trustees if not represented on the Academy Local Governing Bodies.

Trustees are appointed for a four year period, however, this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

● **Policies and procedures adopted for the induction and training of Trustees**

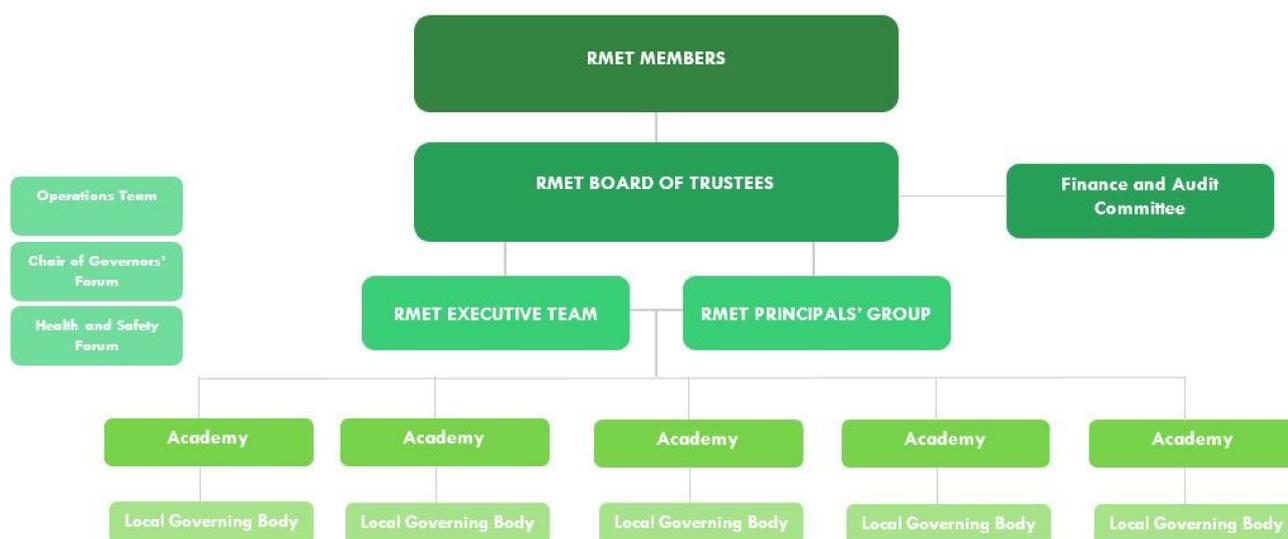
New Trustees are provided with an induction pack, containing the documents that they will need to undertake their role as Trustees. Induction tends to be done informally and is tailored specifically to the individual.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Organisational structure**

The RMET Board of Trustees hold a minimum of 3 meetings in every school year. The Trustees establish an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of committees and other groups.



**Members**

The members of the Rushey Mead Educational Trust, akin to shareholders, are subscribers to the Trust's memorandum of association. Members ensure that the Trust's activities are properly directed to achieving its objectives and are responsible for appointing the Board of Directors.

**Board of Trustees**

The Trustees of the Rushey Mead Educational Trust are responsible for conducting the affairs of the Trust to achieve its objectives, shaping the success of the Trust. The Board of Trustees delegate authority to central committees and to a Local Governing Body for each academy within the Trust.

**Local Governing Body**

Each academy has its own Local Governing Body who ensure that the academy meets its educational vision and targets. The extent of their powers is determined by the Scheme of Delegation and Constitution and Terms of Reference which varies from academy to academy within RMET.

**Executive Team**

The Executive Team is the executive management arm of the Academy Trust, focusing on operations and the educational performance of the academies. They operate under the leadership and direction of the CEO, who is by virtue of their position a Trustee of the Academy Trust. The Executive Team work directly with the Principals' Forum, Operational Team, staff in each academy and the Local Governing Bodies to ensure that the required outcomes are achieved in accordance with the direction and vision of the Trust Board.

**Principals Forum**

All the RMET academies' principals are members of the Principals' Forum which meets fortnightly and is integral to all school improvement activities. It makes recommendations and suggests developments to the Executive Team through the two partnership lead posts.

**Operational Team**

All the RMET academies' business managers are members of the Operational Team which meets fortnightly with RMET's Chief Financial Officer and is integral to all school business activities. It makes recommendations and suggests developments to the Executive Team through RMET's Chief Financial Officer.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Pay policy for key management personnel**

The pay levels of the key management personal have been benchmarked against comparable positions at similar sized Multi-Academy Trusts.

The Chief Executive Officer and Chief Financial Officer pay levels have been agreed by the RMET Finance and Audit Committee.

● **Connected organisations, including related party relationships**

Although there are a number of professional links to other schools and third party organisations, the Trust is an independent company with no affiliation to outside bodies.

The Trust works closely with a wide variety of organisations in the field of education, including but not restricted to:

- National College for School Leadership
- National Governors Association
- Challenge Partners
- The British Council
- Teaching Schools Council
- Freedom and Autonomy for Schools – National Association
- The Schools, Pupils and Teachers Network
- East Midlands Teaching Schools Alliance
- Leicester Teaching School Alliance
- Leicestershire Secondary SCITT
- Leicester City Educational Improvement Partnership
- Spencer Academies Trust

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**OBJECTIVES AND ACTIVITIES**

● **Objects and aims**

The Trust's mission statement is 'together we make a positive difference'.

Our mission statement demonstrates our fundamental belief that we can achieve more together than separately. We believe that we will be able to provide the best possible education for local young people where our academies create a climate within which young people will thrive. We will achieve this through strong collaboration, through strong executive leadership and management, through excellent learning, teaching and assessment, where our teachers are expert in their fields, and where we have effective local governance, a professional approach to our business, and sound financial management.

