



RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2017

Members	Jane Creasy (appointed 24 January 2017) Azam Mamujee (appointed 24 January 2017) Kishor Tailor (appointed 24 January 2017) Chris Wilkins (appointed 24 January 2017) Jill Wilkinson Rachael Clarke (resigned 24 January 2017) Carolyn Robson (resigned 24 January 2017) Colin Forknall (resigned 24 January 2017) Anthony Glover (resigned 24 January 2017)
Trustees	Anthony Glover Carolyn Robson Rita Hindocha (resigned 27 June 2017) Rachael Clarke Zoe Conneally (resigned 27 June 2017) Colin Forknall Margaret Taylor Jill Wilkinson (resigned 25 January 2017) Deepak Karia (appointed 18 October 2016) Hetal Parmar (appointed 18 October 2016) Kamlesh Kotecha (appointed 21 March 2017)
Company registered number	09079258
Company name	Rushey Mead Educational Trust
Principal and registered office	Rushey Mead Academy Melton Road Leicester LE4 7AN
Company secretary	Cathy Brown
Senior management team	Carolyn Robson, Chief Executive Officer Russell Andrews, Deputy Chief Executive Officer David Wyatt, Chief Financial Officer Cathy Brown, Head of Governance Rita Hindocha, Secondary Partnership Lead Sarah Ridley, Primary Partnership Lead
Independent auditors	Magma Audit LLP Chartered Accountants Statutory Auditors 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank High Street Leicester LE1 4FP

RUSHEY MEAD EDUCATIONAL TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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

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 founding academy, and Northfield House Primary Academy, the sponsored academy. Rushey Mead Academy brought with it Leicester Teaching School and the Leicestershire Secondary SCITT (School Centred Initial Teacher Training) programme. Since 2015 RMET has taken on a further four converter academies and as of 31 August 2017 operates 1 secondary and 5 primary academies in Leicester, which together have pupils aged from pre school to 16 years. The academies had a total number of pupils on roll of 2,630 in the school census in October 2016 (numbers do not include the Foundation 1 children). RMET had a total income of around £20m in 2016/17.

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 aim of the Trust is to ensure there is a clear focus on raising standards and on improving leadership, governance, teaching and learning. RMET continues to develop a cost effective, sustainable organisation and a business model that delivers efficiency, effectiveness and economies of scale in order to free up more resources directly for pupils and for academy improvement. As a Trust, it is building on reciprocity and partnership to develop excellent opportunities and ambitious, aspirational outcomes for all, whilst nurturing self worth and resilience. Alongside this reciprocal partnership arrangement sit clear accountability measures facilitated by strong governance and quality assurance.

The Trust's first phase of development concentrated on building capacity in order to realise its ambition to assist schools with greater needs, including full recovery where required. The next phase for RMET as an 'established' multi academy trust is for carefully planned growth in the number of academies to create further capacity, informed by appropriate due diligence. The immediate plans are for a multi academy trust with a minimum of 4,000 - 5,000 pupils and a central trust budget of over £1m to enable RMET to operate efficient and effective services. The Trust will achieve this size in September 2017 and will continue to plan for further growth beyond this.

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 10 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 delegates 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.

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FOR THE YEAR ENDED 31 AUGUST 2017

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.

The Head of Governance ensures effective governance throughout the Trust, including induction, training and support to 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 out of the Department for Education's risk protection arrangement (RPA) scheme in favour of a comprehensive package of insurance with Zurich. This policy includes general coverage for Public Liability (£25m) Employers Liability (£25m) as well as a specific policy for Governor Liability (£2m). It is not possible to quantify the Trustees and officer indemnity element from the overall cost of the scheme as the insurance is costed on a per pupil basis.

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

RMET changed its Articles of Association during this financial year and these were approved by the Education and Skills Funding Agency on 23 November 2016. One of the changes was to the constitution of the Trust Board to remove the Staff Trustee and Rushey Mead Academy Principal.

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

- up to 6 Trustees appointed by Members;
- a minimum of 2 Parent Trustees if not represented on the Academy Local Governing Bodies;
- the Trust may also have any Co-opted Trustee appointed by the Trustees who are not Co-opted Trustees themselves.

For the period 1 September 2016 to 23 November 2016 the constitution of the Trust Board was covered by the previous Articles of Association which specified that RMET had the following Trustees:

- 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.

