

Registered number: 07515832

Transforming Lives Educational Trust

Trustees' Report and Financial Statements

For the year ended 31 August 2019



**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

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Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Reference and Administrative Details

Members	P Davis S Jardine G Mati N Snook
Trustees	S Jardine, Chair of Trustees H E Barge (resigned 20 December 2018) S Crosson L Howard (resigned 31 January 2019) J E James (resigned 20 December 2018) G J French (appointed 1 September 2019) N S Watson (appointed 1 January 2019) M H Soley (resigned 3 October 2019) A Gold (appointed 1 January 2019, resigned 6 December 2019) P J Davis, Vice Chair
Company registered number	07515832
Company name	Transforming Lives Educational Trust
Principal and registered office	c/o Ashlawn School Ashlawn Road Rugby Warwickshire CV22 5ET
CEO and Accounting Officer	J E Higham
Senior management team	M A Goodey, CFO, Transforming Lives Educational Trust (appointed 1 July 2019) A Wright, Business and Operations Manager, Transforming Lives Educational Trust (appointed 1 August 2019) S Evans, Principal, Ashlawn School (appointed 1 January 2019) E Cheney, Vice Principal, Ashlawn School (Acting Head Teacher to 31 December 2018) S McKim, Vice Principal, Ashlawn School S Urding, Vice Principal, Ashlawn School J Hunton, Vice Principal, Ashlawn School (resigned 16 June 2019) S Cranmer, Vice Principal, Ashlawn School K Smith, Assistant Principal, Ashlawn School J Buggins, Assistant Principal, Ashlawn School (resigned 31 December 2018) J Delves, Assistant Principal, Ashlawn School P Johal, Assistant Principal, Ashlawn School A Nicholls, School Business Manager, Ashlawn School (resigned 14 June 2019) J Higham, Principal, Henry Hinde Infant School (resigned 31 December 2018) F Edwards, Principal, Henry Hinde Infant School (appointed 1 January 2019) R O'Neill, Assistant Principal, Henry Hinde Infant School (appointed 1 January 2019) M Roberts, Academies Business Manager, Henry Hinde Infant School (resigned 11 May 2019) R Allen, Principal, Henry Hinde Junior School S Stewart, Vice Principal, Henry Hinde Junior School

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Reference and Administrative Details (continued)
For the year ended 31 August 2019

Independent auditors Dains LLP
 15 Colmore Row
 Birmingham
 B3 2BH

Bankers Lloyds Bank plc
 14 Church Street
 Rugby
 Warwickshire
 CV21 3PL

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Trustees' report
For the year ended 31 August 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 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.

Structure, governance and management

a. Constitution

Transforming Lives Educational Trust (the "Trust") is a charitable company limited by guarantee (registration number 07515832) and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The charitable company known as Transforming Lives Educational Trust is a multi-academy trust and for the period covered by this report the Trust had responsibility for the following entities:

- Ashlawn School
- Henry Hinde Infant School
- Henry Hinde Junior School (transferred in 1 August 2019)
- Innovation Learning and Leadership Alliance Limited (Ashlawn Teaching School)

It is to the operation of the Trust that the set of financial statements for the period ended 31 August 2019 relate.

The Trustees of Transforming Lives Educational Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Transforming Lives Educational 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

In accordance with normal commercial practice, the Trust has purchased insurance to protect its Members, Directors, Academy Representatives and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The professional indemnity insurance cover is 'unlimited' and provided by the Department for Education under their 'Risk Protection Arrangements'.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2019**

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the Trust and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The members of Transforming Lives Educational Trust may appoint and/or remove Trustees. The Trustees appoint/remove Governors to the Local Governing Boards of the academies.

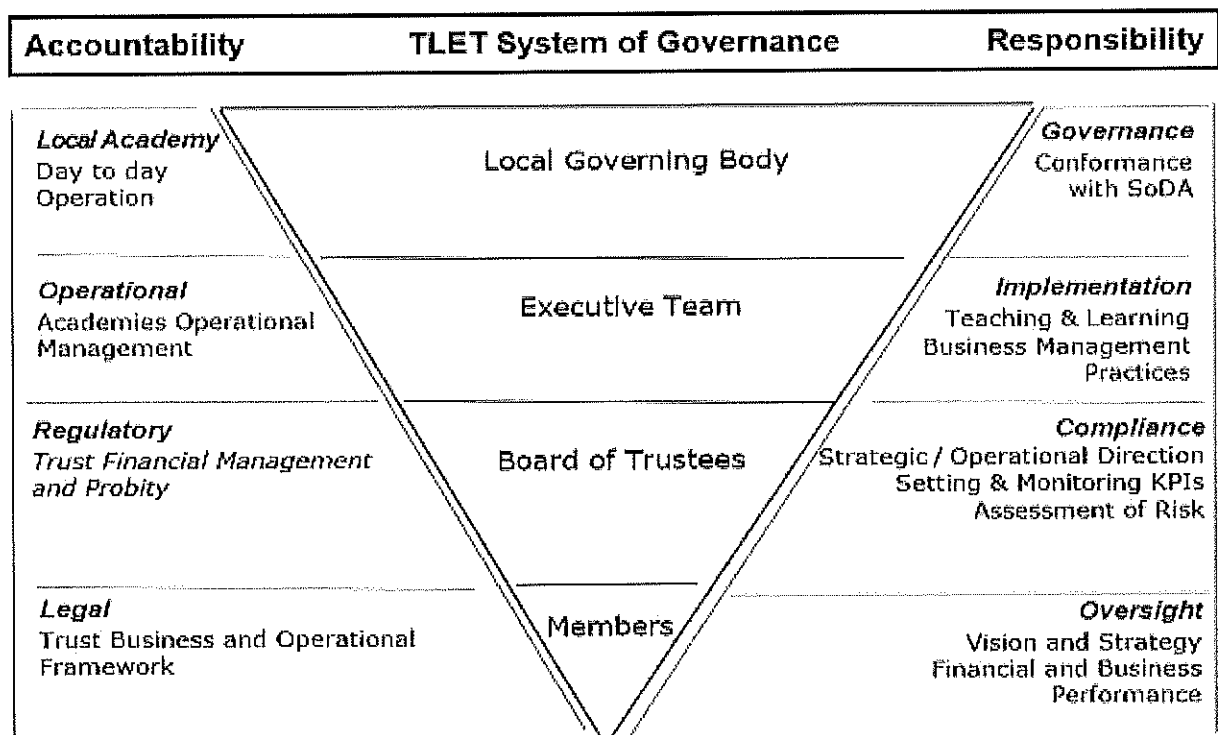
The minimum number of Trustees allowed at any time is three.

e. Policies and procedures adopted for the induction and training of Trustees

Trustees and governors are appointed on the basis of skills needs with all trustees and governors being annually assessed, through self-assessment, against the National Governors' Association (NGA) skills audit framework. Induction and CPD for governors and trustees is reflective of identified assessed needs and delivered using independent expert suppliers of services such as ECM Education Consultants and Warwickshire Education Services. Trustees and appointed governors are all subject to Disclosure and Barring Service checks.

f. Organisational structure

The organisational structure of Transforming Lives Educational Trust consists of four interdependent strands of responsibility and accountability as vested in the Members, Trustees, Executive Teams of the respective academies and the Local Governing Boards - each pivotal in decision making.