We have built our vision around a triangular building block to represent 3 key values; excellence, reciprocity, and community. These summarise important principles for the Trust so that we are always aiming high, working together, and serving diverse communities. The triangle shape also represents dynamic strength, stability, and a solid foundation. Under a set of guiding principles, each academy within RMET is encouraged to innovate to find solutions, to explore, and to enrich the Trust as a whole. Each academy is required to develop a unique ethos and character reflecting its community and context rather than the Trust imposing a predetermined solution. Where academies however, require sponsored solutions or strong intervention we will put in place a tight school improvement solution with much less flexibility and greater control.

RMET ensures its values of excellence, reciprocity, and community drive the school improvement strategy. In particular, it is committed to ensuring that all its young people, particularly the least advantaged, receive excellent teaching so that they can make progress that is outstanding. RMET as the employer of all staff within its academies provides high quality, professional development for its entire staff so they can develop their own learning and skills.

RMET is fully committed to a school led system, as already demonstrated through the Teaching School Alliance, SCITT, and Challenge Partners Hub. It believes that strong networks build capacity from within and a culture that is constantly reflective and outward focused.

Trust strategy begins from careful audits of each new school, understanding through due diligence processes as to the strengths and areas for development in each academy from the beginning. Each of our academies has a challenging improvement plan which is carefully monitored both by the academy's Local Governing Body and the RMET Executive Team, overseen by the Trust's board of directors. RMET also captures areas of expertise that can share capacity to support other academies as well as school specific requirements. Bespoke high quality packages of support are facilitated, using the Trust's network of system leadership and core services. The school improvement model ensures that schools needing full recovery have strong support and monitoring.

RMET Academies have been grouped into school improvement Pods – both single or cross phase as found most effective and relevant to specific circumstances. Each Pod has a system leader, acting as an Achievement Partner or in some cases, Executive Lead, who is responsible for monitoring and evaluating the performance of support offered to the academies as well as the performance of the academies themselves. They are key to our quality assurance processes and report directly to the Executive Team and Local Governing Bodies. RMET builds leadership and management capacity internally and train and deploy their own NLEs, LLEs, and SLEs from within the Teaching School Alliance.

A major benefit of the model is formalised school-to-school support, impacting directly on all young people. Leadership development and career opportunities within the Trust also directly impact on outcomes by providing secondment opportunities and breadth of experience to colleagues within the Trust. This school led system ensures RMET academies have strong networks and a strong voice in their own future. Schools which join RMET are able to help shape and develop its work and benefit both from the support they have received and the opportunities for school improvement they are in turn able to offer.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

- **Public benefit**

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The Trust supports schools, both inside and outside the Trust, through the National Support School status of two of its academies, delivery of professional development, through the Trust's Leicester Teaching School Alliance, and the sharing of effective practice and knowledge to ultimately benefit the wider community.

The Academy's public benefit is enshrined in its charitable objectives, which state "to play a role in the regeneration of communities that the academies serve by increasing the belief of parents and carers in the purpose and value of education and valuing the partnership with families and children."

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**

- **Key performance indicators**

RMET started the financial year with nil academies and ended the financial year with five academies. The Trust has developed a successful primary network, which includes collaborative working and mutual support. The RMET secondary academy and each RMET primary academy has their own Principal, apart from Northfield House who have had an Executive Head for the period from 1 November 2015. A Principal Designate from 1 February 2017 for Northfield House has been secured.

The Trust has developed both a primary and secondary School Improvement Focused Support and Intervention offer in addition to creating a School Improvement Framework.

All of the primary academies within the Trust were above floor target.

Rushey Mead Academy, the Trust's only secondary academy, exceeded national attainment levels and achieved 71.1% A\*Cs in English and maths (BASICS) which was the academy's best ever result.

The % of pupils achieving EBacc was significantly higher at 50% than National Average of 24%. This is an improvement on 2015.

- **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**FINANCIAL REVIEW**

● **Financial Review**

As at 31 August 2016 the Trust held £1,414,258 of unrestricted reserves plus £297,016 of unspent (non-fixed asset) restricted funds. The Trust therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £1,711,274

The Trust had a pension deficit on their Local Government Pension Scheme of £6,191,000 at 31 August 2016 and a fixed asset reserve of £29,729,908 (being the book value of past purchases £29,157,954 plus £571,954 of unspent capital grants.)

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Trust. The principle financial management policies adopted in the period are included in the Trust's internal financial policies and are typical for a Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Trust are the General Annual Grant (GAG) and other EFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the academy trust, subject to any remaining reserves.

The Trust's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Reserves policy**

The Trust Board review the actual reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The target setting level of reserves will be considered annually by the Finance and Audit Committee and this target will be recorded in the minutes of the committee. The level of reserves held is set at the Trust level, however, it is the expectation that each individual Academy will achieve a similar position. The Academy Trust needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding.

The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted non-designated funds, plus unspent General Annual Grant (GAG), should be approximately one month's costs for the five Academies, being approximately £1,300,000. Actual non-designated unrestricted funds plus unspent GAG as at 31 August 2016 were £1,473,311, being higher than the target level set by the Trustees by £173,311, which the Trustees expect to be used during the current 2016/17 academic year. The Academy Trust also held other available restricted funds at the year end of £149,690. Total available reserves at 31 August 2016, including designated funds of £88,273 set aside for Teaching School use, were £1,711,274. Cash at bank at 31 August 2016 was £1,663,211, being approximately in line with total available reserves.

Included within unrestricted funds above were designated funds of £88,273 at 31 August 2016. The Trustees have identified £40,000 as the minimum level of reserves to be held by the Teaching School as this represents the value of one year of the discretionary annual grant that could at any point in the future be withdrawn. The remaining reserves are set aside by the Trustees for school improvement projects across the Trust. This reserve is likely to be spent over the course of the next two years, ending on 31st August 2018.