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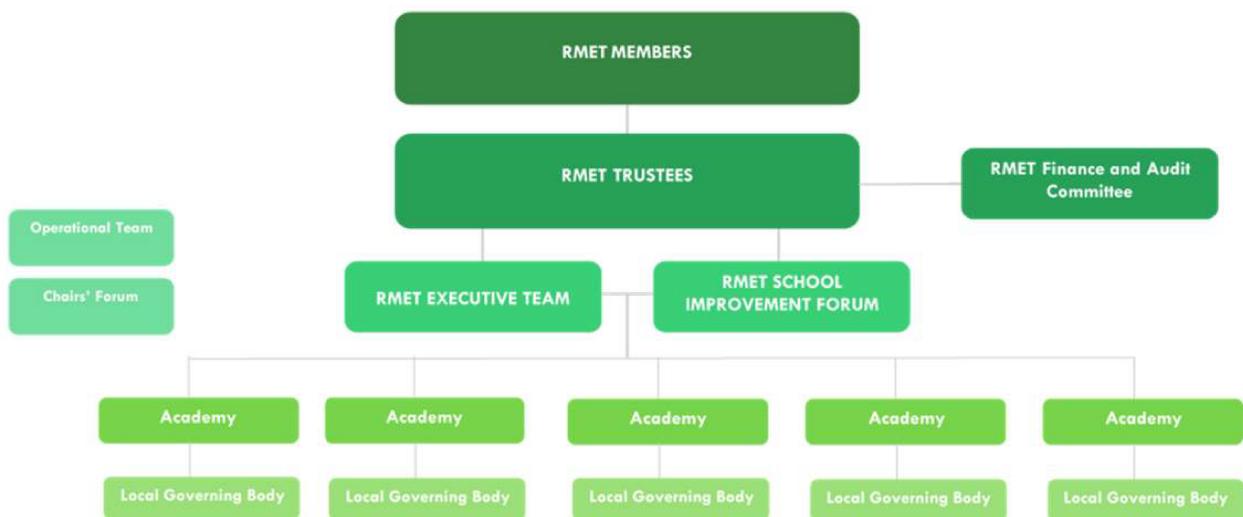
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

● **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.

● **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 Trustees.

Board of Trustees

The Trustees of RMET 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 works directly with the School Improvement Forum (Principals), 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.

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TRUSTEES' REPORT (continued)
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School Improvement Forum

All the RMET academies' principals are members of the School Improvement Forum which meets fortnightly, and has done so with the RMET Deputy Chief Executive Officer since his appointment in May 2017. This Forum is integral to all school improvement activities, making 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 the RMET Chief Financial Officer and is integral to all school business activities. It makes recommendations and suggests developments to the Executive Team through the Chief Financial Officer.

● **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

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.

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We have built our vision and values around the 7 Cs:

Challenge	Providing an excellent education by having high aspirations for all young people and giving them confidence in themselves, so they can become the best they can be and contribute actively to society.
Collaboration	Working effectively and harmoniously together across phases and accepting our shared accountability for meeting our aims.
Culture	Respecting and celebrating diversity and enabling children and young people to participate in, and respond to, artistic and cultural experiences.
Community	Building a safe and stimulating environment where caring relationships and kindness are consistently developed and communication is excellent.
Courage	Making sure all decisions are based on clear high moral values and commitment to doing the right thing with compassion and integrity.
Creativity	Providing pioneering, innovative, vibrant and enjoyable learning experiences that are open to all and based on research, so that the curriculum sits at the forefront of education.
Clarity	Developing transparent systems supported by consistency of messages and practice and a shared language.

Each academy is required to develop a unique ethos and character reflecting its community and context rather than the Trust imposing a predetermined solution. However, where academies 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 drive its key performance indicators and academy 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 Trustees. 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 academy improvement model ensures that academies needing full recovery have strong support and monitoring. RMET builds leadership and management capacity internally and trains and deploys 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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- **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

- **Key performance indicators**

RMET started the financial year with five academies and ended the financial year with six. 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 Primary Academy which has had an Executive Principal throughout the financial year 2016-17 and a Head of School from 1 January 2017.

The Trust has developed an Academy Improvement Framework.

At the end of the 2016-17 academic year, results for all five of the RMET primary academies were above floor target.

In the 2016-17 results Rushey Mead Academy, the Trust's only secondary academy to 31 August 2017, exceeded national attainment levels and improved its results on the previous year, achieving 58% Grade 5+ BASICS (English and Maths) and 77% Grade 4+. The percentage of students who achieved the EBacc (48%) was significantly higher than the 2016 national average of 24%.

- **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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FINANCIAL REVIEW

● **Financial Review**

The Academy had a net increase in funds for the year ended 31 August 2017 of £3,892,091 including fixed assets movements. As at 31 August 2017 the Trust held £1,625,129 of unrestricted reserves plus £783,961 of unspent (non-fixed asset) restricted funds. The Trust therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £2,409,090.

The Trust had a pension deficit on their Local Government Pension Scheme of £6,360,000 at 31 August 2017 and a fixed asset reserve of £33,183,183 (being the book value of past purchases £32,670,264 plus £512,919 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 year 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 ESFA/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.

● **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 a minimum of one month's salary costs for the five Academies, being approximately £1,200,000.

Actual non-designated unrestricted funds plus unspent GAG as at 31 August 2017 were £2,074,171, being higher than the target level set by the Trustees by £874,171, which the Trustees expect to be used during the current 2017/18 academic year. The Academy Trust also held other available restricted revenue funds at the year end of £316,414. Total available revenue reserves at 31 August 2017, including designated funds of £18,505 set aside for Teaching School use, were £2,409,090. Cash at bank at 31 August 2017 was £1,513,387 higher than total available reserves due principally due to capital income received in advance of payment plus various other accruals timing differences.

Included within unrestricted funds above were designated funds of £18,505 at 31 August 2017. The Trustees have identified £14,000 as the minimum level of reserves to be held by the Teaching School as this represents one month's salary costs. 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 31 August 2019.

At 31 August 2017 the Trust's fixed asset reserve of £33,183,183 represented £32,670,264 of funds which could only be realised if the assets were sold, plus £512,919 of unspent capital grants.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The only reserve in deficit at the year end was the pension reserve (deficit of £6,360,000) 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.

• **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.

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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).

● **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.

PLANS FOR FUTURE PERIODS

● **Future developments**

RMET has clear strategic ambitions built on its 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.

