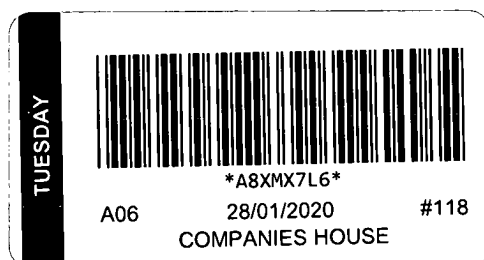


Company Registration Number: 07846652 (England & Wales)

ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Members	P Beanland B Dickenson M McDonagh C Edwards M Edwards (appointed 18 February 2019) S Kelly (resigned 16 October 2018)
Trustees	B Dickenson, Chair of Trustees P Beanland D Trotman B Cook (resigned 16 October 2019) N Lucas (resigned 4 December 2019) M Wilson P Milligan J Clark (appointed 1 November 2018) S Jones (appointed 3 January 2019) A Milne (appointed 19 August 2018) W Schirmer (resigned 23 October 2018) G Empson (resigned 1 April 2019)
Company registered number	07846852
Company name	Academy Transformation Trust
Principal and registered office	Unit 4 Second Floor Emmanuel Court Reddicroft Road Sutton Coldfield B73 6AZ
Company secretary	K Robson (resigned 21 May 2019) A Gannon (appointed 21 May 2019)
Chief executive officer	D Clinton (accounting officer from 13 September 2018)
Senior management team	D Clinton (accounting officer from 13 September 2018), Chief Executive Officer C Pritchard (accounting officer until 13 September 2018), Chief Operating Officer P Wilson, Chief Finance Officer J Bloor (until 22 February 2019), Chief Educational Officer A Gannon (from 13 May 2019), Head of Corporate Affairs
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Bankers	Lloyds Bank 114-116 Colmore Row Birmingham B3 3BD
	Barclays Bank PLC Cambridge Benet Street Leicestershire LE87 2BB
Solicitors	Browne Jacobson LLP Victoria Square House Victoria Square Birmingham B2 4BU

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

Directory of Academies

1. Beck Row Primary Academy

Executive Principal	S Vincent
Principal	R King
Assistant Principal	L Smith

2. Bristnall Hall Academy

Executive Principal	V Green	
Principal	K Uppal	From Sep 2019
Vice Principal	P Harris	Until Mar 2019
Vice Principal	K Uppal	Until Aug 2019
Assistant Principal	I Jones	
Assistant Principal	A Bayford	From Jul 2019

3. Caldmore Primary Academy

Executive Principal	A Bills
Head of School/Principal	H Mitchell
Vice Principal	M McPherson

4. Great Heath Academy

Executive Principal	S Vincent
Head of School/Principal	N Brown
Assistant Principal	E Mitchinson
Assistant Principal	A Smith

5. Iceni Academy Primary

Executive Principal	S Vincent
Principal	E Owner
Assistant Principal	A Rickards

6. Iceni Academy Secondary

Principal	S Plume
Vice Principal	C Carmichael
Assistant Principal	S Turner
Assistant Principal	A Staniforth

7. Kingsmoor Academy

Principal	L Brennan
Assistant Principal	A Lymbouris
Assistant Principal	R Getley
Assistant Principal	A Atkins
Assistant Principal	M Minas

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

8. Jubilee Academy

Principal	D Brownsword
Assistant Principal	J Westwood
Assistant Principal	C Goldup

9. Mark Hall Academy

Executive Principal	L Brennan	From Feb 2019
Principal	J Fuller	Until Apr 2019
Acting Co-Principal	M Hazle	From May 2019
Acting Co-Principal	V Butler	From May 2019
Vice Principal	M Hazle	Until Apr 2019
Vice Principal	V Butler	Until Apr 2019
Assistant Principal	E Whittington	
Assistant Principal	L Lee	

