

Company Registration Number: 08320065 (England & Wales)

TRANSFORM TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

TRANSFORM TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	P Munro Venerable D Picken Southwell and Nottingham Diocese Educational Trust I Griffiths
Trustees	P Munro, Chair R Meredith CBE, Accounting Officer A Day (resigned 26 October 2018) R Periam Prof T Greany Prof Q Gu V Lloyd (resigned 11 September 2019) A Taylor (appointed 12 September 2018) J Luxton (appointed 26 October 2018) Dame S Jowett (appointed 30 January 2019)
Company registered number	08320065
Company name	Transform Trust
Principal and registered office	Unit 11 Castlebridge Office Village Kirtley Drive Nottingham NG7 1LD
Company secretary	S Cox

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Senior management team

R Meredith CBE, Chief Executive Officer
S Heesom, Development Director
S Cox, Chief Finance Officer
J Wilkinson, Chief Operating Officer
R Hannon, HR Director (appointed 1 April 2019)
J Fordham, Headteacher
H Tarrant, Headteacher
D Farthing, Headteacher (resigned 31 August 2019)
C Godfrey, Headteacher (appointed 31 August 2019)
S Farrington, Headteacher
S O'Connor, Headteacher
G Civil, Headteacher (resigned 31 December 2018)
P Hillier, Headteacher
A Sharp, Headteacher
K Coker, Headteacher
S Mason, Headteacher
K Lee, Headteacher
J Marshall, Headteacher
L Noble, Headteacher
C Paparozzi, Headteacher
K Price, Headteacher (resigned 31 August 2019)
A Turner, Headteacher (appointed 31 August 2019)
M Lawrence, Headteacher (appointed 31 August 2019)

Independent auditor

Mazars LLP
Chartered Accountants
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Bankers

Lloyds Bank
Old Market Square
Nottingham
NG1 6FD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust's principal object and activity has been to manage the provision of education to primary school pupils in schools within Nottingham and Derby.

Structure, governance and management

a. Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trustees of Transform Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Transform Trust.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

b. 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.

c. Trustees' indemnities

The Trust maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Trust has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Trust.

Details of the insurance cover are provided in note 13 to the financial statements.

d. Method of recruitment and appointment or election of Trustees

Members of the charitable company are nominated by the Diocese of Southwell & Nottingham Educational Trust, the main sponsor of the Trust. Under the terms of its Articles, the Academy Trust shall have the following Directors:

- The number of Directors shall be not less than four but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.
- A minimum of 4 Directors appointed by the Members under Article 50
- Up to 2 Academy Directors under Articles 51-52
- Up to 2 Parent Governors appointed under Articles 53-56
- The Chief Executive Officer under Article 57

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Terms of office

The term of office for any Director shall be 4 years unless varied by local agreement, save that this time limit shall not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

f. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their previous experience. All Trustees are provided with previous minutes and face to face inductions with the Company Secretary/Chief Finance Officer, plus provided copies of documents that they will need to undertake their role as Trustees. The annual strategic planning day for Trustees was held on 21st January 2019 to review and update the strategic plan, to review the ethos and vision for the Trust, and to ensure the resource plans are enablers for the plan. Alex Taylor, Joanna Luxton and Dame Susan Jowett were appointed on 12th September 2018, 26th October 2018 and 30th January 2019 respectively.

g. Organisational structure

The organisational structure consists of four levels: the Trustees, the Executive Team, the Member School Local Governing Body and the Member School Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at the individual School level.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, setting vision, strategy, direction and culture for the Trust, and performance management of the CEO. This is firmly centred on the objective to improve life chances for every child within Transform Trust.

The Executive team are responsible for implementation of strategy and delivery against the annual plan and budget. Additionally to ensure all schools in the Trust are delivering improving school standards at a rate agreed by the Trust Board.

The School Local Governing Body and School Leadership Teams are delegated authority to govern/manage each School implementing the policies adopted by Trust and Local Governing Body. As a group the School Leadership Teams are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the Senior Leadership Team always contain a Governor. Headteacher and Deputy Headteacher recruitment and appointment will always include the CEO. Some spending control is devolved to members of the School Leadership Team, with finance limits set requiring a member of the Executive Team to countersign.

The School Leadership Teams are responsible for the day to day operation of the School, in particular organising the teaching staff, facilities and children. This structure empowers staff at all levels to take responsibility to improve and review their working practice.

h. Arrangements for setting pay and remuneration of key management personnel

The Chief Executive Officer is the only Trustee who receives remuneration from the Trust. They are subject to a performance management process managed by 2 Trustees. In 2018/19, this was Chair and vice-Chair of the Trust Board. Trustees consider performance of the Trust, individual performance of the CEO and market rate benchmarking to ensure the CEO salary award is appropriate. A recommendation is made to the wider Trust Board who vote on the matter. The CEO carries no Trustee vote in this matter.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

i. Trade union facility time

The Trust does not have any employees who are union officials. The schools purchase the service through the Local Authority.

j. Related parties and other connected charities and organisations

The Trust works closely with TT Support Services, NCTL, Nottingham Schools Trust as well as Nottingham University and Nottingham and Derby City local authorities in supporting schools. The Chief Executive Officer holds regular sessions with an Operational group consisting of Headteachers of Trust schools.

Objectives and activities

a. Objects and aims

The Company's object ("the Object") is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- (ii) other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

b. Objectives, strategies and activities

During 2018/9, the principal activity of the charitable company was the operation of 16 primary academies in Nottingham and Derby. The schools vary in size from single form to 2 form entry. A further primary school joined the Trust after the balance sheet date on 1st September 2019.

Directors believe the sustainability of Transform Trust has been further enhanced in the growth to 17 schools. The 1 new school has a "Good" Ofsted rating. Additionally 3 established Trust Schools have also been subject of Ofsted Inspection during the year, with 2 schools receiving a "Good" rating and 1 receiving a "Requires Improvement" rating. All schools maintained their previous Ofsted ratings. Trustees are satisfied that external validation is showing all Trust schools are moving forwards, and that additional Trust school improvement capacity is being generated within these improving schools.