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.

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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, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Magma Audit LLP, 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 was approved by order of the Board of Trustees, as the company directors, on 12 December 2017 and signed on its 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 6 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	6	6
Carolyn Robson	5	6
Rita Hindocha	6	6
Rachael Clarke	3	6
Zoe Conneally	3	6
Colin Forknall	6	6
Margaret Taylor	5	6
Jill Wilkinson	2	4
Deepak Karia	5	5
Hetal Parmar	5	5
Kamlesh Kotecha	2	2

During the 2016/17 financial year the governance structure has been significantly changed to bring it in line with DfE guidance.

At the start of the 2016/17 financial year all the RMET Members were also Trustees. DfE guidance was that the most robust governance structures in academy trusts have a degree of separation between Members and Trustees and that no trust employees should be Members. RMET Members agreed to separate these roles and for the Trust CEO to cease to be a Member. The previous Member/Trustees continued as Trustees and four new Members were appointed in January 2017. Following the resignation as a Trustee of the only remaining Member/Trustee (but remaining as a Member), all five Members are now separate from the Trustees.

At the same time the Trust's Articles of Association were changed to the current DfE model version. These were approved by the ESFA in November 2016 and adopted by the Members in January 2017.

During this financial year the Board aimed to recruit a wider range of skills and in October co-opted two new Trustees, one with financial expertise (Deepak Karia) and one with strategic business and governance expertise (Hetal Parmar). The Board then identified a lack of HR expertise and in March recruited Kamlesh Kotecha to fulfil this role. Following guidance from the Regional Schools Commissioner during the year, it was agreed that employees of the Trust (with the exception of the RMET CEO) would no longer sit on the Board. As a consequence, Rita Hindocha and Zoe Conneally stepped down. Further analysis of the Board's skills has identified a need for a Trustee with legal expertise and the recruitment process has started for this.

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GOVERNANCE STATEMENT (continued)

The Board of Trustees has driven significant development in RMET both in the Trust expansion and in the way the Trust operates. This work includes:

- development of new Trust vision, values and KPIs and reporting of indicators to the Board
- Trust growth, including scrutiny of case for taking additional schools and the application to open a free school (which was approved in April 2017)
- academy educational performance and improvement, including scrutiny of data and Challenge Partner reviews and presentations by academy principals
- financial performance, including approval of budget, monitoring of Trust budget and oversight of outcomes of financial audits
- Trust staffing, including the approval to recruit to a new post of Deputy CEO and Trustee representation on the interview panel
- Trust governance (see earlier description of changes to governance structure)
- consideration of the impact the Trust has had on its academies
- risk management

Governance reviews:

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 ESFA by 31 July each year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Deepak Karia	2	2
Rachael Clarke	2	2
Colin Forknall	2	2

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.
- Centralisation of the individual academy bank accounts to improve the efficiency of operations and to enhance the controls around cash-flow
- Ensuring RMET business management arrangements are effective and efficient and enable the Trust to deliver its commitments, and to grow and prosper.
- Developing the 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.
- Negotiating trust wide contracts such as refuse collection. Reviewing all contracts held across the Trust, identifying opportunities to improve value for money.
- Conducting staffing reviews and appointing a Deputy Chief Executive Officer (May 2017).

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The 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. In particular the checks carried out in the current period included:

- testing on payroll systems
- testing of purchase systems
- testing of control accounts and bank reconciliations

On an annual basis, the internal auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The second internal audit for Rushey Mead and Northfield House academies have been completed during the 2016-17 academy financial year. The first audits have been completed for three of the Trust primary academies: Thurnby Lodge, Knighton Fields and Willowbrook. The first internal audit has also been completed for the central trust operation and Rowatts Hill in May 2017 and September 2017 respectively. In all cases, there were no significant or concerning issues.

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 12 December 2017 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

.....
Carolyn Robson
Accounting Officer

Date: 12 December 2017

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2017 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**

Opinion

We have audited the financial statements of Rushey Mead Educational Trust for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (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 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL
18 December 2017

RUSHEY MEAD EDUCATIONAL TRUST

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RUSHEY MEAD EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Rushey Mead Educational Trust and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rushey Mead Educational Trust and the ESFA, 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 accountant

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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the Academy Trust regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RUSHEY
MEAD EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Magma Audit LLP
340 Melton Road
Leicester
LE4 7SL