**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2019**

Structure, governance and management (continued)

The Local Governing Boards are approved sub-committees of the Board of Trustees and responsible for the day to day operational running of the academies to the extent as permitted through and authorised by the Scheme of Delegated Authority ('SODA') pertinent to each academy.

Collectively the senior leadership teams of each academy report to the CEO and are responsible for the efficient and effective day-to-day running of the academies, in particular organising the teaching staff, facilities and students.

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

The remuneration for key management personnel (including Principals) is aligned to the School Teachers' Pay and Conditions Document (STPCD) leadership range being reflective of role, responsibility and, with regard to the Principals, the group classification of the particular academy.

Transforming Lives Educational Trust Board of Trustees has established a Remuneration Committee to advise the Board on matters relating to the Trust's staff and pay structures. The main duties and responsibility of the remuneration committee is to:

- recruit, appoint and set the remuneration of the CEO, Principal(s) and Senior Leadership teams;
- hold oversight of the pay and terms and conditions of service of all employees in the Trust;
- review and recommend to the Board any significant changes to staffing structures;
- ratify remuneration for the Principal(s), Head Teachers and members of the Senior Leadership.

Performance appraisals of Principal(s) is supported by external independent reviewers with currency of educational expertise.

h. Trade union facility time

The Transforming Lives Educational Trust had no employees who were relevant union officials during the year.

i. Related parties and other connected charities and organisations

The Transforming Lives Educational Trust has a fully owned subsidiary; Innovation Learning and Leadership Alliance Limited. The results of the subsidiary have been consolidated within these financial statements.

The Trust does not currently participate with any other related parties or other connected charities and organisations.

**Transforming Lives Educational Trust
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**Trustees' report (continued)
For the year ended 31 August 2019**

Structure, governance and management (continued)

Objectives and activities

a. Objects, aims and objectives

As a Trust, we aspire to provide world class learning opportunities that enable the potential of the communities we serve. In doing so, we aim to transform the life chances of children and young people from birth through to school leaver and beyond.

The ethos and underpinning values of Transforming Lives Educational Trust is premised upon transforming lives through learning and leadership, raising standards through the sharing of knowledge and the application of best practice including adopting innovative teaching and learning; thereby creating a learning culture that builds, sustains and transforms our children and young people as well as the wider local geographical and social community.

The operational objectives of each of the academies within the Transforming Lives Educational Trust family is nested in our overarching aim translated into three guiding principles, namely:

- Ensuring the Quality of Teaching and Learning - through:
 - implementation of best practice and proactively raising standards
 - collective accountability for pupil progression, attainment and enrichment
 - currency of occupational competence and professional development
 - child centered funding enabled learning NOT funding driven enabled learning

- Ensuring an Inspiring Learning Environment - through:
 - establishing a culture based on openness, respect, integrity, and inclusivity
 - application of innovative systems of learning and pedagogy
 - resourcing according to learning and educational demand
 - utilisation of best fit learning environments within and across the MAT

- Ensuring Financial Viability - through:
 - driving efficiency through funding leverage and economies of scale
 - operating shared central and/or distributed services
 - delivering prudent budgetary control
 - working to financial KPIs and efficiency metrics

The strategic objectives for the Trust for 2018-2021 are:

- 1. Strategic Governance**
To ensure that the Board of Trustees of the Trust acts on behalf of its moral and legal owners in the best interests of the Trust, governing lawfully in accordance with its Articles of Association and having governance arrangements that demonstrate legitimate and visionary leadership, clarity and managerial relationships, effective oversight, adequate support structures for sustainability and to achieve the greatest possible economies.

- 2. School Improvement – Leadership, Teaching & Learning**
To ensure that our academies provide the very best teaching in order to promote and provide high quality learning for our children and young people and that there is support in place for staff to achieve this and make a difference to the life chances of the children and young people in our care.

- 3. Continued Professional Development**
To implement a CPD programme for our academies to ensure that our staff have the right skills to further raise standards, deliver excellence in teaching and learning and disseminate best practice to ensure rapid improvement.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2019**

Objectives and activities (continued)

a. Objects, aims and objectives (continued)

4. Quality Assurance

To ensure that there is a rigorous and robust programme of Quality Assurance that helps to support staff, build expertise and capacity and raise standards in our academies to deliver positive outcomes for pupils and students.

5. Integrated Support & Shared Services

To ensure that the Trust has business arrangements that are efficient and effective and enables it to deliver on its commitments to grow and prosper and deliver value for money across the Trust. Delivering best practice, minimisation of risk and for management of resources to be concentrated to the front line of our academies.

b. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

**Transforming Lives Educational Trust
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**Trustees' report (continued)
For the year ended 31 August 2019**

Strategic report

Achievements and performance

a. Review of activities

Achievements of the Transforming Lives Educational Trust during 2018-19:

- Key achievement and progress outcomes in the majority of schools were at least sustained and typically improved on those achieved in 2018. Where improved outcomes were less evident, they were stable, and as a result of changes in leadership during 2018-19.
- Successful recruitment of a substantive CEO and the expansion of the central services team to include the appointment of a substantive CFO, Business Operations & Estates Manager IT Manager and HR Officer and HR Administrator.
- Successful recruitment of substantive Principals at Henry Hinde Infant School and Ashlawn School.
- Growth of the Trust through the incorporation of Henry Hinde Junior School into the TLET family of academies and a positive consultation to merge with Houlton CofE MAT.
- An extended and more comprehensive core offer for TLET academies that now includes executive support, finance, HR, IT and estates management as well as a broader and more diverse school improvement strategy.
- Successful re-designation of the Innovation Learning and Leadership Alliance Limited (Ashlawn Teaching School).
- Received full technical planning permission for the construction of Houlton (Secondary Free) School.
- Successfully sourced additional funding for considerable capital refurbishment of Henry Hinde Junior School.
- Appointment of the TLET CEO to Warwickshire Schools' Forum, widening our Trust's influence within system leadership.
- A revised and improved Scheme of Delegated Authority to include sections on Governor Terms of Reference, Financial delegation and Strategic Impact Support.
- Standardisation of a range of trust-wide policies and procedures to further consistency of practice as well as to ease the administrative burden on our academy leaders.
- MAT review conducted by Regional School Commissioner's Academy Delivery Team highly complimentary, ensuring confidence for future growth.
- The re-location of the MAT core personnel into TLET Central Offices.

b. Key performance indicators

Transforming Lives Educational Trust has framed KPIs for each of our academies. Local Governing Boards are required to measure, monitor and report on KPIs termly to the Board of Trustees on the following areas:

- Learning Progression
- Pupil/Student Welfare
- Leadership & Management
- Financial Efficiency and Effectiveness

This reporting framework enables the Board of Trustees and the Executive of the Trust to determine the sustained or improving performance of each academy against a range of indicators. KPI reporting for the year 2018-19 demonstrates that our academies continue to either sustain or are improving towards strong performance when compared against national benchmarks as well as TLET's own high standards of performance.