It remains a core principle that Transform Trust's children remain central to all Trust endeavours. In 2018/9 Transform held the annual Children's Awards once again, attended by nominees from each Trust school, parents and Governors. Transform also held its annual Performing Arts festival for all Trust schools. Transform continued the work of its Children's Parliament where children representing each School Council come together to share and run projects. Transform also held its first annual Fun Run for children across the Trust and participated in sporting activities with other like-minded Trusts. The Transform Enrichment Diploma (TED) continues to ensure that all Transform children experience a minimum standard of a fully rounded education.

Trustees also recognise the success of the Trust lies with staff, and in 2018/9 asked staff how they felt in the annual Staff Survey. Staff satisfaction reduced from 85.9% in 2017 for the whole Trust to 83.5% in 2018, with a spread across Trust schools from 63% to 92%. Feedback from staff has helped inform an action plan which has been implemented by the Executive team in 2018/9, particularly focused on wellbeing. The next Annual Staff Survey will highlight to Trustees whether this has been successful. The Trustees also recognise that equal opportunities for staff should be an integral part of good practice within the workplace. The Multi Academy Trust aims to promote equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The policy of Transform Trust continues to support recruitment and retention of children and employees with disabilities. Transform Trust does this by adapting the physical environment and by making support resources available.

c. Public benefit

The Directors confirm that they have complied with the Charities Act 2006 to have due regard to the Charities Commission's general guidance on public benefit and in particular to its supplementary public benefit on advancing education. We have reviewed our aims and objectives and in planning our future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

Transform Trust is a Trust catering for children aged 3 to 11 and strives to promote and support the advancement of education within a local context. The schools provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of its children.

In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit. The Directors believe that the Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

3 Ofsted Inspections have been held this year. In 2 cases Ofsted rated these schools as "Good" and 1 as "Requires Improvement" (all have maintained their previous Ofsted ratings).

Unvalidated data headlines (comments relate to 16 schools held by the Trust - one school is KS2 only):

- 3 out of 14 schools are above KS1 National Average Reading
- 8 out of 14 schools are above KS1 National Average Maths
- 7 out of 14 schools are above KS1 National Average Writing
- 4 out of 14 schools ahead of KS1 National Average in all 3 areas
- 6 out of 16 schools ahead of KS2 Combined National Average
- 7 out of 16 schools are above 96% pupil attendance

We continue to subject our schools to external scrutiny by both an independent HMI as well as Challenge Partners.

In the last year, we welcomed Zaytouna Primary School to the Trust.

a. Key performance indicators

The Directors consider that the following are key performance indicators for the Academy Trust:

- Ofsted Inspection results;
- External independent review outcomes;
- Annual Staff Survey results;
- External Audit review and Management Letter;
- Internal assessment of Teaching judged to be good or better;
- Pupils numbers (leading directly to the Education and Skills Funding Agency ("ESFA") funding level);
- General financial stability and robustness - balancing budgets each year;
- Staff Vacancies and ability to recruit and fill vacancies;
- Active involvement in partnership of schools and Transform Trust activities;

b. 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 the board of trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review

Most of the Academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy's total funds at the end of the period are £43,025,903 of which £56,086,621 is in the restricted fixed asset fund, leaving a total deficit reserve balance of both general restricted and unrestricted funds of £13,060,718; this is due to the LGPS deficit of £18,486,000. However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £5,425,282, of which £1,382,281 is restricted funding and £4,043,001 is unrestricted funding.

At 31 August 2019, the net book value of fixed assets was £56,086,621 and movements in tangible fixed assets are shown in note 14 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

a. Reserves policy

The Trustees review the reserve levels of the Academy Trust throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trustees will always try to match income with expenditure in the current year (set and manage a balanced budget) and will only carry forward reserves that it considers necessary.

The Trustees have determined that the appropriate level of free reserves should be equivalent to one month's cost, approximately £2.5m. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The Trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event they are partly used, the Trust will strive to rebuild free reserves up to the level needed.

As at 31 August 2019 the Trust has 'free' reserves i.e. those reserves that are freely available for general purposes of the Trust total £4,043,001. The restricted fixed asset fund totals £56,086,021 which can only be realised by disposing of tangible fixed assets. Restricted reserves are in deficit by £17,103,719 of which £18,486,000 relates to Local Government Pension Fund deficit which is due to be repaid in line with the agreed terms of the Fund. The remainder of the restricted reserves, a surplus of £1,382,281, must only be spent as intended, the majority of which relates to grant funding from government sources to support delivery of education across the Trust.

The pension reserve held within restricted funds was in deficit by £18,486,000 at 31 August 2019. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

b. Investment policy

The Academy Trust seeks to maximise returns from investments, minimise risk and maintain flexibility and access to funds.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

Each academy evaluates and monitors its own risks, and the Trust maintains its own risk register. The main risks that the Academy is exposed to are summarised below. For each of these risks the likelihood and impact have been considered together with appropriate action and management plans:

Operational and reputational - this covers risks to the running of the Trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

Financial - covering risks to the Trust's financial position, including revenue streams, cost control and cash management.

The risks to which the Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes.

The current portfolio of schools has the following Ofsted judgements: Sneinton - Outstanding; Edale Rise- Good; Highbank - Good; Brocklewood - Good; Allenton - Good; Rosslyn Park - Good; Bulwell St Mary's -Good; Burford - Good; Robert Shaw - Requires Improvement; William Booth- Good; Pear Tree Junior - Special Measures; Breadsall Hill Top - Special Measures; Whitegate - Requires Improvement; South Wilford Endowed C of E - Outstanding; Parkdale – Good. New schools joining the Trust in 2018/9: Zaytouna – Requires Improvement.

The main risks that the Trust is exposed to are summarised below. For each of these risks, the probability and impact have been considered together with appropriate management action and management plans:

- Reliance on members of the Executive Team and key staff - ongoing training and development opportunities, market rate review and succession planning
- Overtrading - ongoing focus on building capacity and regular external assessment
- Effective Local Governance - ongoing assessment, training and investment
- Finance- strict adherence by schools to finance handbook, and regular in-year monitoring of finance position by Trustees

The Risk Register is reviewed annually by Trustees and updated accordingly.