18 December 2017

RUSHEY MEAD EDUCATIONAL TRUST

(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	309,787	(588,000)	2,486,986	2,208,773	27,110,226
Other donations and capital grants	2	2,418	1,500	1,675,068	1,678,986	36,869
Charitable activities:	3					
Funding for the Academy Trust's educational operations		-	15,676,568	-	15,676,568	9,379,790
Teaching school		214,612	67,450	-	282,062	254,917
Other trading activities	4	191,484	-	-	191,484	55,636
Investments	5	1,967	-	-	1,967	11,918
TOTAL INCOME		<u>720,268</u>	<u>15,157,518</u>	<u>4,162,054</u>	<u>20,039,840</u>	<u>36,849,356</u>
EXPENDITURE ON:						
Raising funds		180,541	-	-	180,541	48,047
Charitable activities:						
Academy Trust educational operations		-	15,670,054	932,620	16,602,674	10,050,142
Teaching school		284,380	72,154	-	356,534	229,985
TOTAL EXPENDITURE	6	<u>464,921</u>	<u>15,742,208</u>	<u>932,620</u>	<u>17,139,749</u>	<u>10,328,174</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		<u>255,347</u>	<u>(584,690)</u>	<u>3,229,434</u>	<u>2,900,091</u>	<u>26,521,182</u>
Transfers between funds	18	(44,476)	(179,365)	223,841	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		210,871	(764,055)	3,453,275	2,900,091	26,521,182
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,082,000	-	1,082,000	(1,271,000)
NET MOVEMENT IN FUNDS		<u>210,871</u>	<u>317,945</u>	<u>3,453,275</u>	<u>3,982,091</u>	<u>25,250,182</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,414,258	(5,893,984)	29,729,908	25,250,182	-
TOTAL FUNDS CARRIED FORWARD		<u><u>1,625,129</u></u>	<u><u>(5,576,039)</u></u>	<u><u>33,183,183</u></u>	<u><u>29,232,273</u></u>	<u><u>25,250,182</u></u>

The notes on pages 26 to 54 form part of these financial statements.

RUSHEY MEAD EDUCATIONAL TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 09079258

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	2016 £
FIXED ASSETS				
Tangible assets	13		32,670,264	29,157,955
CURRENT ASSETS				
Stocks	14	52,984	36,175	
Debtors	15	1,495,528	1,078,680	
Cash at bank and in hand		3,922,477	1,663,211	
		<u>5,470,989</u>	<u>2,778,066</u>	
CREDITORS: amounts falling due within one year	16	<u>(2,433,645)</u>	<u>(357,536)</u>	
NET CURRENT ASSETS			<u>3,037,344</u>	<u>2,420,530</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>35,707,608</u>	<u>31,578,485</u>
CREDITORS: amounts falling due after more than one year	17		<u>(115,335)</u>	<u>(137,303)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>35,592,273</u>	<u>31,441,182</u>
Defined benefit pension scheme liability	24	<u>(6,360,000)</u>	<u>(6,191,000)</u>	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>29,232,273</u>	<u>25,250,182</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted income funds	18	783,961	297,016	
Fixed asset funds	18	33,183,183	29,729,908	
		<u>33,967,144</u>	<u>30,026,924</u>	
Restricted funds excluding pension liability		33,967,144	30,026,924	
Pension reserve		<u>(6,360,000)</u>	<u>(6,191,000)</u>	
Total restricted funds			<u>27,607,144</u>	<u>23,835,924</u>
Unrestricted income funds	18		<u>1,625,129</u>	<u>1,414,258</u>
TOTAL FUNDS			<u>29,232,273</u>	<u>25,250,182</u>

The financial statements on pages 23 to 54 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

.....
Anthony Glover
Chair of Trustees

The notes on pages 26 to 54 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	20	2,556,651	1,149,756
Cash flows from investing activities:			
Interest received		1,967	1,391
Purchase of tangible fixed assets		(1,985,857)	(187,736)
Capital grants from DfE and other capital income		1,702,981	139,273
Local Authority capital fund donated on conversion		-	560,527
Net cash (used in)/provided by investing activities		<u>(280,909)</u>	<u>513,455</u>
Cash flows from financing activities:			
Repayments of borrowings		(16,476)	-
Net cash used in financing activities		<u>(16,476)</u>	<u>-</u>
Change in cash and cash equivalents in the year		2,259,266	1,663,211
Cash and cash equivalents at 1 September 2016		1,663,211	-
Cash and cash equivalents at 31 August 2017	21	<u><u>3,922,477</u></u>	<u><u>1,663,211</u></u>

The notes on pages 26 to 54 form part of these financial statements.

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Rushey Mead Educational Trust constitutes a public benefit entity as defined by 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 Trust 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 and Skills Funding Agency.

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy Trust 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 receipt is probable 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.

Where assets are received by the Academy Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority (LA). The cost of the land and buildings was arrived at using either the ESFA or Leicestershire County Council standard valuation on a depreciated replacement cost basis provided to the Academy Trust. This provided a value for the land and buildings as at the date of conversion.

RUSHEY MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 includes all expenditure incurred by the Academy Trust's to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

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 Trust 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 £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities 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.

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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

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

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

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

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.9 TAXATION

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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.

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

1. ACCOUNTING POLICIES (continued)

1.11 LIABILITIES AND PROVISIONS

Liabilities and provisions 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 FINANCIAL INSTRUMENTS

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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

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

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each 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.

1.14 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 Rowlatts Hill Primary School to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in 'donations 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. This was valued at depreciated replacement cost by Leicestershire County Council at the date of conversion or alternate methods which are detailed in note 1.3. The amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust'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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Transfer from Local Authority on conversion	309,787	(588,000)	2,486,986	2,208,773	27,110,226
Capital Grants	-	-	1,675,068	1,675,068	35,948
Donations	2,418	1,500	-	3,918	921
Subtotal	2,418	1,500	1,675,068	1,678,986	36,869
	312,205	(586,500)	4,162,054	3,887,759	27,147,095
Total 2016	1,548,372	(4,642,889)	30,241,612	27,147,095	