At 31 August 2016 the Trust's fixed asset reserve of £29,729,908 represented £29,157,954 of funds which could only be realised if the assets were sold, plus £571,954 of unspent capital grants.

The only reserve in deficit at the year end was the pension reserve (deficit of £6,191,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Investments policy**

RMET's Investment Policy ensures that funds which the Academy Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk. Our aim is to spend the public monies with which we are entrusted for the direct education benefit of pupils as soon as is prudent. The Academy Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

The purpose of the RMET Investment Policy is:

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Guidelines are strict and include:

Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Finance and Audit Committee. Approval must be signed off and recorded in the committee minutes.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk. The Finance and Audit Committee will set a maximum level of investment with any single provider. This decision will be recorded in the minutes of this committee.

The main bank account for each academy attracts interest at the current rate of 0.1% regardless of any separate investment. This interest is paid directly into the bank account of the individual academies and is a true reflection of the interest earned on their own balances.

Currently, it is expected that surplus funds will be invested with the existing banker Lloyds Bank in an instant access deposit account. There is potential for a better rate of return from investing a single value that may be a contribution from any combination of Academies. The interest accrued would then be distributed proportionally to each academy.

The Finance and Audit Committee will receive a report at each meeting as to the performance of the investment.

The Chief Financial Officer will research alternative sources of investment return at least twice a year and will report to the Finance and Audit Committee the options available. Any decision to diversify the investments must be recorded in the minutes of this committee.

The Finance and Audit Committee will consider the ethical and moral standing of any alternative investment provider and they will ensure that this potential investment partner meet the standards that will be expected by the Trust Board

The aim is to reach an appropriate level of reserve to allow the management and the Finance and Audit Committee to explore alternative investment possibilities with criteria being:

- Investment with a different counterparty (in order to reduce counterparty risk);
- Consideration of whether there should be a maximum level of investment with a single approved counterparty; and
- A longer term investment with a higher return (but not high risk investments which are not in the best interests of the Academy Trust).

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

● **Principal risks and uncertainties**

The RMET financial and risks objectives are documented in its:

- Official Budgets
- Scheme of Delegation
- Financial Regulations
- Financial Risk Register

At the time of writing the RMET identified key risks are:

- National Curriculum changes at the same time as potential less funding from the government. Nationally we are going through a period of austerity measures meaning it may become more difficult to offer the breadth and width of KS3 & KS4 curriculum demands within future budget constraints;
- The future financial viability of the LGPS pension scheme and increases in employer payroll on-costs; and
- Ensuring that any new academies joining RMET have followed due diligence process to ensure that established academies within the Trust are not detrimentally affected.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**PLANS FOR FUTURE PERIODS**

• **Future developments**

RMET has clear strategic ambitions built on mission statement and values. Their 3-year corporate business plan sets out the following objectives to ensure that, as a Trust, it has clarity about it hopes to achieve. Together it holds collective responsibility for RMET pupils and ensures that it will strategically govern the trust to ensure excellence for all.

**DURING THE FIRST YEAR RMET PRIORITIES HAVE BEEN TO:**

- Ensure accuracy of due diligence for all RMET Academies so strengths and areas for development are known
- Introduce effective QA processes which support the development of RMET
- Establish collaborative Pods of academies which match need with strength and which commit to working together
- Centralise business and core services to reduce wastage and benefit from economies of scale
- Establish coherent, effective and manageable mechanisms by which members of RMET will communicate with each other
- Consider capacity and investigate ways in which greater pupil numbers might be accommodated

**BY 2019 ALL RMET ACADEMIES WILL:**

- Be high performing and improved academies, including those who they sponsor
- Provide aspirational environments where pupils thrive and parents and carers are fully engaged to support learning, development and progression
- Attract the very best professionals where all staff benefit from high quality professional development and career opportunities
- Have strong Governance and Leadership with effective quality assurance and accountability
- Operate within efficient and effective business arrangements which enable the trust to deliver on its commitments, and to grow and prosper.

**IN ORDER TO ACHIEVE THIS, RMET'S ACADEMIES WILL WORK TOGETHER TO:**

- Provide high quality teaching and learning so that every child and young person can access educational excellence, achieving to the best of his or her ability regardless of prior attainment or background
- Focus on safety and wellbeing so that every child and young person is safe and protected from harm and vulnerable children are supported to succeed with opportunities as good as those for any other child
- Invest in staff development to ensure that every member of RMET staff is valued equally and is able to be the best that they can be
- Create sustainable, viable and effective academy sponsorship which uses its strengths to support underperformance and which takes advantage of economies of scale
- Provide further capacity for the area's anticipated increase in pupil numbers

**Funds held as custodian**

The Academy Trust does not hold funds on behalf of any other organisations.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Auditors**

The auditors, Clear and Lane Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 14 December 2016 and signed on the board's behalf by:

**Anthony Glover**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Rushey Mead Educational 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Anthony Glover	5	5
Carolyn Robson	4	5
Rita Hindocha	4	5
Rachael Clarke	3	5
Zoe Conneally	4	5
Colin Forknall	5	5
Margaret Taylor	4	5
Jill Wilkinson	2	5
Cathy Brown	5	5
Alison Greenhill	0	0
Trevor Pringle	0	0

On 6 June 2016, Cathy Brown resigned from her position of Trustee because she took up post as Head of Governance for RMET. Since then, RMET identified a lack of business and financial expertise on their Board and have since started the recruitment process for a Trustee with such expertise.