We are aware that the uncertainty currently surrounding Brexit could potentially impact our operations, service users and suppliers. We are reviewing and monitoring the impact of this on an ongoing basis.

d. Risk management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Local Governing Bodies for each School have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

e. Financial and risk management objectives and policies

The Academy Trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the Academy Trust to a number of financial risks which are described in more detail below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - The Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - the Trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.

Credit risk arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Fundraising

Each school within the Trust participates at low level in various forms of fundraising often in partnership with a local Parent Teacher Association (PTA) who will run local school fairs to raise funds for the school. Schools also participate in dress-down days and make events from nationally recognised days like Red Nose Day and Children in Need. Support for such events is voluntary and no professional fundraisers are engaged. School and Office Managers in school will bank any such cash sums into the single school bank account. Relative to school funding obtained from other sources, such fundraising is immaterial.

Plans for future periods

Transform Trust has acquired the assets and liabilities of a Ravensdale Junior School and Lawn Primary School on 1 September 2019 and 1 December 2019 respectively. Transform continues to be open for other primary schools looking to join a child led Multi Academy Trust.

Funds held as custodian on behalf of others

The Academy Trust does not currently hold any funds on behalf of others.

Employee involvement and employment of the disabled

The Trustees recognise that equal opportunities should be an integral part of good practice in the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

The policy of the Academy Trust is to support recruitment and retention of children and employees with disabilities. The Academy Trust does this by adapting the physical environment, by making support resources available and through training and career development.

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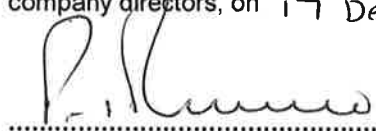
TRUSTEES' REPORT (CONTINUED)
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Disclosure of information to auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 17 December 2019 and signed on its behalf by:



P Munro
Chair

TRANSFORM TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Transform 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 Transform 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:

Trustees	Meetings attended	Out of possible
P Munro (Chair)	6	6
R Meredith CBE (Accounting Officer)	6	6
A Day (Resigned 26 October 2018)	0	1
R Periam	4	6
Prof T Greany	6	6
Prof Q Gu	3	6
V Lloyd (Resigned 11 September 2019)	3	6
A Taylor (Appointed 12 September 2018)	5	6
J Luxton (Appointed 26 October 2018)	5	5
Dame S Jowett (Appointed 30 January 2019)	2	4

Peter Munro has been elected to continue as Chair of Trust Board with effect from 1st September 2018. Alex Taylor, Joanna Luxton and Dame Susan Jowett were appointed to the Board from 1st September 2018, 26th October 2018 and 30th January 2019 respectively with Alison Day and Vernon Lloyd also resigning on 26 October 2018 and 11 September 2019 respectively. Overall, the number of Trustees on the Board stayed at 8.

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GOVERNANCE STATEMENT (CONTINUED)

Governance review

Directors conduct a continual review of governance across the Trust, both at Trustee and Local Governing Body level. A new Head of Governance was appointed from September 2017 on to the Executive Team reporting to the CEO. She attends all Board Meetings and reports in as a standing agenda item on Governance. Schemes of Delegation were commuted to annual review aligned to school (and financial) years and were reviewed again in September 2018. Terms of Reference setting out the roles and responsibilities of Trustees, Executive Team, Local Governing Body and Headteacher were reviewed and signed off in March 2018 and were reviewed again in September 2018 as part of the re-alignment.

The Audit and Finance Committee is a sub-committee of the main board of trustees. Its purpose is to maintain an oversight of the Trust's finance, risk management, internal control and value for money framework.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
R Periam	2	3
Prof T Greany	3	3
V Lloyd (Resigned 11 September 2019)	2	3

The Performance Board Committee is a sub-committee of the main Board of Trustees. Its purpose is to examine in more detail the education performance of schools within the Trust.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P Munro (Chair)	3	3
R Meredith CBE (Accounting Officer)	3	3
Prof Q Gu	3	3
Prof T Greany	1	3
A Taylor (Appointed 12 September 2018)	3	3
Dame S Jowett (Appointed 30 January 2019)	1	2

The HR Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain oversight for all staffing matters including policies and procedures, national pay awards, staff welfare, employment law implications and HR compliance.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
J Luxton (Appointed 26 October 2018)	3	3
R Periam	3	3
R Meredith CBE (Accounting Officer)	2	3

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Purchase Ledger services at Trust Centre to deliver a bureau support service offered to further Trust schools. This has led to a reduction in finance risk in schools and centralised around expertise in Trust Centre. This has resulted in saved money in each school taking the service.
- A review of suppliers across the Trust was undertaken in order to determine where cost savings can be gained through purchasing as a Trust, as opposed to individual schools. A list of preferred suppliers has subsequently been created, where discounts are available to schools.
- CFO or Management Accountant attending every local governor Finance Committee meeting- this has enabled a standard approach across schools, benchmarked practice and led to balanced budgets through the year.
- Third party HR consultant brought on in the year as HR Director, reducing risk and cost to the Trust, as well as securing HR expertise in the Trust Centre.
- Catering contracts in Trust Schools were put out to tender, in order to improve quality and reduce costs.
- Emphasis on buying office equipment instead of leasing.
- Centralising on systems and IT support - although in process, efficiencies being made in holding data centrally whilst also complying with GDPR.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Transform Trust for the period 1 September 2018 to 31 August 2019 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and this is performed by a suitably qualified finance professional at Trust Centre. A review of the systems of internal control and compliance with the Trust Financial Handbook in each Academy school is conducted termly, and reports are considered by the Audit & Finance Committee.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on each Academy school's financial systems. On a termly basis, the Chief Finance Officer has shared the reports with the Audit & Finance Committee discussing the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Actions are agreed to remediate and further improve the internal control framework as a result. Formal responsibility has moved to the Chief Operating Officer following release of the Academies Financial Handbook 2019.

There were no material control or other issues reported by the internal auditor during the year.