**Transforming Lives Educational Trust
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**Trustees' report (continued)
For the year ended 31 August 2019**

Strategic report (continued)

Achievements and performance (continued)

c. Going concern

The Trustees have prepared forecasts through to 31 August 2021, incorporating expected increased funding from increased pupil numbers. These forecasts demonstrate that the Trust is expected to generate financial surpluses for years 2019/20 & 20/21.

As at 31 August 2019, the Group had net current assets of £156,413 (2017 - £295,552) and based on cash flow forecasts is expected to be able to continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The Trustees of Transforming Lives Educational Trust have therefore determined that its academies have adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Financial review

a. Reserves policy

The Local Governing Boards and specifically the Finance Committee as approved by the Trustees review the level of reserves of the academies annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trust held fund balances at 31 August 2019 of £13,361,294 (2018 - £14,404,644) consisting of £13,296,902 (2018 - 14,430,327) restricted funds and £19,392 unrestricted funds (2018 - deficit of £25,683). Included in restricted funds is an amount of £18,338,795 (2018 - £17,090,874) invested in fixed assets and a pension reserve deficit of £4,931,000 (2018 - £2,712,000).

b. Investment policy

Under the Memorandum and Articles of Association the Trustees have the power to deposit or invest any funds not immediately required for the furtherance of its objects (but to invest only after obtaining such advice from an independent financial institution). During the year ended 31 August 2019 no investments were made.

c. Principal risks and uncertainties

The principal risk to Transforming Lives Educational Trust remains as it was for 2017/18, namely, direct reputational damage or reputational damage through association, particularly in the context of incorporation of poorer performing schools/academies within the multi-academy structure.

The principal risks of the Trust's academies are as for most educational establishments the failure to maintain and improve academic standards.

Both of these areas could ultimately result in a decline in student numbers which would have a detrimental impact on the overall funding of the Trust.

The Trustees have assessed the major risks to which it is exposed, in particular those related to the financial processes, and are satisfied that its new systems of governance and procedures are adequate to mitigate such exposure of risk.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2019**

Strategic report (continued)

Financial review (continued)

d. Fundraising

The Trust does not yet have a distinct policy for fundraising. However, academies within the Trust fundraise by way of funding bids to regulators such as the ESFA; local charities who donate to local business/causes and via Parent-Teacher Association events.

Plans for future periods

Transforming Lives Educational Trust is geared through the adoption and implementation of a growth strategy to develop its multi-academy status through the inclusion and incorporation of infant, primary and secondary schools within the Rugby area as well as schools from within an accessible geographical proximity operating to same/similar ethos and values. Additionally, and with the remit of 'transforming lives', the Trust will increasingly seek to bring on board lesser performing schools. Specifically, in 2019/20 we shall be:

- working with and supporting the new school that joined the TLET family;
- strengthening the delivery (internal & external) of our Teaching School;
- induction of expanded central service team including finance, business operations, estates, HR and IT;
- launching a corporate guide for our academies;
- contracting with ECM Education Consultants and the Challenge Partners Network as the Trust-wide schools' improvement partners;
- continue to work closely with the DfE and contractors to realize Houlton (Free) School.

Funds held as custodian on behalf of others

At 31 August 2019, £20,000 was being held on behalf of Warwickshire County Council Cluster services.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Group and the Trust carry out exit interviews for all staff leaving the organisation and have adopted a procedure of upward feedback for senior management and the Local Governing Board.

The Group and the Trust have, through the offices of the Local Governing Board, implemented a number of detailed policies in relation to all aspects of personnel matters.

The Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

Disclosure of information to auditors

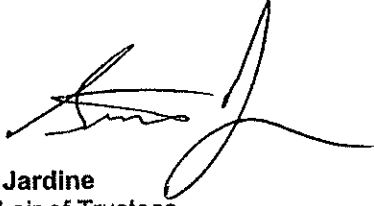
Insofar as the Trustees are aware:

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

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Trustees' report (continued)
For the year ended 31 August 2019**

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on *18 December 2019* and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Jardine', with a large, sweeping flourish extending to the right.

S Jardine
Chair of Trustees

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Transforming Lives Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Jardine, Chair of Trustees	6	6
H E Barge (resigned 20 December 2018)	0	2
S Crosson	5	6
P J Davis, Vice Chair	4	6
G J French (appointed 1 September 2019)	0	0
A Gold (appointed 1 January 2019, resigned 6 December 2019)	4	4
L Howard (resigned 31 January 2019)	2	2
J E James (resigned 20 December 2018)	1	2
M H Soley (resigned 31 October 2019)	1	6
N S Watson (appointed 1 January 2019)	3	4

During the year the decision was taken to amalgamate the sub-committee structure of the Board in order to ease the burden on those attending.

The Finance and Resources Committee is a sub-committee of the main Board of Trustees and met on four occasions prior to the flattening of the structure.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
L Howard (Chair up to 31 January 2019)	3	3
S Jardine (Chair from 1 February 2019)	4	4
H E Barge (resigned 20 December 2018)	0	2

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

Governance Statement (continued)

Governance (continued)

Following the flattening of the structure a new sub-committee was formed that incorporated the roles of the Finance and Resources sub-committee, the Remuneration sub-committee, the Audit and Risk sub-committee and the Standards sub-committee.

This new sub-committee is a sub-committee of the main Board of Trustees with duties outlined below:

- To recruit, appoint and set the remuneration of all executive staff, headteachers/principals and senior leadership teams of the Trust;
- To oversee the pay and terms and conditions of service of all Trust employees;
- To review and recommend any significant changes to staffing structures within the Trust, its academies or subsidiaries.
- Monitor the integrity of the financial statements;
- Review internal financial control and reviewing the academies' internal control and risk management systems;
- To review the action and implementation of risk management policy across the Trust;
- Make recommendations to the Board of Trustees in relation to the appointment, re-appointment and removal of external auditors and approve the remuneration and terms of engagement of the auditor;
- Review the auditor's independence and objectivity.

To monitor and advise the Board by written report each term on the following:

- Data on attainment and achievement for all of the Trust's academies;
- School improvement work and leadership;
- Overall performance of each of the academies;
- Leadership standards;
- Governance effectiveness.

To monitor and advise the Board on:

- The Trust quality improvement and intervention strategies and plans;
- Special Educational Needs and Disabilities (SEND) and inclusion;
- Partnership working;
- Admissions;
- Safeguarding arrangements;
- Community engagement.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
S Jardine (Chair)	2	2
S Crosson	2	2
N Watson (appointed 1 January 2019)	2	2

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

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 appropriate. The accounting officer for the Trust has delivered improved value for money during the year by:

- Supporting close working relationships between Trust academies to enable proactive support and challenge across our academies;
- Commencing and reviewing the procurement of services across our academies to achieve better quality, greater economies of scale and consistent outcomes via Trust-wide central service provision;
- Consulting appropriate stakeholders before major decisions are made; and promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way; and
- Achieving educational outcomes above national averages in all measures in all of our academies.