10. Mildenhall College Academy

Executive Principal	S Byles	
Head of School/Principal	N Hood	
Vice Principal	J Oxley	From Sep 2019
Vice Principal	K Ward	Until Aug 2019
Acting Vice Principal	R Goodenough	
Assistant Principal	D Barrett	
Assistant Principal	M Blenkin	
Assistant Principal	R Goodenough	
Assistant Principal	C Kerr	

11. The Nicholas Hamond Academy

Principal	M Woodhouse
Vice Principal	S Franklin
Vice Principal	E Thomason
Assistant Principal	K Ogden

12. North Walsall Primary Academy

Executive Principal	A Bills	From Sep 2018
Principal	N Hawkins	
Assistant Principal	C Carey	
Assistant Principal	S Kehra	

13. Phoenix Academy

Principal	J Thompson	
Assistant Principal	E Phillips	From Sep 2018
Assistant Principal	L Dawes	From Sep 2018

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

14. Pool Hayes Academy

Exec Principal	V Green	
Principal	L Baker	Until Apr 2019
Principal	P Harris	From Mar 2019
Vice Principal	D Mason	Until Aug 2019
Vice Principal	A Lawrence	
Vice Principal	S Darlington	Until Aug 2019
Senior Assistant Principal	L Evans	Until Jun 2019
Assistant Principal	L Macey	
Assistant Principal	A Williams	

15. Ravens Academy

Principal	A Bear	
Vice Principal	C Minter	
Assistant Principal	E Randell	

16. Star Academy Sandyford

Executive Principal	B Caisley	
Head of School/Principal	K Wildman	From Feb 2019
Assistant Principal	C Lewis	

17. Sun Academy Bradwell

Executive Principal	B Caisley	
Head of School/Principal	L Niemczyk	
Acting Head of School/Principal	I MacDonald	Until Jan 2019
Assistant Principal	I MacDonald	

18. Sutton Community Academy

Principal	D Mackey	
Vice Principal	D Jenkins	
Vice Principal	N Elvidge	
Assistant Principal	P Briscoe	
Assistant Principal	C Clark	
Assistant Principal	S Lee	
Associate Asst Principal	L Smalley	
Associate Asst Principal	A Paulson	
Associate Asst Principal	EWallace	

19. The Dukeries Academy

Principal	C Leitheiser	
Assistant Principal	J Ferris	
Assistant Principal	E Rosaman	
Assistant Principal	M Brett	
Assistant Principal	L Glasby	

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

20. The Hathaway Academy

Principal	F Rodrigues
Vice Principal	V Walker
Senior Assistant Principal	J Rose
Assistant Principal	J Convooy
Assistant Principal	K Dyke
Assistant Principal	A Koiki

21. The Queen Elizabeth Academy

Principal	D Watts	Until Aug 2019
Deputy Principal	P Ward	
Assistant Principal	R Clare	
Assistant Principal	R Armishaw	
Assistant Principal	R Hill	
Assistant Principal	S Ressel	
Associate Principal	B Howes	

22. Westbourne Academy

Principal	G Trott	
Vice Principal	M Bouckley	
Vice Principal	M Woodhouse	
Assistant Principal	C Cooke	
Assistant Principal	K Roche	Until Aug 2019
Assistant Principal	R Hawkes	
Assistant Principal	A Oxley-crisp	From Sep 2019
Assistant Principal	A Smith	From Sep 2019

23. ATTFE

Principal	L Barrett
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The Senior Leadership Teams listed above included those with the titles of Executive Principal, Principal, Vice Principal and Assistant Principals.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
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 ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 10 primary, 10 secondary and 1 special academies in England. Its academies have a combined pupil capacity of 14,068 and had a roll of 11,805 in the school census on 1 October 2018.

The Trust also operates a further education provision mostly within Nottinghamshire but extending across other Trust academies. In the current reporting period, 4,835 (2018: 2,426) post-16 learners (including 19+ learners and subcontracted provision) benefitted from this provision.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the trust.