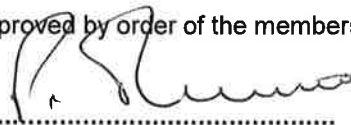
Review of effectiveness

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

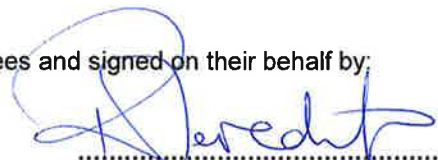
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised by internal and external audit following their review of the system of internal control, 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 and signed on their behalf by:



P Munro
Chair



R Meredith CBE
Accounting Officer

Date: 17 December 2019

Date: 17 December 2019

TRANSFORM TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Transform Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, 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 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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.



R Meredith CBE
Accounting Officer

Date: 17 December 2019

TRANSFORM TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of Transform Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction issued by the Education & 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 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

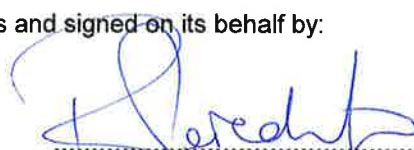
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have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

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

Approved by order of the members of the board of Trustees and signed on its behalf by:



P Munro
Chair



R Meredith CBE
Accounting Officer

Date: 17 December 2019

Date: 17 December 2019

TRANSFORM TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TRANSFORM TRUST**

Opinion

We have audited the financial statements of Transform Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Trustees' view on the impact of Brexit is disclosed on page 9.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Academy Trust's operations, service users, suppliers and the wider economy.

We considered the impact of Brexit on the Academy Trust as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Academy Trust's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Academy Trust and this is particularly the case in relation to Brexit.

TRANSFORM TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TRANSFORM TRUST (CONTINUED)**

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 Trust'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. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

TRANSFORM TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF TRANSFORM TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement on page 17, the Trustees (who are also the directors of the Academy Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

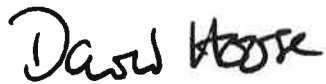
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

TRANSFORM TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TRANSFORM TRUST (CONTINUED)**

Use of the audit report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust'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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



David Hoose (Senior Statutory Auditor)
for and on behalf of
Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 18/12/19

TRANSFORM TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 30 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Transform Trust during the year 1 September 2018 to 31 August 2019 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 Transform Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Transform Trust and 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 Transform Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Transform Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Transform Trust's funding agreement with the Secretary of State for Education dated 29 May 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

TRANSFORM TRUST
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: *18/12/19*

TRANSFORM TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer on conversion from local authority		-	-	-	-	10,325,589
Transfer of existing academy joining the academy trust		66,337	561,174	5,233,764	5,861,275	-
Other donations and capital grants		19,020	-	1,105,622	1,124,642	662,617
Charitable activities	4	365,997	31,036,046	-	31,402,043	27,880,854
Teaching schools	29	-	40,000	-	40,000	40,000
Other trading activities	5	271,165	204,020	-	475,185	797,035
Investment income	6	5,987	-	-	5,987	2,284
Total income		728,506	31,841,240	6,339,386	38,909,132	39,708,379
Expenditure on:						
Raising funds	7	121,084	263,568	-	384,652	-
Charitable activities	7	339,500	33,101,986	1,340,011	34,781,497	30,264,564
Teaching schools	29	-	40,000	-	40,000	40,000
Total expenditure		460,584	33,405,554	1,340,011	35,206,149	30,304,564
Net income		267,922	(1,564,314)	4,999,375	3,702,983	9,403,815

TRANSFORM TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Net income brought forward		267,922	(1,564,314)	4,999,375	3,702,983	9,403,815
Transfers between funds	18	-	(208,586)	208,586	-	-
Net movement in funds before other recognised gains/(losses)		267,922	(1,772,900)	5,207,961	3,702,983	9,403,815
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(4,400,000)	-	(4,400,000)	3,835,000
Net movement in funds		267,922	(6,172,900)	5,207,961	(697,017)	13,238,815
Reconciliation of funds:						
Total funds brought forward		3,775,079	(10,930,819)	50,878,660	43,722,920	30,484,105
Net movement in funds		267,922	(6,172,900)	5,207,961	(697,017)	13,238,815
Total funds carried forward		4,043,001	(17,103,719)	56,086,621	43,025,903	43,722,920

TRANSFORM TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08320065

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	56,086,621	50,723,213
		<u>56,086,621</u>	<u>50,723,213</u>
Current assets			
Stocks	15	57,313	67,571
Debtors	16	1,936,269	2,051,546
Cash at bank and in hand	22	5,721,371	4,930,498
		<u>7,714,953</u>	<u>7,049,615</u>
Creditors: Amounts falling due within one year	17	(2,289,671)	(1,970,908)
Net current assets		<u>5,425,282</u>	<u>5,078,707</u>
Net assets excluding pension liability		<u>61,511,903</u>	<u>55,801,920</u>
Defined benefit pension scheme liability	24	(18,486,000)	(12,079,000)
Total net assets		<u><u>43,025,903</u></u>	<u><u>43,722,920</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	18	56,086,621	50,878,660
Restricted income funds	18	1,382,281	1,148,181
Restricted funds excluding pension liability	18	<u>57,468,902</u>	<u>52,026,841</u>
Pension reserve	18	<u>(18,486,000)</u>	<u>(12,079,000)</u>
Total restricted funds	18	<u>38,982,902</u>	<u>39,947,841</u>
Unrestricted income funds	18	<u>4,043,001</u>	<u>3,775,079</u>
Total funds		<u><u>43,025,903</u></u>	<u><u>43,722,920</u></u>

The financial statements on pages 24 to 60 were approved by the Trustees, and authorised for issue and are signed on their behalf, by:



P Munro
Chair

Date: 17 December 2019

TRANSFORM TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	20	441,408	1,942,569
Cash flows from investing activities	21	349,465	440,696
Change in cash and cash equivalents in the year		790,873	2,383,265
Cash and cash equivalents at the beginning of the year		4,930,498	2,547,233
Cash and cash equivalents at the end of the year	22	<u>5,721,371</u>	<u>4,930,498</u>

The notes on pages 28 to 60 form part of these financial statements.

TRANSFORM TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Transform Trust meets the definition of a public benefit entity under FRS 102.

1.2 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

- **Transfer on conversion**

Where assets and liabilities 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 risks 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' to the net assets received.