The Trust is committed to continue best Value for Money practice and will be reviewing the following areas in future periods:

- Continued reviewing of the curriculum and its delivery
- A commitment to procuring services at Trust level to achieve on-going economies of scale

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 Transforming Lives Educational Trust for the year 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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 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.

**Transforming Lives Educational Trust
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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 has decided to appoint Leicestershire County Council Internal Audit Service as internal auditor from September 2018.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of control accounts/bank accounts;
- Testing of compliance with the Scheme of Delegated Authority and internal controls.

On an annual basis, the internal auditor reports to the Board of Trustees through the finance sub-committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Leicestershire County Council Internal Audit Service has carried out their schedule of work as planned and have not identified any material control issues.

Review of effectiveness

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

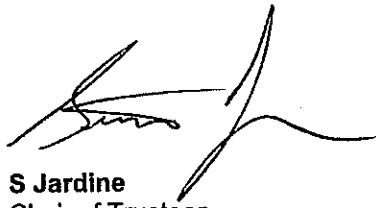
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive leaders within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance sub-committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

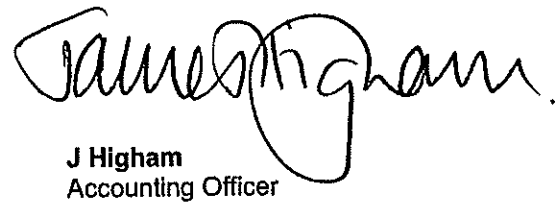
**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

Governance Statement (continued)

Approved by order of the members of the Board of Trustees on 18 December 2019 and signed on their behalf by:



S Jardine
Chair of Trustees



J Higham
Accounting Officer

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

Statement on Regularity, Propriety and Compliance

As accounting officer of Transforming Lives Educational Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



J Higham

Accounting Officer

Date: 18 December 2019

**Transforming Lives Educational 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 the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published 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 Group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

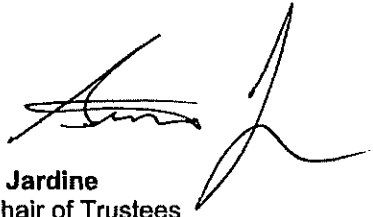
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 their conduct and operation the Group and the charitable company apply financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on *18 December 2019* and signed on its behalf by:


S Jardine
Chair of Trustees

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Transforming Lives Educational Trust

Opinion

We have audited the financial statements of Transforming Lives Educational Trust (the 'parent Trust') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Trust balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Trust's affairs as at 31 August 2019 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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.

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Transforming Lives Educational Trust (continued)

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 Auditors' 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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent 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:

- the parent Trust has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Trust 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.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

Independent Auditors' Report on the financial statements to the Members of Transforming Lives Educational Trust (continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the 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 Group's and the parent 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 Group or the parent Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' report.

Use of our report

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



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

Date: 18 December 2019

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Transforming Lives Educational Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 October 2018 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 Transforming Lives Educational 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 Transforming Lives Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Transforming Lives Educational 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 Transforming Lives Educational Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Transforming Lives Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Transforming Lives Educational Trust's funding agreement with the Secretary of State for Education dated 29 September 2015 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.

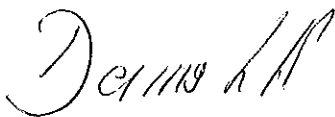
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to Transforming Lives
Educational 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.



Dains LLP

Date: 18 December 2019

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Consolidated 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 of existing academy into the Trust (note 30)		-	(597,000)	1,514,503	917,503	1,044,114
Other donations and capital grants		54,271	-	191,117	245,388	485,393
Charitable activities: Funding for the Trust's Educational Operations	4	194,264	10,379,366	-	10,573,630	10,100,446
Teaching schools	31	-	98,824	-	98,824	167,163
Other trading activities	5	42,127	2,700	-	44,827	118,817
Investments	6	611	-	-	611	707
Total income		291,273	9,883,890	1,705,620	11,880,783	11,916,640
Expenditure on:						
Charitable activities: Academy Trust's Educational Operations		246,198	10,824,177	468,592	11,538,967	11,082,503
Teaching schools		-	124,166	-	124,166	163,032
Total expenditure	7	246,198	10,948,343	468,592	11,663,133	11,245,535
Net income/(expenditure)		45,075	(1,064,453)	1,237,028	217,650	671,105
Transfers between funds	19	-	(10,893)	10,893	-	-
Net movement in funds before other recognised gains/(losses)		45,075	(1,075,346)	1,247,921	217,650	671,105
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(1,306,000)	-	(1,306,000)	784,000
Net movement in funds		45,075	(2,381,346)	1,247,921	(1,088,350)	1,455,105
Reconciliation of funds:						
Total funds brought forward		(25,683)	(2,660,547)	17,090,874	14,404,644	12,949,539
Net movement in funds		45,075	(2,381,346)	1,247,921	(1,088,350)	1,455,105
Total funds carried forward		19,392	(5,041,893)	18,338,795	13,316,294	14,404,644

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 65 form part of these financial statements.

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Consolidated balance sheet
For the year ended 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	18,334,582	17,090,873
Current assets			
Debtors	16	407,202	255,202
Cash at bank and in hand		413,794	1,057,335
		<u>820,996</u>	<u>1,312,537</u>
Creditors: amounts falling due within one year	17	(664,583)	(1,016,985)
Net current assets		<u>156,413</u>	<u>295,552</u>
Total assets less current liabilities		<u>18,490,995</u>	<u>17,386,425</u>
Creditors: amounts falling due after more than one year	18	(243,701)	(269,781)
Net assets excluding pension liability		<u>18,247,294</u>	<u>17,116,644</u>
Defined benefit pension scheme liability	25	(4,931,000)	(2,712,000)
Total net assets		<u><u>13,316,294</u></u>	<u><u>14,404,644</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	19	18,338,795	17,090,874
Income funds	19	(110,893)	51,453
Pension reserve	19	(4,931,000)	(2,712,000)
Total restricted funds	19	<u>13,296,902</u>	<u>14,430,327</u>
Unrestricted income funds	19	<u>19,392</u>	<u>(25,683)</u>
Total funds		<u><u>13,316,294</u></u>	<u><u>14,404,644</u></u>

The financial statements on pages 24 to 65 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:



S Jardine
Chair of Trustees

The notes on pages 28 to 65 form part of these financial statements.

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Trust Statement of financial position
For the year ended 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	18,334,582	17,090,873
Investments	15	1	1
		<u>18,334,583</u>	<u>17,090,874</u>
Current assets			
Debtors	16	432,543	255,202
Cash at bank and in hand		413,794	1,057,335
		<u>846,337</u>	<u>1,312,537</u>
Creditors: amounts falling due within one year	17	(664,583)	(1,016,986)
Net current assets		<u>181,754</u>	<u>295,551</u>
Total assets less current liabilities		<u>18,516,337</u>	<u>17,386,425</u>
Creditors: amounts falling due after more than one year	18	(243,701)	(269,781)
Net assets excluding pension liability		<u>18,272,636</u>	<u>17,116,644</u>
Defined benefit pension scheme liability	25	(4,931,000)	(2,712,000)
Total net assets		<u><u>13,341,636</u></u>	<u><u>14,404,644</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	19	18,338,795	17,090,874
Income funds	19	(85,551)	51,453
Pension reserve	19	(4,931,000)	(2,712,000)
Total restricted funds	19	<u>13,322,244</u>	<u>14,430,327</u>
Unrestricted income funds	19	<u>19,392</u>	<u>(25,683)</u>
Total funds		<u><u>13,341,636</u></u>	<u><u>14,404,644</u></u>

The financial statements on pages 24 to 65 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:


S Jardine
 Chair of Trustees

The notes on pages 28 to 65 form part of these financial statements.