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NOTES TO THE FINANCIAL STATEMENTS
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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,965,816	12,965,816	7,717,601
Other DfE/ESFA grants	-	1,668,007	1,668,007	1,085,151
Teaching School	57,557	67,450	125,007	156,013
	<u>57,557</u>	<u>14,701,273</u>	<u>14,758,830</u>	<u>8,958,765</u>
Other government grants				
Special Educational Needs (SEN)	-	320,678	320,678	116,992
Early Years Single Funding Formula (EYSFF)	-	317,587	317,587	67,097
Pupil Premium (LAC)	-	19,450	19,450	-
Healthy Living Initiative	-	1,000	1,000	-
Pride Grant - Philharmonic Orchestra	-	-	-	7,310
Big Lottery	-	-	-	7,589
	<u>-</u>	<u>658,715</u>	<u>658,715</u>	<u>198,988</u>
Other funding				
Teaching School	157,055	-	157,055	98,904
School Centred Initial Teacher Training (SCITT)	-	333,629	333,629	259,040
Science Hub & Spoke	-	20,000	20,000	16,667
Ensemble project	-	-	-	96,329
Other funding	-	30,401	30,401	6,014
	<u>157,055</u>	<u>384,030</u>	<u>541,085</u>	<u>476,954</u>
	<u>214,612</u>	<u>15,744,018</u>	<u>15,958,630</u>	<u>9,634,707</u>
<i>Total 2016</i>	<u><u>202,687</u></u>	<u><u>9,432,020</u></u>	<u><u>9,634,707</u></u>	

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	5,268	-	5,268	5,577
Consultancy	147,450	-	147,450	38,549
Other income	38,766	-	38,766	11,510
	<u>191,484</u>	<u>-</u>	<u>191,484</u>	<u>55,636</u>
<i>Total 2016</i>	<u>55,636</u>	<u>-</u>	<u>55,636</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,967	-	1,967	11,918
	<u>1,967</u>	<u>-</u>	<u>1,967</u>	<u>11,918</u>
<i>Total 2016</i>	<u>11,918</u>	<u>-</u>	<u>11,918</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	99,717	-	80,824	180,541	48,047
Educational Operations:					
Direct costs	8,640,730	698,093	1,176,056	10,514,879	7,389,429
Support costs	4,310,796	1,096,644	1,036,889	6,444,329	2,905,323
	<u>13,051,243</u>	<u>1,794,737</u>	<u>2,293,769</u>	<u>17,139,749</u>	<u>10,342,799</u>
<i>Total 2016</i>	<u>7,518,993</u>	<u>1,036,264</u>	<u>1,787,542</u>	<u>10,342,799</u>	

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

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	<i>Total funds 2016 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	6,295,847	4,747,007
Teaching and educational support staff costs - NI	562,127	427,050
Teaching and educational support staff costs - pensions	1,638,553	921,368
LGPS pension interest cost (£257,000) less return on assets (£116,000)	141,000	104,000
Educational supplies	368,045	111,419
Examination fees	115,070	94,478
Staff development	105,333	35,939
Other direct costs	343,801	262,810
School Centred Initial Teacher Training (SCITT)	124,479	128,127
Depreciation	699,465	436,590
Technology costs	121,159	120,645
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	10,514,879	7,389,433
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	3,455,594	1,028,245
Support staff costs - NI	332,171	56,744
Support staff costs - pensions	505,291	158,555
Termination of Building Schools for the Future (BSF) contract	-	163,256
Support staff costs	18,740	9,582
Recruitment	18,694	7,163
Maintenance of premises and equipment	279,043	131,815
Cleaning	57,788	43,494
Rates	114,564	70,108
Insurance	165,361	70,778
Depreciation	233,155	145,530
Catering	378,571	217,320
Legal and professional fees	3,327	5,628
Other support costs	256,075	235,315
Security and transport	56,698	41,408
Technology costs	293,589	214,672
Energy costs	190,711	150,596
Governance	84,957	140,485
	<hr/>	<hr/>
	6,444,329	2,890,694
	<hr/>	<hr/>
	16,959,208	10,280,127
	<hr/>	<hr/>

The above amount in relation to the termination of the Building Schools for the Future (BSF) contract of £163,256 within the 2016 period 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 £25,953 already paid at 31 August 2017 and the remaining balance of £137,303 being repayable over a 7 year period by means of deductions from future General Annual Grant. (See note 16).

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	<i>2016</i>
	£	£
Depreciation of tangible fixed assets:		
- capitalised by the charity	932,620	582,120
Auditors' remuneration - audit	17,000	12,000
Auditors' remuneration - other services	28,260	32,080
Governance internal audit costs	6,343	2,360
Operating lease rentals	36,867	12,583
	<u> </u>	<u> </u>

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

9. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	9,851,158	5,813,782
Social security costs	894,298	483,794
Operating costs of defined benefit pension schemes	2,143,844	1,079,923
	<u>12,889,300</u>	<u>7,377,499</u>
Supply staff costs	145,030	141,494
Apprenticeship levy	15,413	-
Staff restructuring costs	1,500	-
	<u><u>13,051,243</u></u>	<u><u>7,518,993</u></u>

Staff restructuring costs comprise:

	2017	2016
	£	£
Severance payments	1,500	-
	<u><u>1,500</u></u>	<u><u>-</u></u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £1,500 (2016: £NIL). Individually the payments were £1,500.

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

	2017	2016
	No.	No.
Teachers	167	104
Administration and support	275	158
Management	9	6
	<u>451</u>	<u>268</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	4	0
In the band £70,001 - £80,000	4	1
In the band £90,001 - £100,000	1	0
In the band £130,001 - £140,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these staff members amounted to £109,225 (2016: £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 £564,831 (2016: £517,345). These figures include salary costs of all Trustees employed by the Academy Trust, even where they have no management role within their employment.