The Finance and Audit Committee is a Committee of the main Board of Trustees. Its purpose is to incorporate the role of an Audit Committee; monitor, evaluate and review policy and performance in relation to financial management; to ensure compliance with reporting and regulatory requirements and reporting; to receive reports from the Responsible Officer; and to work with each of its academies to draft their annual budgets, including setting staffing levels. Whilst Local Governing Bodies draft their annual budget and set their own staffing levels, the RMET Board of Trustees has overall responsibility of approving or not approving these recommendations prior to submission to the EFA by 31 July each year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Cathy Brown	1	1
Rachael Clarke	1	1
Colin Forknall	1	1

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**GOVERNANCE STATEMENT (continued)**

**Review of Value for money**

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

The Accounting Officer considers how the Academy'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 Academy has delivered improved value for money during the year by:

- Centralisation of 'bespoke' business and management support with individual Academies. The objective of any change has been to enable the Academy Principals to fully focus on the core business of teaching and learning, raising standards, and achieving improved outcomes for pupils.
- Ensuring RMET business management arrangements are effective and efficient and enable the Trust to deliver its commitments, and to grow and prosper.
- Establishing forums for Principals, chairs of governors and business/ finance staff throughout the Trust to discuss and develop best practice.
- Providing appropriate training for finance staff to ensure that all academies within the Trust can utilise the benefits of a single finance system through PS Financials.
- Enabling each RMET academy participating in central contracts to openly and transparently share the financial savings that these efficiencies bring.
- Developing an income generation plan to ensure that the Trust remains financially robust going forward.
- Negotiated trust-wide contracts such as refuse collection. Reviewing all contracts held across the Trust, identifying opportunities to improve value for money.
- Staffing reviews - Appointment of a Primary and Secondary Partnership Lead, Primary Business Manager and ICT Lead

**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 ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Rushey Mead Educational Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 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.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**GOVERNANCE STATEMENT (continued)**

**The Risk and Control Framework**

The Academy'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 RMET Finance and Audit 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 Leicestershire County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The first internal audits under academy status took place in May and June 2016 respectively for Rushey Academy Trust and Northfield House Primary Academy. No material control issues were identified as a result of the internal auditor's review. The remaining three academies' internal audit visits will take place shortly.

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2016 and signed on their behalf, by:

**Anthony Glover**  
**Chair of Trustees**

**Carolyn Robson**  
**Accounting Officer**

## **RUSHEY MEAD EDUCATIONAL TRUST**

**(A company limited by guarantee)**

### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Rushey Mead Educational Trust I have considered my responsibility to notify the academy trust board of trustees 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 for Education. 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 board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 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.

**Carolyn Robson**  
**Accounting Officer**

Date: 14 December 2016

## **RUSHEY MEAD EDUCATIONAL TRUST**

**(A company limited by guarantee)**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of Rushey Mead Educational Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction 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 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 of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 14 December 2016 and signed on its behalf by:

**Anthony Glover**  
**Chair of Trustees**

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RUSHEY MEAD EDUCATIONAL TRUST**

We have audited the financial statements of Rushey Mead Educational Trust for the year ended 31 August 2016 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy'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 Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy 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.

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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RUSHEY MEAD EDUCATIONAL TRUST**

**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.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear and Lane Limited**

Chartered Accountants

340 Melton Road  
Leicester  
LE4 7SL  
15 December 2016

## **RUSHEY MEAD EDUCATIONAL TRUST**

**(A company limited by guarantee)**

### **INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO RUSHEY MEAD EDUCATIONAL TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 February 2016 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 Rushey Mead Educational Trust during the year 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 Rushey Mead Educational Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Rushey Mead Educational 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 Rushey Mead Educational Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Rushey Mead Educational Trust's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Rushey Mead Educational Trust's funding agreement with the Secretary of State for Education dated 10 June 2014, 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 year 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's income and expenditure.

**RUSHEY MEAD EDUCATIONAL TRUST**

**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO RUSHEY MEAD  
EDUCATIONAL TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear and Lane Limited**

Chartered Accountants

340 Melton Road

Leicester

LE4 7SL

15 December 2016

**RUSHEY MEAD EDUCATIONAL TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
<b>INCOME FROM:</b>				
Donations & capital grants:				
Transfer from Local Authority on conversion	2	1,547,451	(4,642,889)	30,205,664
Other donations and capital grants	2	921	-	35,948
Charitable activities	3	192,813	9,432,020	-
Other trading activities	4	80,135	-	-
Investments	5	11,918	-	-
<b>TOTAL INCOME</b>	<u>1,833,238</u>	<u>4,789,131</u>	<u>30,241,612</u>	<u>36,863,981</u>
<b>EXPENDITURE ON:</b>				
Raising funds		48,047	-	-
Charitable activities		186,438	9,526,194	582,120
<b>TOTAL EXPENDITURE</b>	6	<u>234,485</u>	<u>9,526,194</u>	<u>582,120</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<u>1,598,753</u>	<u>(4,737,063)</u>	<u>29,659,492</u>
Transfers between funds	18	(184,495)	114,079	70,416
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>		<u>1,414,258</u>	<u>(4,622,984)</u>	<u>29,729,908</u>
Actuarial losses on defined benefit pension schemes	23	-	(1,271,000)	-
<b>NET MOVEMENT IN FUNDS</b>		<u>1,414,258</u>	<u>(5,893,984)</u>	<u>29,729,908</u>
<b>RECONCILIATION OF FUNDS:</b>				
Total funds brought forward		-	-	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,414,258</u>	<u>(5,893,984)</u>	<u>29,729,908</u>

The notes on pages 26 to 50 form part of these financial statements.