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Consolidated statement of cash flows
For the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(611,391)	178,093
Cash flows from investing activities	23	<u>(6,070)</u>	<u>(55,612)</u>
Cash flows from financing activities	22	(26,080)	(59,319)
Change in cash and cash equivalents in the year		(643,541)	63,162
Cash and cash equivalents at the beginning of the year		<u>1,057,335</u>	<u>994,173</u>
Cash and cash equivalents at the end of the year	24	<u><u>413,794</u></u>	<u><u>1,057,335</u></u>

The notes on pages 28 to 65 form part of these financial statements

Transforming Lives Educational 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 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.

Transforming Lives Educational Trust meets the definition of a public benefit entity under FRS 102.

The multi academy trust's functional and presentational currency is GBP. The financial statements are rounded to the nearest £.

The Consolidated statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Trust has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Trustees have prepared forecasts through to 31 August 2021, incorporating expected increased funding from increased pupil numbers. These forecasts demonstrate that the Trust is expected to generate financial surpluses for years 2019/20 & 20/21.

As at 31 August 2019, the Group had net current assets of £156,413 (2017 - £295,552) and based on cash flow forecasts is expected to be able to continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

1.3 Basis of consolidation

The financial statements consolidated the accounts of Transforming Lives Educational Trust and all of its subsidiary undertakings ("subsidiaries").

The Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own income and expenditure account.

Transforming Lives Educational Trust
(A Company Limited by Guarantee)

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

Grants are included in the Consolidated 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 Consolidated 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 catering and lettings, is recognised in the year it is receivable and to the extent the Trust has provided the goods or services.

• **Transfer of existing academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the 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 Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Notes to the financial statements
For the year ended 31 August 2019**

1. Accounting policies (continued)

1.5 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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Taxation

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

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Notes to the financial statements
For the year ended 31 August 2019**

1. Accounting policies (continued)

1.8 Tangible fixed assets

Assets costing £1,000 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 Consolidated 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 Consolidated 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:

Leasehold land	- 0.8% straight line
Long term leasehold property	- 2% straight line
Leasehold improvements	- 4% reducing balance
Fixtures, fittings and equipment	- 20% reducing balance
Plant and machinery	- 10% reducing balance
Computer equipment	- 33.33% reducing balance
Assets under construction	- No depreciation charged
Other fixed assets	- 5% reducing balance

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 Consolidated statement of financial activities.

1.9 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at bank and in hand

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

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Notes to the financial statements
For the year ended 31 August 2019**

1. Accounting policies (continued)

1.12 Liabilities

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

1.13 Financial instruments

The Group only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Group 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 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 notes 17 and 18. 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 Trust's wholly owned subsidiary are held at face value less any impairment.

1.14 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight line basis over the lease term.

**Transforming Lives Educational Trust
(A Company Limited by Guarantee)**

**Notes to the financial statements
For the year ended 31 August 2019**

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the Group 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 Group 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 Group 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 Consolidated 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.

1.16 Fund accounting

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Transforming Lives Educational Trust
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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 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 25, 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.

Critical areas of judgement:

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Trustees believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual value

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations				
Transfer of existing academy into the Trust	-	(597,000)	1,514,503	917,503
Donations	54,271	-	-	54,271
Capital Grants	-	-	191,117	191,117
	<u>54,271</u>	<u>(597,000)</u>	<u>1,705,620</u>	<u>1,162,891</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations				
Transfer of existing academy into the Trust	24,384	(354,000)	1,373,730	1,044,114
Donations	41,961	-	-	41,961
Capital Grants	-	-	443,432	443,432
	<u>66,345</u>	<u>(354,000)</u>	<u>1,817,162</u>	<u>1,529,507</u>

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4. Funding for the Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	8,970,092	8,970,092
Pupil Premium	-	294,882	294,882
Other DfE/ESFA grants	-	282,507	282,507
	<u>-</u>	<u>9,547,481</u>	<u>9,547,481</u>
Other government grants			
Special Educational Needs	-	188,655	188,655
Other government grants	-	85,971	85,971
	<u>-</u>	<u>274,626</u>	<u>274,626</u>
Other funding			
Income from Educational Visits	187,869	-	187,869
Catering	-	379,274	379,274
Other income	6,395	128,117	134,512
Department sales	-	49,868	49,868
	<u>194,264</u>	<u>557,259</u>	<u>751,523</u>
	<u><u>194,264</u></u>	<u><u>10,379,366</u></u>	<u><u>10,573,630</u></u>

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	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	8,554,276	8,554,276
Pupil Premium	-	274,383	274,383
Other DfE/ESFA grants	-	121,341	121,341
	-	8,950,000	8,950,000
Other government grants			
Special Educational Needs	-	145,304	145,304
Other government grants	-	292,806	292,806
	-	438,110	438,110
Other funding			
Income from Educational Visits	257,314	-	257,314
Catering	-	325,443	325,443
Other restricted income	-	129,579	129,579
	257,314	455,022	712,336
	257,314	9,843,132	10,100,446

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5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Private photocopying and telephone calls	139	-	139
Other trading income	1,685	-	1,685
Minibus income	1,284	-	1,284
Lettings	39,019	2,700	41,719
	<u>42,127</u>	<u>2,700</u>	<u>44,827</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Department sales	-	50,385	50,385
Private photocopying and telephone calls	193	-	193
Other trading income	14,942	-	14,942
Minibus income	989	-	989
Lettings	31,994	3,375	35,369
Extra curricular income (clubs)	16,939	-	16,939
	<u>65,057</u>	<u>53,760</u>	<u>118,817</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income - local cash	611	611	707
	<u>611</u>	<u>611</u>	<u>707</u>

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7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational Operations:				
Direct costs	7,764,053	353,268	1,290,674	9,407,995
Support costs	1,188,101	369,650	573,221	2,130,972
Teaching school	85,761	-	38,405	124,166
	<u>9,037,915</u>	<u>722,918</u>	<u>1,902,300</u>	<u>11,663,133</u>
	<u>9,037,915</u>	<u>722,918</u>	<u>1,902,300</u>	<u>11,663,133</u>
	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Educational Operations:				
Direct costs	7,676,428	344,810	1,209,030	9,230,268
Support costs	1,033,009	371,828	447,398	1,852,235
Teaching school	135,552	-	27,480	163,032
	<u>8,844,989</u>	<u>716,638</u>	<u>1,683,908</u>	<u>11,245,535</u>
	<u>8,844,989</u>	<u>716,638</u>	<u>1,683,908</u>	<u>11,245,535</u>