- **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

TRANSFORM TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 Part 11, chapter 3 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.

TRANSFORM TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Land and buildings	- 50 years
Fixtures, fittings & equipment	- 3 years
Computer equipment	- 3 years

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.

TRANSFORM TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

At 31 August 2019 the Trust holds properties under 125-year leases from NCC and Derby City Council. These properties are included at their depreciated replacement cost at the date of conversion to academy status.

Land adjacent to Bulwell St Mary's Primary and Nursery school, which is being used as playing fields, is held on a 125-year lease from NCC and therefore has been recognised in long leasehold land and buildings.

The freehold of the properties at Sneinton St Stephen's Church of England Primary School and Bulwell St Mary's Primary and Nursery School is held by the Diocese of Southwell and Nottingham. The properties are occupied by the Trust's schools in accordance with the terms of Church Supplemental Agreements, dates 23 December 2014 and 28 July 2016 respectively, between the Trust, the Secretary of State for education and the Diocese of Southwell and Nottingham,

The Diocese of Southwell and Nottingham own all the legal title of the land and freehold where the Academies are situated, there is no formal lease in place and the Diocese do not charge any rent for the use of the property. The Academy Trust has a licence concluded that the trust does not have control over the premises. The guidance provided in the Academies Accounts Direction states that, such assets should not be recognised in the financial statements. This guidance has been followed and, therefore, the properties have not been recognised on the Trust's balance sheet.

Land and buildings includes land valued at £9,118,986 (2018: £8,406,486) which is not subject to depreciation.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Liabilities

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.9 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 bases 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 16. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

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 cost as detailed in note 17. 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 instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019. 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.

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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Transfer on conversion from local authority	-	-	-	10,325,589
Transfer of existing academy joining the academy trust	66,337	5,794,938	5,861,275	-
Donations	19,020	-	19,020	2,217
Capital grants	-	1,105,622	1,105,622	1,295,989
Similar incoming resources	-	-	-	(635,589)
Total 2019	85,357	6,900,560	6,985,917	10,988,206
Total 2018	2,217	10,985,989	10,988,206	

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	24,213,612	24,213,612	21,128,998
Other DfE Group grants	-	4,514,978	4,514,978	4,568,617
	-	28,728,590	28,728,590	25,697,615
Other government grants				
Local authority grants	-	2,307,456	2,307,456	2,149,374
	-	2,307,456	2,307,456	2,149,374
Other income from the academy trust's educational operations	365,997	-	365,997	33,865
Total 2019	365,997	31,036,046	31,402,043	27,880,854
Total 2018	33,865	27,846,989	27,880,854	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Staff recharges	54,848	-	54,848	227,031
Other income	216,317	42,419	258,736	450,466
Trip income	-	161,601	161,601	119,538
Total 2019	271,165	204,020	475,185	797,035
Total 2018	370,800	426,235	797,035	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	5,987	5,987	2,284

In 2018, of the total investment income, £2,284 was to unrestricted funds and £Nil was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising funds:					
Allocated support costs	-	-	384,652	384,652	-
Academies educational operations:					
Direct costs	22,577,254	-	1,963,505	24,540,759	19,736,119
Allocated support costs	4,321,013	1,733,216	4,186,509	10,240,738	10,528,445
Teaching school	40,000	-	-	40,000	40,000
Total 2019	26,938,267	1,733,216	6,534,666	35,206,149	30,304,564
Total 2018	23,009,038	2,607,699	4,687,827	30,304,564	

8. Charitable activities

	2019 £	2018 £
Direct costs - educational operations	24,540,759	19,736,119
Support costs - educational operations	10,240,738	10,528,445
	34,781,497	30,264,564
	2019 £	2018 £
Support costs		
Staff costs	4,321,013	5,115,124
Depreciation	1,340,011	1,011,611
Technology costs	275,962	301,095
Premises costs	1,733,216	1,383,718
Other support costs	2,266,541	2,432,332
Governance costs	303,995	284,565
	10,240,738	10,528,445

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	54,305	31,258
Depreciation of tangible fixed assets	1,340,011	1,011,611
Fees paid to auditor for:		
- audit	19,000	33,650
- other services	8,700	-
	<u>8,700</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	19,075,309	16,474,473
Social security costs	1,780,252	1,464,581
Pension costs	4,968,113	4,136,661
	<u>25,823,674</u>	<u>22,075,715</u>
Agency staff costs	793,273	744,768
Staff restructuring costs	111,298	67,202
Staff development and other staff costs	210,022	121,353
	<u>26,938,267</u>	<u>23,009,038</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £59,716 (2018: £Nil). Individually, the payments were: £30,000, £12,688, £10,000 and £7,028.

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	308	303
Administration and support	594	567
Management	20	18
	<u>922</u>	<u>888</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	8	5
In the band £70,001 - £80,000	7	4
In the band £80,001 - £90,000	3	2
In the band £90,001 - £100,000	1	1
In the band £120,001 - £130,000	1	1

d. Key management personnel

The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,856,046 (2018: £1,570,138).

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NOTES TO THE FINANCIAL STATEMENTS
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11. Central services

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

- Financial services
- Legal services
- Educational support services
- HR services

The Academy Trust charges for these services on the following basis:

A flat percentage of income (5%) on certain income streams.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Sneinton St Stephen's CoE Primary School	61,074	61,283
Edale Rise Primary and Nursery School	74,439	73,494
Highbank Primary School	77,273	72,602
Brocklewood Primary School	158,608	157,562
Rosslyn Park Primary School	188,849	184,246
Allenton Community Primary School	106,560	102,572
Bulwell St Mary's CoE Primary School	80,785	85,680
Burford Primary and Nursery School	63,901	63,838
William Booth Primary and Nursery School	68,002	67,667
Robert Shaw Primary and Nursery School	101,265	104,193
Whitegate Primary and Nursery School	106,170	102,087
Pear Tree Community Junior School	95,039	95,288
Breadsall Hill Top Primary School	95,525	98,535
South Wilford Endowed CoE Primary School	75,148	47,092
Parkdale Primary School	85,286	14,319
Zaytouna Primary School	78,717	-
Total	1,516,641	1,330,458