**RUSHEY MEAD EDUCATIONAL TRUST****(A company limited by guarantee)****REGISTERED NUMBER: 09079258****BALANCE SHEET  
AS AT 31 AUGUST 2016**

	Note	£	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	13		<b>29,157,954</b>
<b>CURRENT ASSETS</b>			
Stocks	14	<b>36,175</b>	
Debtors	15	<b>1,078,680</b>	
Cash at bank and in hand		<b>1,663,211</b>	
		<b>2,778,066</b>	
<b>CREDITORS: amounts falling due within one year</b>	16	<b>(357,535)</b>	
<b>NET CURRENT ASSETS</b>			<b>2,420,531</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>31,578,485</b>
<b>CREDITORS: amounts falling due after more than one year</b>	17		<b>(137,303)</b>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>31,441,182</b>
Defined benefit pension scheme liability	23		<b>(6,191,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>25,250,182</b>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted income fund	18	<b>297,016</b>	
Fixed asset fund	18	<b>29,729,908</b>	
		<b>30,026,924</b>	
Restricted funds excluding pension liability		<b>(6,191,000)</b>	
Pension reserve			
Total restricted funds			<b>23,835,924</b>
Unrestricted income funds	18		<b>1,414,258</b>
<b>TOTAL FUNDS</b>			<b>25,250,182</b>

The financial statements were approved by the Trustees, and authorised for issue, on 14 December 2016 and are signed on their behalf, by:

**Anthony Glover**  
**Chair of Trustees**

The notes on pages 26 to 50 form part of these financial statements.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	20	<u>1,149,756</u>
<b>Cash flows from investing activities:</b>		
Interest received		1,391
Purchase of tangible fixed assets		(187,736)
Capital grants from DfE and other capital income		139,273
Local Authority capital fund donated on conversion		<u>560,527</u>
<b>Net cash provided by investing activities</b>		<u>513,455</u>
<b>Change in cash and cash equivalents in the year</b>		<b>1,663,211</b>
Cash and cash equivalents at 1 September 2015		<u>-</u>
<b>Cash and cash equivalents at 31 August 2016</b>	21	<u><u>1,663,211</u></u>

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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.

Rushey Mead Educational Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Rushey Mead Educational 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 Rushey Mead Educational Trust for the period 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. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The reported financial position for the previous period is not affected by the transition to FRS 102.

**1.2 FUND ACCOUNTING**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Education Funding Agency.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities incorporating income and expenditure account 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 statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

Donated fixed assets are 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.

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

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

**1.4 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 are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities costs are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust's apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.5 GOING CONCERN**

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account.

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 incorporating income and expenditure account.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	2-5% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	15% Straight line
Computer equipment	-	25% Straight line

**1.7 OPERATING LEASES**

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 STOCKS**

Stocks are valued at the lower of cost and value in use.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

**1.9 TAXATION**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy 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.

**1.10 CASH AT BANK AND IN HAND**

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

**1.11 LIABILITIES AND PROVISIONS**

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 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.

**1.12 PENSIONS**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 23, 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 for accounting purposes and the contributions recognised in the period to which they relate.

**RUSHEY MEAD EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**1. ACCOUNTING POLICIES (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities incorporating income and expenditure account 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

**1.13 CONVERSION TO AN ACADEMY TRUST**

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

The assets and liabilities transferred on conversion from Rushey Mead School, Northfield House Primary School, Knighton Fields Primary School, Willowbrook Primary School and Thurnby Lodge Primary School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with corresponding amounts recognised in 'Donations and capital grants - transfer from Local Authority on conversion' in the statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion and simultaneous entry into the Academy Trust, the Academy was gifted property from Leicester City Council with respect to each school. This was valued at depreciated replacement cost by the Education Funding Agency (EFA) at the date of conversion or alternate methods which are detailed in note 13. The amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies. Other Fixed Assets have been valued on a the basis of open market value as at the date of conversion, by the Trustees.

The pension liability inherited on conversion has been included at the valuation determined by the pension scheme actuary at the date of the conversion.

Further details of the transaction are set out in note 22.

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**1. ACCOUNTING POLICIES (continued)**

**1.14 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.

**Defined benefit pension scheme**

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 23, 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 2013 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.

**Tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

**2. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Transfer from Local Authority on conversion	<b>1,547,451</b>	<b>(4,642,889)</b>	<b>30,205,664</b>	<b>27,110,226</b>
Donations	<b>921</b>	-	-	<b>921</b>
Capital grants	-	-	<b>35,948</b>	<b>35,948</b>
Total donations and capital grants	<b>1,548,372</b>	<b>(4,642,889)</b>	<b>30,241,612</b>	<b>27,147,095</b>

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
<b>DfE/EFA grants</b>			
General Annual Grant (GAG)	-	7,717,101	7,717,101
Other DfE/EFA grants	103,783	1,137,881	1,241,664
	<u>103,783</u>	<u>8,854,982</u>	<u>8,958,765</u>
<b>Other government grants</b>			
Special Educational Needs (SEN)	-	116,992	116,992
Early Years Single Funding Formula (EYSFF)	-	67,097	67,097
Pride Grant - Philharmonic Orchestra	-	7,310	7,310
Big Lottery	-	7,589	7,589
	<u>-</u>	<u>198,988</u>	<u>198,988</u>
<b>Other funding</b>			
Ensemble project	-	96,329	96,329
Science Hub & Spoke	-	16,667	16,667
Digital Leicester Network Project	-	5,000	5,000
Other funding	-	1,014	1,014
School Centred Initial Teacher Training (SCITT)	-	259,040	259,040
Teaching School	89,030	-	89,030
	<u>89,030</u>	<u>378,050</u>	<u>467,080</u>
	<u><u>192,813</u></u>	<u><u>9,432,020</u></u>	<u><u>9,624,833</u></u>

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Lettings	21,426	-	21,426
Consultancy	47,199	-	47,199
Other income	11,510	-	11,510
	<u>80,135</u>	<u>-</u>	<u>80,135</u>
	<u><u>80,135</u></u>	<u><u>-</u></u>	<u><u>80,135</u></u>

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**5. INVESTMENT INCOME**

	Unrestricted funds <b>2016</b> £	Restricted funds <b>2016</b> £	Total funds <b>2016</b> £
Bank interest	<b>11,918</b>	-	<b>11,918</b>