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Notes to the financial statements
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8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Operations	9,407,995	2,130,972	11,538,967

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational Operations	9,230,268	1,852,235	11,082,503

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
LGPS finance cost	79,000	81,000
Staff costs	7,764,053	7,676,429
Depreciation	353,268	344,810
Educational supplies	187,621	126,257
Examination fees	189,887	159,431
Staff development	17,280	19,150
Music instruction	31,083	30,432
Educational consultancy	55,254	40,679
Other direct costs	187,172	256,131
Catering costs	399,726	359,639
Recruitment and support	44,797	17,087
Maintenance of equipment	61,946	58,505
Transport	19,546	21,919
Technology costs	17,362	38,799
	<u>9,407,995</u>	<u>9,230,268</u>

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	1,188,101	1,033,009
Depreciation	115,324	121,098
Educational supplies	30,302	37,762
Other support costs	99,766	47,776
Maintenance of premises	127,714	140,550
Maintenance of equipment	22,744	13,539
Rates	52,277	59,005
Energy	173,227	135,255
Insurance	51,140	58,074
Technology costs	5,542	23,340
Governance costs	264,835	182,827
	<u>2,130,972</u>	<u>1,852,235</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	18,919	24,801
Depreciation of tangible fixed assets	468,592	460,962
Fees paid to auditors for:		
- audit	10,900	11,100
- other services	2,725	5,300
	<u>491,136</u>	<u>902,163</u>

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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Wages and salaries	7,008,319	6,826,849	7,008,256	6,786,456
Social security costs	555,140	548,843	549,075	538,815
Pension costs	1,405,124	1,397,440	1,394,823	1,384,167
	<u>8,968,583</u>	<u>8,773,132</u>	<u>8,952,154</u>	<u>8,709,438</u>
Agency staff costs	45,998	4,443	-	-
Staff restructuring costs	23,334	67,414	-	-
	<u>9,037,915</u>	<u>8,844,989</u>	<u>8,952,154</u>	<u>8,709,438</u>

Staff restructuring costs comprise:

	Group 2019 £	Group 2018 £
Redundancy payments	12,000	-
Severance payments	-	67,414
Other restructuring costs	11,334	-
	<u>23,334</u>	<u>67,414</u>

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Notes to the financial statements
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10. Staff costs (continued)

b. Staff numbers

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

	Group 2019 No.	Group 2018 No.
Teachers	140	124
Teaching Assistants	64	48
Technicians	14	12
Cover Supervisors	4	3
Invigilators	11	26
Leadership	17	11
Premises and catering	61	57
Administration	33	34
1 to 1 Tuition	8	7
	<u>352</u>	<u>322</u>

c. Higher paid staff

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

	Group 2019 No.	Group 2018 No.
In the band £60,001 - £70,000	3	6
In the band £70,001 - £80,000	1	-
In the band £90,001 - £100,000	1	1
In the band £250,001 - £260,000	-	1
	<u>-</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,050,875 (2018 - £1,248,147).

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11. Central services

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

- Finance and accounting
- HR and payroll
- Legal, compliance and risk
- Marketing and PR
- Governance
- Estates
- IT
- School improvement
- WES

The Group charges for these services on the following basis:

- Percentage of General Annual Grant.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Ashlawn School	177,541	-
Henry Hinde Infant School	14,133	-
Total	191,674	-

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the 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 £'000	2018 £'000
J E Higham (resigned as Trustee 10 November 2017)	-	5 - 10
Remuneration	-	5 - 10
Pension contributions paid	-	0 - 5

During the year, no Trustees received any benefits in kind (2018 - £Nil)

During the year, no Trustee expenses have been incurred (2018 - £Nil).

13. Trustees' and Officers' insurance

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

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14. Tangible fixed assets

Group and Multi-Academy Trust

	Leasehold property £	Leasehold improvements £	Furniture, fixtures and equipment £
Cost or valuation			
At 1 September 2018	15,990,283	2,539,244	448,934
Additions	-	129,380	9,397
Transfer from existing academy trust	1,857,284	-	13,367
At 31 August 2019	<u>17,847,567</u>	<u>2,668,624</u>	<u>471,698</u>
Depreciation			
At 1 September 2018	1,566,119	323,608	253,022
Charge for the year	259,290	93,978	42,510
Transfer from existing academy trust	348,149	-	11,041
At 31 August 2019	<u>2,173,558</u>	<u>417,586</u>	<u>306,573</u>
Net book value			
At 31 August 2019	<u>15,674,009</u>	<u>2,251,038</u>	<u>165,125</u>
At 31 August 2018	<u>14,424,164</u>	<u>2,215,636</u>	<u>195,912</u>

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Computer equipment £	Motor vehicles £	Other fixed assets £	Total £
596,508	9,996	146,857	19,731,822
59,021	-	-	197,798
9,956	-	-	1,880,607
<u>665,485</u>	<u>9,996</u>	<u>146,857</u>	<u>21,810,227</u>
455,306	2,486	40,408	2,640,949
66,741	751	5,322	468,592
6,914	-	-	366,104
<u>528,961</u>	<u>3,237</u>	<u>45,730</u>	<u>3,475,645</u>
<u>136,524</u>	<u>6,759</u>	<u>101,127</u>	<u>18,334,582</u>
<u>141,202</u>	<u>7,510</u>	<u>106,449</u>	<u>17,090,873</u>

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15. Fixed asset investments

	Investments in subsidiary companies £
Trust	
Cost or valuation	
At 1 September 2018	1
At 31 August 2019	<u>1</u>
Net book value	
At 31 August 2019	<u>1</u>
At 31 August 2018	<u>1</u>

16. Debtors

	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Due within one year				
Trade debtors	24,078	25,167	24,078	25,167
Amounts owed by group undertakings	-	-	25,341	-
Other debtors	177,587	26,860	177,587	26,860
Prepayments and accrued income	205,537	203,175	205,537	203,175
	<u>407,202</u>	<u>255,202</u>	<u>432,543</u>	<u>255,202</u>

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17. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Other loans	60,354	60,354	60,354	60,354
Trade creditors	59,506	87,187	59,506	87,187
Amounts owed to group undertakings	-	-	-	1
Other taxation and social security	162,327	150,736	162,327	150,736
Other creditors	157,691	153,181	157,691	153,180
Accruals and deferred income	224,705	565,527	224,705	565,528
	<u>664,583</u>	<u>1,016,985</u>	<u>664,583</u>	<u>1,016,986</u>
	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Deferred income at 1 September 2018	135,917	233,913	135,917	220,763
Resources deferred during the year	205,343	135,917	205,343	135,917
Amounts released from previous periods	(135,917)	(233,913)	(135,917)	(220,763)
	<u>205,343</u>	<u>135,917</u>	<u>205,343</u>	<u>135,917</u>

Included within deferred income are amounts received for educational visits in advance and funding received from the DfE/ESFA in advance.