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NOTES TO THE FINANCIAL STATEMENTS
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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£000	£000
R Meredith CBE , Accounting Officer	Remuneration	125-130	125-130
	Pension contributions paid	20-25	20-25
Prof Q Gu	Remuneration	5-10	0-5
	Pension contributions paid	-	-

During the year ended 31 August 2019, Trustee expenses payments totalling £Nil (2018: £213) were reimbursed to no trustees (2018: 1 trustee).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice the academy 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 unlimited cover on any one claim and the cost for the year ended 31 August 2019 was included within the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Tangible fixed assets

	Land and buildings £	Furnitures, fittings & equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	51,193,808	1,152,880	541,908	52,888,596
Additions	960,688	104,692	404,327	1,469,707
Acquisitions	5,160,288	17,091	56,333	5,233,712
At 31 August 2019	<u>57,314,784</u>	<u>1,274,663</u>	<u>1,002,568</u>	<u>59,592,015</u>
Depreciation				
At 1 September 2018	1,609,233	283,924	272,226	2,165,383
Charge for the year	894,587	235,865	209,559	1,340,011
At 31 August 2019	<u>2,503,820</u>	<u>519,789</u>	<u>481,785</u>	<u>3,505,394</u>
Net book value				
At 31 August 2019	<u>54,810,964</u>	<u>754,874</u>	<u>520,783</u>	<u>56,086,621</u>
At 31 August 2018	<u>49,584,575</u>	<u>868,956</u>	<u>269,682</u>	<u>50,723,213</u>

15. Stocks

	2019 £	2018 £
Stock	<u>57,313</u>	<u>67,571</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Debtors

	2019	2018
	£	£
Due within one year		
Trade debtors	6,960	39,668
Amounts owed by group undertakings	-	147,823
VAT repayable	722,996	555,493
Other debtors	3,442	3,345
Prepayments and accrued income	1,202,871	1,305,217
	<u>1,936,269</u>	<u>2,051,546</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	867,781	800,194
Amounts owed to group undertakings	10,378	4,874
Other creditors	5,461	-
Accruals and deferred income	1,406,051	1,165,840
	<u>2,289,671</u>	<u>1,970,908</u>

	2019	2018
	£	£
Deferred income		
Deferred income at 1 September 2018	618,032	475,831
Resources deferred during the year	804,250	618,032
Amounts released from previous years	(618,032)	(475,831)
Deferred income at 31 August 2019	<u>804,250</u>	<u>618,032</u>

Deferred income includes the following:

Universal free school meals	£326,302
Early years school	£23,629
Rates	£47,687
Additional inclusion allowance (AIA)	£148,500
High level needs (HLN)	£132,157
Other income in advance	£9,196
Conversion Grant - RAV	£25,000
Lawn Conversion Grant	£25,000
Inset day	£14,800
PGCF Classroom	£43,979
Staffing & Utilities	£8,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	3,775,079	728,506	(460,584)	-	-	4,043,001
Restricted general funds						
General Annual Grant (GAG)	1,148,181	24,213,612	(23,770,926)	(208,586)	-	1,382,281
Pupil Premium	-	2,995,660	(2,995,660)	-	-	-
Other restricted grants	-	4,711,968	(4,711,968)	-	-	-
Pension reserve	(12,079,000)	(80,000)	(1,927,000)	-	(4,400,000)	(18,486,000)
	<u>(10,930,819)</u>	<u>31,841,240</u>	<u>(33,405,554)</u>	<u>(208,586)</u>	<u>(4,400,000)</u>	<u>(17,103,719)</u>
Restricted fixed asset funds						
Capital donations	47,770,787	5,233,764	(130,181)	-	-	52,874,370
DfE/ESFA capital grants	3,107,873	1,105,622	(1,209,830)	208,586	-	3,212,251
	<u>50,878,660</u>	<u>6,339,386</u>	<u>(1,340,011)</u>	<u>208,586</u>	<u>-</u>	<u>56,086,621</u>
Total Restricted funds	<u>39,947,841</u>	<u>38,180,626</u>	<u>(34,745,565)</u>	<u>-</u>	<u>(4,400,000)</u>	<u>38,982,902</u>
Total funds	<u>43,722,920</u>	<u>38,909,132</u>	<u>(35,206,149)</u>	<u>-</u>	<u>(4,400,000)</u>	<u>43,025,903</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Statement of funds (continued)

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees;
- Restricted funds (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the academy;
- Pension reserve represents the Local Government Pension Scheme liability;
- Other restricted reserve represents funds which are restricted by the donor including school trip income;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Transfers relate to revenue funds used for capital expenditure.

The Pension Reserve is a fund in deficit as this relates to the Local Government Pension Scheme, the Trustees review the deficit on a regular basis and are advised by an external actuary.

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 2019.

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18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Sneinton St Stephen's CoE Primary School	275,338	253,026
Edale Rise Primary and Nursery School	195,262	200,273
Highbank Primary School	172,421	82,328
Brocklewood Primary School	221,860	151,616
Rosslyn Park Primary School	289,559	248,730
Allenton Community Primary School	370,289	283,753
Bulwell St Mary's CoE Primary School	313,311	325,842
Burford Primary and Nursery School	112,183	105,185
William Booth Primary and Nursery School	73,614	28,536
Robert Shaw Primary and Nursery School	157,572	183,261
Whitegate Primary and Nursery School	644,528	703,709
Pear Tree Community Junior School	329,765	424,036
Breadsall Hill Top Primary School	226,474	198,032
South Wilford Endowed CoE Primary School	281,916	397,392
Parkdale Primary School	249,731	218,395
Zaytouna Primary School	587,292	-
Transform Trust	924,167	1,119,146
Total before fixed asset funds and pension reserve	5,425,282	4,923,260
Restricted fixed asset fund	56,086,621	50,878,660
Pension reserve	(18,486,000)	(12,079,000)
Total	43,025,903	43,722,920

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Total cost analysis by academy