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

10. CENTRAL SERVICES

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

- human resources
- financial services
- legal services
- educational support services
- others as arising

The Academy charges for these services on the following basis:

5% of GAG funding other than Rowlatts Hill Primary Academy due to its later entrance into the MAT on 1 April 2017.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Knighton Fields Primary Academy	48,097	-
Northfield House Primary Academy	75,507	-
Rushey Mead Academy	356,879	-
Thurnby Lodge Primary Academy	50,138	-
Willowbrook Primary Academy	82,594	-
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Total	613,215	
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. TRUSTEES' REMUNERATION AND EXPENSES

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 was as follows:

Carolyn Robson (Chief Executive Officer and Trustee)*

Remuneration £130,000 - £135,000 (2016: £130,000 - £135,000 for a 10 month period)

Employer's pension contributions £0 - £5,000 (2016: £15,000 - £20,000 for a 10 month period)

Rita Hindocha (Principal and Trustee up to 27 June 2017)

Remuneration £75,000 - £80,000 (2016: £70,000 - £75,000 for a 10 month period)

Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000 for a 10 month period)

Zoe Conneally (Staff Trustee up to 27 June 2017)

Remuneration £40,000 - £45,000 (2016: £40,000 - £45,000 for a 10 month period)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000 for a 10 month period)

* The remuneration for Carolyn Robson above includes an element of unpaid holiday which was accrued within each academic year. The amounts actually paid through payroll within the year were as follows:

Carolyn Robson (Chief Executive Officer and Trustee)

Remuneration excluding value of accrued additional holiday £120,000 - £125,000 (2016: £110,000 - £115,000 for a 10 month period)

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim. It is not possible to quantify the Trustees and officer indemnity element from the overall cost of the scheme as the insurance is costed on a per pupil basis.

In the prior year the Academy Trust 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2016	28,728,328	598,168	413,579	29,740,075
Additions	3,846,422	330,270	268,237	4,444,929
At 31 August 2017	<u>32,574,750</u>	<u>928,438</u>	<u>681,816</u>	<u>34,185,004</u>
DEPRECIATION				
At 1 September 2016	442,326	72,870	66,924	582,120
Charge for the year	683,332	129,676	119,612	932,620
At 31 August 2017	<u>1,125,658</u>	<u>202,546</u>	<u>186,536</u>	<u>1,514,740</u>
NET BOOK VALUE				
At 31 August 2017	<u>31,449,092</u>	<u>725,892</u>	<u>495,280</u>	<u>32,670,264</u>
<i>At 31 August 2016</i>	<u>28,286,002</u>	<u>525,298</u>	<u>346,655</u>	<u>29,157,955</u>

The Trust's transactions relating to land and buildings in the year consists of the transfer of Rowllatts Hill's leasehold land and buildings from the Local Authority at the date which it entered the Academy Trust.

See note 1.3 regarding assets transferred on conversion.

14. STOCKS

	2017 £	2016 £
Classroom and other materials	<u>52,984</u>	<u>36,175</u>

15. DEBTORS

	2017 £	2016 £
Trade debtors	174,245	81,174
VAT recoverable	484,740	209,253
Other debtors	119	16,716
Prepayments and accrued income	836,424	771,537
	<u>1,495,528</u>	<u>1,078,680</u>

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

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Other loans	21,968	16,476
Trade creditors	894,711	134,844
Other taxation and social security	238,832	-
Other creditors	215,436	2,190
Accruals and deferred income	1,062,698	204,026
	2,433,645	357,536
	2017	2016
	£	£
DEFERRED INCOME		
Deferred income at 1 September 2016	20,508	-
Resources deferred during the year	589,155	20,508
Amounts released from previous years	(20,508)	-
Deferred income at 31 August 2017	589,155	20,508

The closing balance of deferred income mainly relates to Condition Improvement Funds (CIF) which has been matched in line with the progress of the works, Universal Infant Free School Meals received in advance of the 2017/18 academic year and various other timing adjustments.

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

	2017	2016
	£	£
Other loans	115,335	137,303
Included within the above are amounts falling due as follows:		
	2017	2016
	£	£
BETWEEN ONE AND TWO YEARS		
Other loans	21,968	21,968
BETWEEN TWO AND FIVE YEARS		
Other loans	65,905	65,905
OVER FIVE YEARS		
Other loans	27,462	49,430

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FOR THE YEAR ENDED 31 AUGUST 2017