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

	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Other loans	<u>243,701</u>	<u>269,781</u>	<u>243,701</u>	<u>269,781</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Payable or repayable by instalments	<u>2,285</u>	<u>28,364</u>	<u>2,285</u>	<u>28,364</u>

Included within other loans payable in more than one year are amounts received from the ESFA for capital funding which will be payable over seven years commencing from September 2017.

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19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Student Inspirational Fund	34,929	-	-	-	-	34,929
General funds						
General Funds	(117,554)	103,404	-	-	-	(14,150)
School trips	16,378	187,869	(246,198)	40,564	-	(1,387)
School funds	40,564	-	-	(40,564)	-	-
	<u>(60,612)</u>	<u>291,273</u>	<u>(246,198)</u>	<u>-</u>	<u>-</u>	<u>(15,537)</u>
Total Unrestricted funds	<u>(25,683)</u>	<u>291,273</u>	<u>(246,198)</u>	<u>-</u>	<u>-</u>	<u>19,392</u>
Restricted general funds						
General Annual Grant (GAG)	-	8,970,092	(9,022,992)	(10,893)	-	(63,793)
Other DfE/ESFA grants	-	577,389	(525,823)	(51,566)	-	-
Other government grants	-	274,626	(274,626)	-	-	-
Catering	-	379,274	(504,052)	51,566	-	(73,212)
Teaching school	4,131	98,824	(124,165)	-	-	(21,210)
16/19 bursary fund	47,322	-	-	-	-	47,322
Other restricted funds	-	180,685	(180,685)	-	-	-
Pension reserve	(2,712,000)	(597,000)	(316,000)	-	(1,306,000)	(4,931,000)
	<u>(2,660,547)</u>	<u>9,883,890</u>	<u>(10,948,343)</u>	<u>(10,893)</u>	<u>(1,306,000)</u>	<u>(5,041,893)</u>

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19. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Gift from Local Authority and other multi academy trusts	9,941,126	1,514,503	(176,352)	-	-	11,279,277
Devolved capital grants and revenue donations to capital	1,646,332	145,353	(252,001)	10,893	-	1,550,577
Other fixed asset funding	18,256	-	(2,841)	-	-	15,415
ACMF Funding	2,045,151	-	(15,434)	-	-	2,029,717
Condition Improvement Funding	3,440,009	45,764	(21,964)	-	-	3,463,809
	<u>17,090,874</u>	<u>1,705,620</u>	<u>(468,592)</u>	<u>10,893</u>	<u>-</u>	<u>18,338,795</u>
Total Restricted funds	<u>14,430,327</u>	<u>11,589,510</u>	<u>(11,416,935)</u>	<u>-</u>	<u>(1,306,000)</u>	<u>13,296,902</u>
Total funds	<u>14,404,644</u>	<u>11,880,783</u>	<u>(11,663,133)</u>	<u>-</u>	<u>(1,306,000)</u>	<u>13,316,294</u>

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

Restricted general fund

This fund represents grants and other income received for the Trust's operational activities and development.

Pension reserve

This pension reserve included within restricted general funds represents the Trust's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

These funds represents grants received from the DfE and ESFA to carry out works of a capital nature.

Transfers between funds

Transfers between funds represent a contribution to capital made from revenue at the agreement of the Trustees.

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19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Ashlawn School	(64,125)	26,935
Henry Hinde Infant School	67,830	(1,165)
Henry Hinde Junior School	20,090	-
Innovation Learning and Leadership Alliance Limited	(25,342)	-
Central Services	(89,954)	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	(91,501)	25,770
Restricted fixed asset fund	18,338,795	17,090,874
Pension reserve	(4,931,000)	(2,712,000)
	<hr/>	<hr/>
Total	13,316,294	14,404,644
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Ashlawn School	(64,125)
Central Services	(89,954)
	<hr/> <hr/>

The deficit incurred by Ashlawn school is largely due to a legacy staffing structure which existed before the MAT was created. Appropriate plans are in place to adjust the structure of staffing at Ashlawn.

The deficit incurred by Central Services is largely as a result of the projected growth of the Trust. Costs have been incurred ahead of the economies of scale that will be achieved when additional schools join the Trust. Another school is expected to join the Trust in 2019/20 with a new Free School under development with a targeted opening date of September 2021. The costs allocated to Central Services are mainly represented by executive staffing (CEO, CFO and Business and Operations Manager) and the centralisation of certain support functions (e.g. Information Technology, HR). The deficit situation was planned and is temporary in nature. The funding structure (via top-slice) is in place in order to re-cover the initial costs incurred over the next 3 years.

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19. 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 £
Ashlawn School	7,038,405	1,006,580	635,672	976,446	9,657,103
Henry Hinde Infant School	662,873	116,252	107,391	78,168	964,684
Henry Hinde Junior School	62,497	7,154	483	2,864	72,998
Innovation Learning and Leadership Alliance Limited	68,732	17,029	38	38,367	124,166
Central Services	79,276	58,113	-	238,201	375,590
Trust	7,911,783	1,205,128	743,584	1,334,046	11,194,541

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19. 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						
Designated funds						
Student Inspirational Fund	-	-	-	34,929	-	34,929
General funds						
General Funds	(1,453)	106,277	(39,063)	(183,315)	-	(117,554)
School trips	-	263,275	(211,968)	(34,929)	-	16,378
School funds	20,693	19,871	-	-	-	40,564
	19,240	389,423	(251,031)	(218,244)	-	(60,612)
Total Unrestricted funds	19,240	389,423	(251,031)	(183,315)	-	(25,683)
Restricted general funds						
General Annual Grant (GAG)	-	8,784,107	(8,911,101)	126,994	-	-
Other DfE/ESFA grants	-	324,902	(324,902)	-	-	-
Other government grants	-	174,317	(174,317)	-	-	-
Other restricted income	-	169,979	(169,979)	-	-	-
Catering	-	325,443	(325,443)	-	-	-
Teaching school	-	167,163	(163,032)	-	-	4,131
16/19 bursary fund	-	118,144	(70,822)	-	-	47,322
Pension reserve	(2,753,000)	(354,000)	(389,000)	-	784,000	(2,712,000)
	(2,753,000)	9,710,055	(10,528,596)	126,994	784,000	(2,660,547)

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19. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Gift from Local Authority	8,911,619	1,210,668	(181,161)	-	-	9,941,126
Devolved capital grants and revenue donations to capital	1,762,234	107,925	(258,179)	34,352	-	1,646,332
Other fixed asset funding	-	21,703	(3,447)	-	-	18,256
ACMF Funding	1,971,305	90,798	(16,952)	-	-	2,045,151
Condition Improvement Funding	3,038,141	386,068	(6,169)	21,969	-	3,440,009
	<u>15,683,299</u>	<u>1,817,162</u>	<u>(465,908)</u>	<u>56,321</u>	<u>-</u>	<u>17,090,874</u>
Total Restricted funds	<u>12,930,299</u>	<u>11,527,217</u>	<u>(10,994,504)</u>	<u>183,315</u>	<u>784,000</u>	<u>14,430,327</u>
Total funds	<u>12,949,539</u>	<u>11,916,640</u>	<u>(11,245,535)</u>	<u>-</u>	<u>784,000</u>	<u>14,404,644</u>