**6. EXPENDITURE**

	Staff costs <b>2016</b> £	Premises <b>2016</b> £	Other costs <b>2016</b> £	Total <b>2016</b> £
Expenditure on raising funds	<b>38,530</b>	-	<b>9,517</b>	<b>48,047</b>
Educational Operations:				
Direct costs	<b>6,228,370</b>	<b>431,980</b>	<b>729,079</b>	<b>7,389,429</b>
Support costs	<b>1,252,093</b>	<b>604,284</b>	<b>1,048,946</b>	<b>2,905,323</b>
	<b>7,518,993</b>	<b>1,036,264</b>	<b>1,787,542</b>	<b>10,342,799</b>

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**FOR THE YEAR ENDED 31 AUGUST 2016**

**7. CHARITABLE ACTIVITIES**

	Total funds 2016 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>	
Teaching and educational support staff costs - salaries	4,747,007
Teaching and educational support staff costs - NI	427,050
Teaching and educational support staff costs - pensions	921,368
LGPS pension interest cost (£198,000) less return on assets (£94,000)	104,000
Educational supplies	111,415
Examination fees	94,478
Staff development	35,939
Other direct costs	262,810
School Centred Initial Teacher Training (SCITT)	128,127
Depreciation	436,590
Technology costs	120,645
	7,389,429
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>	
Support staff costs - salaries	1,028,245
Support staff costs - NI	56,744
Support staff costs - pensions	158,555
Termination of Building Schools for the Future (BSF) contract	163,256
Support staff costs	9,582
Recruitment	7,163
Maintenance of premises and equipment	133,239
Cleaning	42,070
Rates	70,108
Insurance	70,778
Depreciation	145,530
Catering	217,320
Legal and professional fees	5,628
Other support costs	249,944
Security and transport	41,408
Technology costs	214,672
Energy costs	150,596
Governance	140,485
	2,905,323
	10,294,752

The above amount in relation to the termination of the Building Schools for the Future (BSF) contract of £163,256 relates to a 'buy out' fee the Academy incurred as a result of the conversion process. The above amount is fully inclusive of all associated legal fees, with £9,477 already paid and the remaining balance of £153,779 being repayable over a 7 year period by means of deductions from future General Annual Grant. (See note 17).

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**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>
	<b>£</b>
Depreciation of tangible fixed assets:	
- capitalised by the charity	<b>582,120</b>
Auditors' remuneration - audit	<b>12,000</b>
Auditors' remuneration - other services	<b>32,080</b>
Governance internal audit costs	<b>2,360</b>
Operating lease rentals	<b>12,583</b>
	<b><u>          </u></b>

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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b> <b>£</b>
Wages and salaries	5,813,782
Social security costs	483,794
Operating costs of defined benefit pension schemes	1,079,923
	7,377,499
Supply staff costs	141,494
	7,518,993

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

	<b>2016</b> <b>No.</b>
Teachers	163
Administration and support	268
Management	9
	440

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

	<b>2016</b> <b>No.</b>
In the band £70,001 - £80,000	1
In the band £110,001 - £120,000	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016 pension contributions for these staff members amounted to £31,000.

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 £427,837. These figures include salary costs of all Trustees employed by the Academy Trust, even where they have no management role within their employment.

**10. CENTRAL SERVICES**

Various central services were provided in the period to constituent academies but the associated costs were covered by EFA conversion grants and other EFA grants provided for leadership or school improvement so no central services charges were required during the period. From 1 September 2016 a central services charge of 5% of General Annual Grant income has been applied.

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 3 Trustees in respect of defined contribution pension schemes.

One or more Trustees has been paid remuneration from an employment with the Academy Trust. The Chief Executive Officer, Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer, Principal and other staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Trustees' remuneration for the 10 month period ended 31 August 2016 was as follows:

Carolyn Robson (Chief Executive Officer and Trustee)  
Remuneration £110,000 - £115,000  
Employer's pension contributions £15,000 - £20,000

Rita Hindocha (Principal and Trustee)  
Remuneration £70,000 - £75,000  
Employer's pension contributions £10,000 - £15,000

Zoe Conneally (Staff Trustee)  
Remuneration £40,000 - £45,000  
Employer's pension contributions £5,000 - £10,000

During the year, no Trustees received any benefits in kind.  
During the year, no Trustees received any reimbursement of expenses.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

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

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**13. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2015	-	-	-	-
Additions	28,728,328	598,167	413,579	29,740,074
At 31 August 2016	<u>28,728,328</u>	<u>598,167</u>	<u>413,579</u>	<u>29,740,074</u>
<b>DEPRECIATION</b>				
At 1 September 2015	-	-	-	-
Charge for the year	442,326	72,870	66,924	582,120
At 31 August 2016	<u>442,326</u>	<u>72,870</u>	<u>66,924</u>	<u>582,120</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u><u>28,286,002</u></u>	<u><u>525,297</u></u>	<u><u>346,655</u></u>	<u><u>29,157,954</u></u>

The land and buildings are held on 125 year leases with the Local Authority. The cost of the land and buildings were arrived at in the year using the EFA standard valuation on a depreciated replacement cost basis provided to the Academy for Rushey Mead Academy and Northfield House Primary Academy.

For Knighton Fields Primary Academy, Thurnby Lodge Primary Academy and Willowbrook Primary Academy the EFA standard valuations have yet to be provided by the EFA. For these Academies estimated values have been calculated as an interim measure based on the expectation of the valuation approach taken by the EFA. This estimated method has been based on values per square meter of usable floor area discounted for the age of the school buildings. Any significant difference between these values and the final valuations issued by the EFA will be reflected in the financial statements to 31 August 2017.

The above two methods provided a value for the land and buildings as at the date of conversion.