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 2019 £	Total 2018 £
Sneinton St Stephen's CoE Primary School	859,023	138,225	73,895	194,441	1,265,584	1,340,028
Edale Rise Primary and Nursery School	1,074,638	116,618	95,399	218,468	1,505,123	1,520,067
Highbank Primary School	1,089,793	171,431	71,155	174,645	1,507,024	1,612,556
Brocklewood Primary School	2,308,406	378,561	203,011	373,872	3,263,850	3,410,214
Rosslyn Park Primary School	2,567,047	455,529	222,434	491,836	3,736,846	3,994,031
Allenton Community Primary School	1,508,160	286,462	65,225	202,230	2,062,077	2,164,710
Bulwell St Mary's CoE Primary School	1,115,193	146,103	117,572	242,779	1,621,647	1,745,172
Burford Primary and Nursery School	858,050	160,841	104,020	175,001	1,297,912	1,416,511
William Booth Primary and Nursery School	896,933	126,402	92,105	201,034	1,316,474	1,483,843
Robert Shaw Primary and Nursery School	1,641,130	187,809	105,253	282,641	2,216,833	2,216,224
Whitegate Primary and Nursery School	1,462,867	262,929	134,464	203,518	2,063,778	2,093,354
Pear Tree Community Junior School	1,376,415	257,720	119,000	260,645	2,013,780	1,900,585
Breadsall Hill Top Primary School	1,398,230	265,922	67,644	197,918	1,929,714	2,059,172
South Wilford Endowed CoE Primary School	1,214,131	138,304	88,459	256,163	1,697,057	1,116,968
Parkdale Primary School	1,254,378	134,294	125,291	254,005	1,767,968	299,615
Zaytouna Primary School	1,049,760	194,379	96,454	265,713	1,606,306	1,330,458
Transform Trust	903,100	939,484	605,767	545,814	2,994,165	2,250,361
Academy Trust	22,577,254	4,361,013	2,387,148	4,540,723	33,866,138	31,953,869

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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	2,957,355	1,044,755	(227,031)	-	-	3,775,079
Restricted general funds						
General Annual Grant (GAG)	452,503	21,128,998	(20,080,696)	(352,624)	-	1,148,181
Other DfE/ESFA grants	-	4,568,617	(4,568,617)	-	-	-
Other government grants	-	2,149,374	(2,149,374)	-	-	-
Teaching schools	-	40,000	(40,000)	-	-	-
Other restricted funds	-	426,235	(426,235)	-	-	-
Pension reserve	(13,198,000)	(915,000)	(1,801,000)	-	3,835,000	(12,079,000)
	<u>(12,745,497)</u>	<u>27,398,224</u>	<u>(29,065,922)</u>	<u>(352,624)</u>	<u>3,835,000</u>	<u>(10,930,819)</u>
Restricted fixed asset funds						
Transfer on conversion	37,902,455	10,605,000	(736,668)	-	-	47,770,787
DfE/ESFA capital grants	2,369,792	504,953	(274,943)	352,624	-	2,952,426
Unspent capital funds	-	155,447	-	-	-	155,447
	<u>40,272,247</u>	<u>11,265,400</u>	<u>(1,011,611)</u>	<u>352,624</u>	<u>-</u>	<u>50,878,660</u>
Total Restricted funds	<u>27,526,750</u>	<u>38,663,624</u>	<u>(30,077,533)</u>	<u>-</u>	<u>3,835,000</u>	<u>39,947,841</u>
Total funds	<u>30,484,105</u>	<u>39,708,379</u>	<u>(30,304,564)</u>	<u>-</u>	<u>3,835,000</u>	<u>43,722,920</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Analysis of net assets between funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	56,086,621	56,086,621
Current assets	4,043,001	3,671,952	-	7,714,953
Creditors due within one year	-	(2,289,671)	-	(2,289,671)
Provisions for liabilities and charges	-	(18,486,000)	-	(18,486,000)
Total	4,043,001	(17,103,719)	56,086,621	43,025,903

Comparative information in respect of the preceding year is as follows:

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	50,723,213	50,723,213
Current assets	3,775,079	3,119,089	155,447	7,049,615
Creditors due within one year	-	(1,970,908)	-	(1,970,908)
Provisions for liabilities and charges	-	(12,079,000)	-	(12,079,000)
Total	3,775,079	(10,930,819)	50,878,660	43,722,920

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20. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	3,702,983	9,403,815
Adjustments for:		
Depreciation charges	1,340,011	1,011,611
Transfer on conversion	-	(10,325,589)
Transfer of existing academy joining the academy trust	(5,861,275)	-
Interest receivable	(5,987)	(2,284)
Increase in stocks	10,258	(36,387)
Increase in debtors	115,277	279,525
Increase in creditors	318,763	471,278
Capital grants from DfE and other capital income	(1,105,622)	(660,400)
Defined benefit pension scheme cost less contributions payable	1,607,000	1,459,000
Defined benefit pension scheme finance cost	320,000	342,000
Net cash provided by operating activities	441,408	1,942,569

21. Cash flows from investing activities

	2019 £	2018 £
Interest received	5,987	2,284
Purchase of tangible assets	(1,469,707)	(857,577)
Capital grants from DfE Group	1,105,622	660,400
Cash transferred on conversion from local authority	-	635,589
Cash transferred on transfer from an academy trust	707,563	-
Net cash provided by investing activities	349,465	440,696

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	5,721,371	4,930,498

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23. Conversion to an academy trust

Zaytouna Primary School

	Value reported by transferring trust £	Transfer in recognised £
Tangible fixed assets		
Long-term leasehold property	5,160,288	5,160,288
Furniture and equipment	17,091	17,091
Computer equipment	56,333	56,333
Current assets		
Debtors due within one year	91,981	91,981
Cash at bank and in hand	826,589	826,589
Liabilities		
Creditors due within one year	(211,007)	(211,007)
Pensions		
Pensions - pension scheme assets	216,000	216,000
Pensions - pension scheme liabilities	(296,000)	(296,000)
Net assets	<u>5,861,275</u>	<u>5,861,275</u>

24. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 Nottinghamshire County Council and Derbyshire County Council. Both are multi-employer defined benefit schemes.