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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	18,334,582	18,334,582
Current assets	19,392	468,566	333,038	820,996
Creditors due within one year	-	(579,459)	(85,124)	(664,583)
Creditors due in more than one year	-	-	(243,701)	(243,701)
Provisions for liabilities and charges	-	(4,931,000)	-	(4,931,000)
Total	19,392	(5,041,893)	18,338,795	13,316,294

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	17,090,873	17,090,873
Current assets	45,421	1,242,591	24,525	1,312,537
Creditors due within one year	(71,105)	(921,357)	(24,525)	(1,016,987)
Creditors due in more than one year	-	(269,781)	-	(269,781)
Provisions for liabilities and charges	-	(2,712,000)	-	(2,712,000)
Total	(25,684)	(2,660,547)	17,090,873	14,404,642

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

	2019 £	2018 £
Net income for the year (as per Statement of financial activities)	217,650	671,105
Adjustments for:		
Depreciation	468,592	460,962
Capital grants from DfE/ESFA and other capital income	(191,117)	(443,432)
Interest receivable	(611)	(707)
Defined benefit pension scheme obligation inherited	597,000	354,000
Defined benefit pension scheme cost less contributions payable	237,000	308,000
Defined benefit pension scheme finance cost	79,000	81,000
Increase in debtors	(152,000)	(75,102)
(Decrease)/increase in creditors	(352,402)	191,051
Fixed assets received on transfer of existing academy	(1,514,503)	(1,373,730)
Impairment of fixed assets	-	4,946
Net cash (used in)/provided by operating activities	(611,391)	178,093

22. Cash flows from financing activities

	Group 2019 £	Group 2018 £
Repayments of borrowing	(26,080)	(59,319)
Net cash used in financing activities	(26,080)	(59,319)

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23. Cash flows from investing activities

	Group 2019 £	Group 2018 £
Interest receivable	611	707
Purchase of tangible fixed assets	(197,798)	(499,751)
Capital grants from DfE/ESFA and other capital income	191,117	443,432
Net cash used in investing activities	(6,070)	(55,612)

24. Analysis of cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash in hand	413,794	1,057,335
Total cash and cash equivalents	413,794	1,057,335

25. Pension commitments

The 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 Warwickshire 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.

Contributions amounting to £101,110 were payable to the schemes at 31 August 2019 (2018 - £132,764) and are included within creditors.

Teachers' Pension Scheme

Introduction

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 0.8%). 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%.

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25. Pension commitments (continued)

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.

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 year amounted to £778,000 (2018 - £786,000).

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 Group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Group has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £377,000 (2018 - £408,000), of which employer's contributions totalled £302,000 (2018 - £321,000) and employees' contributions totalled £ 75,000 (2018 - £87,000). The agreed contribution rates for future years are 19.5% - 20.5% for employers and 5.5% - 12.5% per cent 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
	%	%
Rate of increase in salaries	2.90	2.90
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.80	2.80

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For the year ended 31 August 2019

25. Pension commitments (continued)

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.4	22.5
Females	23.6	24.7
<i>Retiring in 20 years</i>		
Males	22.4	24.3
Females	25.0	26.7

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(250)	(185)
Discount rate -0.1%	250	185
Salary increase rate +0.1%	41	34
Salary increase rate -0.1%	(41)	(34)
CPI rate +0.1%	204	148
CPI rate -0.1%	(204)	(148)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	3,350,000	2,525,000
Bonds	1,416,000	882,000
Property	658,000	481,000
Cash and other liquid assets	54,000	120,000
Total market value of assets	5,478,000	4,008,000

The actual return on scheme assets was £142,000 (2018 - £165,000).

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25. Pension commitments (continued)

The amounts recognised in the Consolidated statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(471,000)	(629,000)
Past service cost	(68,000)	-
Interest income	116,000	92,000
Interest cost	(195,000)	(173,000)
Total amount recognised in the Consolidated statement of financial activities	(618,000)	(710,000)

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

	2019 £	2018 £
At 1 September	6,720,000	5,583,000
Conversion of academy trusts	-	1,011,000
Transferred in on existing academies joining the trust	1,486,000	-
Current service cost	471,000	629,000
Interest cost	195,000	173,000
Employee contributions	75,000	87,000
Actuarial losses/(gains)	1,448,000	(711,000)
Benefits paid	(54,000)	(52,000)
Past service costs	68,000	-
At 31 August	10,409,000	6,720,000

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

	2019 £	2018 £
At 1 September	4,008,000	2,830,000
Conversion of academy trusts	-	657,000
Transferred in on existing academies joining the trust	889,000	-
Interest income	116,000	92,000
Actuarial gains	142,000	73,000
Employer contributions	302,000	321,000
Employee contributions	75,000	87,000
Benefits paid	(54,000)	(52,000)
At 31 August	5,478,000	4,008,000

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26. Operating lease commitments

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

	Group 2019 £	Group 2018 £	Multi- Academy Trust 2019 £	Multi- Academy Trust 2018 £
Not later than 1 year	10,109	8,499	10,109	8,499
Later than 1 year and not later than 5 years	23,267	11,011	23,267	11,011
Later than 5 years	4,636	8,253	4,636	8,253
	<u>38,012</u>	<u>27,763</u>	<u>38,012</u>	<u>27,763</u>

27. 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.

28. Related party transactions

No related party transactions took place in the period of account other than certain Trustee's remuneration and expenses already disclosed in note 12.

29. Principal subsidiaries

The following was a subsidiary undertaking of the Trust:

Name	Company number	Class of shares	Holding	Included in consolidation
Innovation Learning and Leadership Alliance Limited	09325660	Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Deficit for the year £
Innovation Learning and Leadership Alliance Limited	98,824	(124,166)	(25,342)

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30. Transfer of existing academies into the trust

Henry Hinde Junior School

	Value reported by transferring trust £	Transfer in recognised £
Long-term leasehold property	1,509,135	1,509,135
Furniture and equipment	2,326	2,326
Computer equipment	3,042	3,042
Pensions - LGPS deficit liability	(597,000)	(597,000)
Net assets	917,503	917,503

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31. Teaching school trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
DfE / ESFA grants	38,330		111,250	
Other government grants	49,976		36,656	
Other income	10,518		19,257	
Total direct income	<u>98,824</u>		<u>167,163</u>	
Total income		98,824		167,163
Expenditure				
Direct expenditure				
Direct staff costs	68,732		125,020	
Curriculum supplies and equipment	38		1,477	
Staff training costs	4,240		675	
Total direct expenditure	<u>73,010</u>		<u>127,172</u>	
Other expenditure				
Other staff costs	17,029		10,532	
Administrative supplies and equipment	1,749		8,825	
Catering costs	19		214	
Legal and professional fees	32,358		16,289	
Total other expenditure	<u>51,155</u>		<u>35,860</u>	
Total expenditure		124,165		163,032
(Deficit)/surplus from all sources		(25,341)		4,131
Teaching school balances at 1 September 2018		4,131		-
Teaching school balances at 31 August 2019		<u>(21,210)</u>		<u>4,131</u>