The trust's transactions relating to land and buildings in the year included:

- land and buildings which were donated by the Local Authority at a value of £28,728,328.

**14. STOCKS**

	<b>2016</b>
	<b>£</b>
Classroom and other materials	<u><u>36,175</u></u>

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**15. DEBTORS**

	2016 £
Trade debtors	81,174
VAT recoverable	209,253
Other debtors	16,716
Prepayments and accrued income	771,537
	<u>1,078,680</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £
Other loans	16,476
Trade creditors	134,844
Other creditors	2,190
Accruals and deferred income	204,025
	<u>357,535</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £
Other loans	137,303
	<u>137,303</u>

Included within the above are amounts falling due as follows:

	2016 £
<b>BETWEEN ONE AND TWO YEARS</b>	
Other loans	21,968
	<u>21,968</u>
<b>BETWEEN TWO AND FIVE YEARS</b>	
Other loans	65,905
	<u>65,905</u>
<b>OVER FIVE YEARS</b>	
Other loans	49,430
	<u>49,430</u>

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**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2016</b>
	<b>£</b>
Repayable by instalments	<b>49,430</b>

The above creditor relates to the early termination of the Building Schools for the Future (BSF) contract. The total creditor is repayable over a 7 year period and is to be repaid via future deductions from General Annual Grant.

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**18. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>DESIGNATED FUNDS</b>						
Teaching School	-	-	-	88,273	-	88,273
<b>UNRESTRICTED FUNDS</b>						
General Funds	-	1,833,238	(234,485)	(272,768)	-	1,325,985
Total Unrestricted funds	-	1,833,238	(234,485)	(184,495)	-	1,414,258
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant	-	7,717,101	(7,683,854)	114,079	-	147,326
Pupil Premium	-	715,909	(709,537)	-	-	6,372
Other DfE/EFA grants	-	421,972	(361,001)	-	-	60,971
Other government grants	-	198,988	(191,425)	-	-	7,563
Other restricted donations	-	378,050	(354,691)	-	-	23,359
Voluntary income	-	56,111	(4,686)	-	-	51,425
Pension reserve	-	(4,699,000)	(221,000)	-	(1,271,000)	(6,191,000)
	-	4,789,131	(9,526,194)	114,079	(1,271,000)	(5,893,984)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
DfE/EFA capital grants	-	139,273	(9,179)	-	-	130,094
Transfer from Local Authority	-	29,552,339	(568,346)	-	-	28,983,993
Capital refresh	-	550,000	-	(24,450)	-	525,550
Capital expenditure from GAG	-	-	(4,595)	94,866	-	90,271
	-	30,241,612	(582,120)	70,416	-	29,729,908
Total restricted funds	-	35,030,743	(10,108,314)	184,495	(1,271,000)	23,835,924
Total of funds	-	36,863,981	(10,342,799)	-	(1,271,000)	25,250,182

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

Designated funds

The teaching school fund relates to historic surpluses which have been built up prior to conversion to an Academy plus any subsequent surpluses generated.

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**18. STATEMENT OF FUNDS (continued)**

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year. The transfer to GAG relates to an amount transferred from unrestricted funds of £195,495 to equalise a GAG deficit on Rushey Mead Academy plus a transfer from the capital refresh fund of £24,450 in relation to ICT consultancy expenditure, net of a transfer from GAG of £94,866 towards fixed asset additions purchased in the period.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. The closing balance relates to Pupil Premium.

The DfE/EFA restricted funds grants consists of Universal Infant Free School Meals (UIFSM), PE Sport Grant, D&T Expert Panel, income from National College for Teaching and Leadership (NCTL) and conversion grant income. The closing balance relates to NCTL £22,840, D&T Expert Panel £461 and conversion grants of £37,670.

Other government grants consists of Special Educational Needs (SEN) income, Early Years Single Funding Formula (EYSFF), Pride Grant and Big Lottery income. The closing balance relates to the pride grant £7,310 and Big Lottery £253.

Other restricted donations consists of School Centred Initial Teacher Training (SCITT), Young Enterprise, Ensemble, Milk, Digital Leicester Network Project, Science Hub and Spoke, Research grant and Challenge Partners. The closing balance relates to SCITT £18,112, Digital Leicester Network Project £4,300 and Science Hub and Spoke £947.

Voluntary income relates to part of the transfer from Local Authority in relation to the SCITT and Teaching School, part of which was repayable shortly after conversion with the closing balance relating to Special Leaders of Education online community fund £5,000 and SCITT £46,425.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE/EFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned plus unspent funds of £46,404.

The transfer from Local Authority relates to the value of £29,552,339 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

The capital refresh money is an amount which has been reserved for capital expenditure which stems from when Rushey Mead School was under Local Authority control. The expenditure in the year relates to ICT consultancy in order to formulate an appropriate strategy going forward. The closing balance relates to unspent funds and can only be used towards capital expenditure in Rushey Mead Academy, rather than in other Trust academies within Rushey Mead Educational Trust.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from designated and restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

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.