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

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

	2017	<i>2016</i>
	£	£
Repayable by instalments	27,462	49,430

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

18. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
DESIGNATED FUNDS						
Teaching School	88,273	214,612	(284,380)	-	-	18,505
UNRESTRICTED FUNDS						
General Funds	1,325,985	505,656	(180,541)	(44,476)	-	1,606,624
Total Unrestricted funds	1,414,258	720,268	(464,921)	(44,476)	-	1,625,129
RESTRICTED GENERAL FUNDS						
General Annual Grant	147,326	12,965,816	(12,466,230)	(179,365)	-	467,547
Pupil Premium	6,372	1,223,668	(1,215,432)	-	-	14,608
Other DfE/ESFA grants	38,131	444,339	(339,942)	-	-	142,528
Other government grants	7,563	658,715	(663,244)	-	-	3,034
Other restricted donations	23,359	384,030	(313,113)	-	-	94,276
Voluntary income	46,425	1,500	-	-	-	47,925
Teaching School	27,840	67,450	(81,247)	-	-	14,043
Pension reserve	(6,191,000)	(588,000)	(663,000)	-	1,082,000	(6,360,000)
	(5,893,984)	15,157,518	(15,742,208)	(179,365)	1,082,000	(5,576,039)
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA capital grants	130,094	1,481,917	(28,966)	-	-	1,583,045
Other government grants	-	213,370	(4,035)	5,844	-	215,179
Capital refresh	525,550	-	-	-	-	525,550
Other capital income	-	7,695	(1,154)	-	-	6,541
Transfer from Local Authority	28,983,993	2,459,072	(839,006)	-	-	30,604,059
Capital expenditure from GAG	90,271	-	(59,459)	217,997	-	248,809
	29,729,908	4,162,054	(932,620)	223,841	-	33,183,183
Total restricted funds	23,835,924	19,319,572	(16,674,828)	44,476	1,082,000	27,607,144
Total of funds	25,250,182	20,039,840	(17,139,749)	-	1,082,000	29,232,273

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

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 Trust plus any subsequent surpluses generated.

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer to GAG relates to an amount transferred from unrestricted funds of £44,476 to equalise a GAG deficit on Rushey Mead Academy, net of a transfer from GAG of £223,841 towards fixed asset additions purchased in the year.

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/ESFA restricted grants consists of Universal Infant Free School Meals (UIFSM), PE Sports Grant, National Support School (NSS) Bursary, Year 7 Catch Up Grant, D&T Expert Panel, Teaching School Council, Appeals Funding, Free School income and conversion grant income. The closing balance relates to PE Sports Grant £655, NSS Bursary £6,000, D&T Expert Panel £461, Free School income £23,608 and conversion grants of £111,804.

Other government grants consists of Special Educational Needs (SEN) income, Early Years Single Funding Formula (EYSFF), Pupil Premium Looked After Children and Healthy Eating Initiative income. The closing balance relates to the Healthy Eating Initiative £534 and Pride Grant £2,500.

Other restricted donations consists of School Centred Initial Teacher Training (SCITT), Milk income, Digital Leicester Network Project, Science Hub and Spoke income, Garden Grant, School Development Support Agency, Japan Grant, Lawn Tennis Association (LTA) Grant, British Science Week income, Maths income and Polli:Nation income. The closing balance relates to SCITT £86,795, Digital Leicester Network Project £2,152, Science Hub and Spoke £1,334 and LTA £3,995.

Voluntary income relates to a donation from De Montfort University (DMU) for a project in India. The closing balance relating to the DMU donation £1,500 and SCITT £46,425.

Teaching School relates to income from National College for Teaching and Leadership (NCTL) which includes the Teaching School Core Grant, School to School Support (STSS) and various other project income. The closing balance relates to STSS £8,000, Regional Roll Out £1,043 and Special Leaders of Education online community fund £5,000.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/ESFA 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 £62,351.

Other government grants relate to Big Lottery Grant's and Local Authority money received for the fixtures and fittings within the new mobile classroom. The closing balance relates to the net book value of the assets concerned plus unspent funds Local Authority funds of £28,257.

The transfer from Local Authority relates to the value of £32,011,410 (leasehold land and buildings plus moveable assets) transferred from the Local Authority to the Academy Trust 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 ICT capital expenditure which stems from when Rushey Mead School was under Local Authority control. The closing balance relates to the net book value of the assets plus unspent funds of £422,311. The closing balance 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 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 Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Knighton Fields Primary Academy	213,262	128,057
Northfield House Primary Academy	109,872	135,239
Rowlatts Hill Academy	395,518	-
Rushey Mead Academy	1,093,068	1,199,977
Thurnby Lodge Primary Academy	102,175	57,770
Willowbrook Primary Academy	329,376	190,231
Central Services	165,819	-
Total before fixed asset fund and pension reserve	<u>2,409,090</u>	<u>1,711,274</u>
Restricted fixed asset fund	33,183,183	29,729,908
Pension reserve	(6,360,000)	(6,191,000)
Total	<u><u>29,232,273</u></u>	<u><u>25,250,182</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

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 2017 £	Total 2016 £
Knighton Fields Primary Academy	728,629	151,095	49,643	175,320	1,104,687	273,718
Northfield House Primary Academy	1,206,330	219,215	94,864	248,345	1,768,754	1,449,324
Rowlatts Hill Academy	416,426	84,597	10,080	115,590	626,693	-
Rushey Mead Academy	5,560,697	1,081,238	429,656	1,165,103	8,236,694	7,107,819
Thurnby Lodge Primary Academy	917,397	127,028	49,889	173,155	1,267,469	227,683
Willowbrook Primary Academy	1,241,356	290,562	89,462	270,043	1,891,423	481,135
Central Services	-	504,673	-	143,736	648,409	-
	<u>10,070,835</u>	<u>2,458,408</u>	<u>723,594</u>	<u>2,291,292</u>	<u>15,544,129</u>	<u>9,539,679</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	32,670,264	32,670,264
Current assets	1,625,129	3,332,941	512,919	5,470,989
Current liabilities	-	(2,433,645)	-	(2,433,645)
Non-current liabilities	-	(115,335)	-	(115,335)
Pension scheme liability	-	(6,360,000)	-	(6,360,000)
	<u>1,625,129</u>	<u>(5,576,039)</u>	<u>33,183,183</u>	<u>29,232,273</u>