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

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

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24. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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24. Pension commitments (continued)

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £1,738,113 (2018: £1,485,222).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 2019 was £1,718,000 (2018: £1,563,000), of which employer's contributions totalled £1,305,000 (2018: £1,187,000) and employees' contributions totalled £413,000 (2018: £376,000). The agreed contribution rates for future years are 18% for employers and 5.5 to 7.5% 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

	2019	2018
	%	%
Discount rate for scheme liabilities	1.90%	2.70%
Rate of increase in salaries	2.80% - 3.65%	3.60%
Rate of increase for pensions in payment / inflation	2.15% - 2.30%	2.30%
Inflation assumption (CPI)	2.15% - 2.30%	2.30%

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.7 - 21.9	22.6
Females	24.4	25.4
<i>Retiring in 20 years</i>		
Males	23.3 - 23.9	24.7
Females	26.2 - 26.5	27.7

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24. Pension commitments (continued)

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	985,000	720,000
Discount rate -0.1%	138,000	111,000
Pension increase rate 0.1%	835,000	607,000

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	9,387,000	8,281,000
Gilts	389,000	287,000
Other bonds	1,803,000	1,546,000
Property	1,827,000	1,595,000
Cash	576,000	361,000
Other	1,134,000	690,000
Total market value of assets	15,116,000	12,760,000

The actual return on scheme assets was £680,000 (2018 - £641,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(2,482,000)	(2,646,000)
Past service cost	(428,000)	-
Interest income	369,000	278,000
Interest cost	(689,000)	(620,000)
Administrative expenses	(2,000)	-
Total amount recognised in the Statement of Financial Activities	(3,232,000)	(2,988,000)

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24. Pension commitments (continued)

Changes in the present value of the defined benefit obligations were as follows:

	2019	2018
	£	£
At 1 September	24,839,000	22,941,000
Transfer on conversion	-	1,828,000
Transferred in on existing academies joining the trust	296,000	-
Current service cost	2,482,000	2,646,000
Interest cost	689,000	620,000
Employee contributions	413,000	376,000
Actuarial losses/(gains)	4,711,000	(3,472,000)
Benefits paid	(256,000)	(100,000)
Past service costs	428,000	-
At 31 August	33,602,000	24,839,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019	2018
	£	£
At 1 September	12,760,000	9,743,000
Transfer on conversion	-	913,000
Transferred in on existing academies joining the trust	216,000	-
Interest income	369,000	278,000
Actuarial gains	311,000	363,000
Employer contributions	1,305,000	1,187,000
Employee contributions	413,000	376,000
Benefits paid	(256,000)	(100,000)
Administrative expenses	(2,000)	-
At 31 August	15,116,000	12,760,000

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25. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy Trust 2019 £	Academy Trust 2018 £
Not later than 1 year	68,254	86,248
Later than 1 year and not later than 5 years	89,987	138,628
	<u>158,241</u>	<u>224,876</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.

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NOTES TO THE FINANCIAL STATEMENTS
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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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transaction took place in the period of the account:

TT Support Services Limited ("TTSA")

TTSA is wholly owned by the Trust. It provides membership and staff training and advice to the educational sector. During the year, the Trust recharged staff costs and other expenses totalling £Nil (2018: £159,125) to TTSA. The Trust purchased services costing £44,476 (2018: £99,309) from TTSA and made sales of £719 (2018: £5,542) from TTSA. The balance owed to TTSA by the Trust at 31 August 2019 was £10,476 (2018: £147,823). During the year there were transactions between the close family member of R Meredith, a trustee, and TTSA which related to professional services provided by the close family member of the trustee. These transactions amounted to £Nil (2018: £1,653). During the year there were transactions between, Q Gu, a trustee, and TTSA which related to support projects provided by the trustee. These transactions amounted to £Nil (2018: £600).

South Wilford School

A member of the senior management team, K Lee, who is also the Head at Sneinton St Stephens C of E Primary School, was the Executive Head of South Wilford School for 2017/2018. The Trust recharged staff costs to South Wilford School amounting to £Nil (2018: £14,984) and incurred costs of £Nil (2018: £6,812). This school joined the trust from 1st January 2018 and the transactions disclosed here relate to the period before conversion.

EPIC Partners

Three members of the senior management team, K Lee, S O'Connor and C Paparozzi, are directors in EPIC Partners, a company limited by guarantee during the year. During the period, the Trust purchased educational services from EPIC Partners amounting to £13,492 (2018: £10,316). The balance owed by the Trust at 31st August 2019 was £Nil (2018: £Nil).

Inspiring Leaders Limited

A member of the senior management team, R Meredith CBE, was a director in Inspiring Leads Limited during the year, a company limited by guarantee. During the period, the Trust received income from Inspiring Leaders Limited amounting to £7,041 (2018: £Nil). The balance owed by the Trust at 31st August 2019 was £Nil (2018: £Nil).

Challenge Partners

A member of the senior management team, R Meredith CBE, is a director in Challenge Partners, a company limited by guarantee. During the period, the Trust received income from Challenge Partners amounting to £9,650 (2018: £Nil). The balance owed by the Trust at 31st August 2019 was £Nil (2018: £Nil).

The transactions disclosed above have been conducted in accordance with the requirements of the Academies Financial Handbook and with the Academy Trusts financial regulations and procurement procedures.

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Post balance sheet events

Ravensdale Junior School and Lawn Primary school joined Transform Trust on 1 September 2019 and 1 December 2019 respectively. The assets and liabilities were transferred for £Nil consideration

29. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Other income	40,000		40,000	
Total income		40,000		40,000
Expenditure				
Other expenditure				
Other support staff costs	40,000		40,000	
Other expenditure				
Total expenditure		40,000		40,000

As at 31 August 2019 the surplus carried forward was £Nil (2018: £Nil).

30. Principal subsidiaries

TT Support Services Limited

Subsidiary name	TT Support Services Limited
Company registration number	08413480
Basis of control	100% owned subsidiary
Total assets as at 31 August 2019	£235,662
Total liabilities as at 31 August 2019	(£143,010)
Total equity as at 31 August 2019	£92,652
Turnover for the year ended 31 August 2019	£216,424
Expenditure for the year ended 31 August 2019	(£124,492)
Profit for the year ended 31 August 2019	£91,932