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**18. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £
Rushey Mead Academy	1,199,977
Knighton Fields Primary Academy	128,057
Northfield House Primary Academy	135,239
Thurnby Lodge Primary Academy	57,770
Willowbrook Primary Academy	190,231
	1,711,274
Total before fixed asset fund and pension reserve	1,711,274
Restricted fixed asset fund	29,729,908
Pension reserve	(6,191,000)
	25,250,182
Total	25,250,182

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
Rushey Mead Academy	4,609,222	1,003,985	66,691	1,648,921	7,328,819
Knighton Fields Primary Academy	177,980	37,530	776	57,432	273,718
Northfield House Primary Academy	970,385	137,122	23,856	317,961	1,449,324
Thurnby Lodge Primary Academy	159,831	20,499	257	47,096	227,683
Willowbrook Primary Academy	349,482	52,957	1,819	76,877	481,135
	6,266,900	1,252,093	93,399	2,148,287	9,760,679
	6,266,900	1,252,093	93,399	2,148,287	9,760,679

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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	29,157,954	29,157,954
Current assets	1,414,258	791,858	571,954	2,778,070
Current liabilities	-	(357,539)	-	(357,539)
Non-current liabilities	-	(137,303)	-	(137,303)
Pension scheme liability	-	(6,191,000)	-	(6,191,000)
	<u>1,414,258</u>	<u>(5,893,984)</u>	<u>29,729,908</u>	<u>25,250,182</u>

**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £
Net income for the year (as per Statement of financial activities)	26,521,182
<b>Adjustment for:</b>	
Depreciation charges	582,120
Interest receivable	(1,391)
Increase in stocks	(36,175)
Increase in debtors	(1,078,680)
Increase in creditors	494,838
Capital grants from DfE and other capital income	(30,252,138)
Defined benefit pension scheme cost less contributions payable	117,000
Defined benefit pension scheme finance cost	104,000
Net gain on assets and liabilities from Local Authority on conversion	4,699,000
<b>Net cash provided by operating activities</b>	<u>1,149,756</u>

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £
Cash in hand	1,663,211
Total	<u>1,663,211</u>

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**22. CONVERSION TO AN ACADEMY TRUST**

On 1 November 2015 Rushey Mead School converted with Northfield House Primary School to Academy Trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to Rushey Mead Educational Trust from Leicester City Council for £NIL consideration. During the period Knighton Fields Primary School and Willowbrook Primary School joined the Academy Trust on 1 June 2016 with the addition of Thurnby Lodge Primary School on 1 July 2016.

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 value 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 incorporating income and expenditure account as 'Donations & capital grants - 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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	28,728,328	28,728,328
- Other tangible fixed assets	-	-	824,010	824,010
Budget surpluses on LA funds	1,547,451	56,111	663,853	2,267,415
LGPS pension surplus/(deficit)	-	(4,699,000)	-	(4,699,000)
Net assets/(liabilities)	<u>1,547,451</u>	<u>(4,642,889)</u>	<u>30,216,191</u>	<u>27,120,753</u>

The surplus cash balances transferred from Leicester City Council on the conversions amounted to £2,291,719 for all 5 academies. (Consisting of the final bank balances transferred from Leicester City Council of £1,591,917, Capital Refresh monies of £560,527, plus balances at conversion for School Centred Initial Teacher Training (SCITT) of £46,425, Rushey Mead Teaching School of £91,586 and the Rushey Mead School Private Account of £1,264).

The above budget surpluses on LA funds includes this £2,291,719 of transferred cash, accruals adjusted downwards overall for income/expenditure of £24,304 reallocated between the Trust and the Local Education Authority.

**23. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are Multi-employer defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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**23. PENSION COMMITMENTS (continued)**

**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.

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £621,835.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £441,000., of which employer's contributions totalled £341,000. and employees' contributions totalled £100,000.. The agreed contribution rates for future years are 21.4% - 22.4% for employers and 5.5 - 12.5% for employees.

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**23. PENSION COMMITMENTS (continued)**

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.

Principal actuarial assumptions:

	<b>2016</b>
Discount rate for scheme liabilities	<b>2.10 %</b>
Rate of increase in salaries	<b>3.10 %</b>
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>
Inflation assumption (CPI)	<b>2.10 %</b>
Commutation of pensions to lump sums	<b>50.00 %</b>

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

	<b>2016</b>
Retiring today	
Males	<b>22.2</b>
Females	<b>24.3</b>
Retiring in 20 years	
Males	<b>24.2</b>
Females	<b>26.6</b>

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**23. PENSION COMMITMENTS (continued)**

The Academy's share of the assets in the scheme was:

	Fair value at 31 August <b>2016</b> £
Equities	<b>3,564,000</b>
Bonds	<b>891,000</b>
Property	<b>445,000</b>
Cash	<b>50,000</b>
Total market value of assets	<b>4,950,000</b>

The actual return on scheme assets was £94,000.

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2015 for the year to 31 August 2016, or date of joining the fund if later).

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**23. PENSION COMMITMENTS (continued)**

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2016 £
Current service cost (net of employee contributions)	(458,000)
Net interest cost	(104,000)
	(562,000)
	(562,000)

Movements in the present value of the defined benefit obligation were as follows:

	2016 £
Upon conversion	5,062,000
Current service cost	458,000
Interest cost	198,000
Employees contributions	100,000
Actuarial gains and (losses)	1,846,000
Liabilities assumed in a business combination	3,477,000
	11,141,000
	11,141,000

Movements in the fair value of the Academy's share of scheme assets:

	2016 £
Upon conversion	2,355,000
Return on plan assets (excluding net interest on the net defined pension liability)	94,000
Actuarial gains and (losses)	575,000
Employer contributions	341,000
Employees contributions	100,000
Assets acquired in a business combination	1,485,000
	4,950,000
	4,950,000

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions as at 31 August 2016:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount</b>
0.5% decrease in Real Discount Rate	13 %	1,486,000
1 year increase in member life expectancy	3 %	334,000
0.5% increase in the Salary Increase Rate	5 %	585,000
0.5% increase in the Pension Increase Rate	8 %	853,000

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**24. OPERATING LEASE COMMITMENTS**

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

	<b>2016</b>
	<b>£</b>
<b>AMOUNTS PAYABLE:</b>	
Within 1 year	<b>36,814</b>
Between 1 and 5 years	<b>46,940</b>
Total	<b>83,754</b>

**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/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.

**26. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The son of Anthony Glover, the Chair of the Trust, is employed by the Trust as a deputy head and is paid at a standard level for this role.

No other related party transactions took place in the period.