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

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

	2017	2016
	£	£
Net income for the year (as per Statement of Financial Activities)	2,900,091	26,521,182
Adjustment for:		
Depreciation charges	932,620	582,120
Interest receivable	(1,967)	(1,391)
Increase in stocks	(16,809)	(36,175)
Increase in debtors	(416,848)	(1,078,680)
Increase in creditors	2,070,617	494,838
Capital grants from DfE and other capital income	(4,162,053)	(30,252,138)
Defined benefit pension scheme obligation inherited	588,000	4,699,000
Defined benefit pension scheme cost less contributions payable	522,000	117,000
Defined benefit pension scheme finance cost	141,000	104,000
Net cash provided by operating activities	2,556,651	1,149,756

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	3,922,477	1,663,211
Total	3,922,477	1,663,211

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

22. CONVERSION TO AN ACADEMY TRUST

On 1 April 2017 Rowlatts Hills Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Rushey Mead Educational Trust from Leicester City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair 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 £
Leasehold land and buildings	-	-	2,459,072	2,459,072
Budget surpluses on LA funds	309,787	-	27,914	337,701
LGPS pension surplus/(deficit)	-	(588,000)	-	(588,000)
	<u>309,787</u>	<u>(588,000)</u>	<u>2,486,986</u>	<u>2,208,773</u>
Net assets/(liabilities)	<u>309,787</u>	<u>(588,000)</u>	<u>2,486,986</u>	<u>2,208,773</u>

23. CAPITAL COMMITMENTS

At 31 August 2017 the Academy Trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>750,003</u>	<u>-</u>

RUSHEY MEAD EDUCATIONAL TRUST

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

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

Contributions amounting to £209,486 were payable to the schemes at 31 August 2017 (2016 - £NIL) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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 16.48%)
- 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 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £962,371 (2016 - £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).

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

24. PENSION COMMITMENTS (continued)

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 2017 was £844,000 (2016 - £441,000), of which employer's contributions totalled £658,000 (2016 - £341,000) and employees' contributions totalled £186,000 (2016 - £100,000). The agreed contribution rates for future years are 21.8% - 22.8% for employers and 5.5 - 12.5% for employees.

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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	24.2
Females	26.2	26.6

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

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	<i>Fair value at 31 August 2016 £</i>
Equities	4,573,000	3,564,000
Bonds	1,365,000	891,000
Property	546,000	445,000
Cash	341,000	50,000
	<hr/>	<hr/>
Total market value of assets	<u>6,825,000</u>	<u>4,950,000</u>

The actual return on scheme assets was £116,000 (2016 - £94,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 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 2016 for the year to 31 August 2017, or date of joining the fund if later).

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

24. PENSION COMMITMENTS (continued)

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

	2017	2016
	£	£
Current service cost	(1,180,000)	(458,000)
Interest income	116,000	94,000
Interest cost	(257,000)	(198,000)
	<hr/>	<hr/>
Total	(1,321,000)	(562,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2017	2016
	£	£
At 1 September	11,141,000	5,062,000
Current service cost	1,180,000	458,000
Interest cost	257,000	198,000
Employee contributions	186,000	100,000
Actuarial (gains)/losses	(571,000)	1,846,000
Benefits paid	(54,000)	-
Effect of business combinations and disposals	1,046,000	3,477,000
	<hr/>	<hr/>
Closing defined benefit obligation	13,185,000	11,141,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2017	2016
	£	£
At 1 September	4,950,000	2,355,000
Interest income	116,000	94,000
Actuarial gains	511,000	575,000
Employer contributions	658,000	341,000
Employee contributions	186,000	100,000
Benefits paid	(54,000)	-
Effect of business combinations and disposals	458,000	1,485,000
	<hr/>	<hr/>
Closing fair value of scheme assets	6,825,000	4,950,000
	<hr/> <hr/>	<hr/> <hr/>

Sensitivity analysis

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

Change in assumptions as at 31 August 2017:	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	13 %	1,733,000
0.5% increase in the Salary Increase Rate	3 %	403,000
0.5% increase in the Pension Increase Rate	10 %	1,291,000

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NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	22,589	36,814
Between 1 and 5 years	30,890	46,940
Total	<u>53,479</u>	<u>83,754</u>

26. 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.

27. RELATED PARTY TRANSACTIONS

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

Jane Creasy (a Member of the Academy Trust since 24 January 2017) has the following interests:

- The Academy Trust purchased services for the facilitation of a New Teachers training programme from Creasy-Lockyer Limited, a company in which Jane Creasy is a Director. Transactions since the Member's appointment total £1,613 (2016: £NIL). There were no amounts outstanding at 31 August 2017 (2016 - £NIL).

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.

- The Academy Trust made these purchases at arms' length in accordance with its financial regulations
- In entering into these transaction the Academy Trust has complied with the requirements of ESFA's Academies Financial Handbook 2016.

No other related party transactions took place in either the current or prior year.

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

28. POST BALANCE SHEET EVENTS

On 1 September 2017, the Academy Trust acquired Hamilton Academy with all the operations and assets and liabilities transferring from Leicester City Council for £NIL consideration.