The Trustees of Academy Transformation Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Academy Transformation Trust or ATT.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trade union facilities time

Relevant union officials

Number of employees who were relevant union officials during the year	16
Full-time equivalent employee number	14

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	10
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £000

Total cost of facility time	18
Total pay bill	69,723
Percentage of total pay bill spent on facility time	0.03 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	%
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**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the trust's expense. This covers the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the trust. This is provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the trust. The limit of this indemnity is £Nil.

Method of Recruitment and Appointment or Election of Trustees

The Trustees are appointed in accordance with the Articles of Association. A regular audit of skills using the model advocated by the National Governance Association enables Trustees to identify skill gaps and recruitment to fill those gaps is handled through executive and non-executive networks, partnerships with external agencies and specialist recruiters.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees receive a bespoke induction programme appropriate to their needs. This includes meeting with executive team members, visiting academies, understanding trust and academy performance data, safeguarding, HR and finance. In the reporting period, Trustees received training in matters relating to safeguarding and a lead Trustee for safeguarding was appointed. Trustees also received regular legal and financial expert input. Committee Chairs also met with the Director of the relevant directorate on a regular basis.

Trustees are requested to advise of any training requirements/wishes and skills needs are revisited on an annual basis as part of Trustees' strategic planning sessions.

The same processes apply to members of Local Academy Committees (LACs) who oversee local governance in academies on behalf of Trustees and report to them on a regular basis.

Trustees and LAC members are offered regular opportunities to come together for professional development activities – including through the mechanism of Regional Governance Forums. In addition, an extensive range of supporting guidance and developmental material is made available to them via our online portal and we subscribe to the services of the NGA's Learning Link website, where additional online training may be accessed.

Governors are routinely required to undertake the following training:

- Child Protection Level 1 training;
- Radicalisation and Extremism online course; and
- The Chair plus one other Governor undertakes Safer Recruitment Training.

Governance Organisational Structure

The structure consists of four levels; Members, Trustees, Executive and Academies.

The Scheme of Delegation clearly sets out where decision making responsibility lies across each level. Members and Trustees have delegated certain responsibilities to the Executive or to sub-committees. Where this is the case, there are clear terms of reference, delegation of authority documents and financial regulations in place to govern decisions.

During 2018-19, the Trustees established the following committees: audit and risk, finance and resources, standards and outcomes, remunerations and a local academy committee in each academy.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Overview of responsibilities from the Governance Scheme of Delegation

The local academy committee focuses on school improvement and outcomes for pupils.

The Trust's academies were clustered on a regional basis particularly for the delivery of finance, estates and HR functions during the current reporting period. All regional employees report directly to the ATT central team, improving the consistency and visibility of information received by Trustees.

Members

- Appoint Trustees to ensure the Trust's charitable object is carried out.
- Approve any amendments made to the Articles of Association.
- Appoint the Trust's Auditors.

Chief Executive Officer / Accounting Officer

- Performance of the Trust's academies.
- Manage the academy Principals.
- Overall responsibility for the operation of the Trust's financial responsibilities.
- Leads the executive management team of the Trust.

The Board of Trustees

- General control and management of the administration of the Trust.
- Legally responsible and accountable for all statutory functions.
- Responsible overall for performance of all academies within the Trust.
- Approve the scheme of delegation of financial powers.
- Employer of every member of ATT staff.
- Review and adapt the Trust's governance structure.

Audit and Risk Committee

- Promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.
- Advising Members on the appointment and remuneration of external auditors and internal audit arrangements.
- Reviewing the external financial statements including the external auditor's opinion, advising the Trustee Board on audit aspects and monitoring.
- Management action in response to issues raised by external audit.
- Promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement.
- Review the report and recommendations made through the internal audit program of work.
- Overseeing the Trust's policies on fraud, data protection, health and safety, freedom of information and whistleblowing.
- Receive reports on the outcome of investigations of suspected or alleged impropriety.
- Review and authorise due diligence reports regarding proposed new academies.
- Promote development of review the effectiveness of internal controls, governance and risk management systems.

Finance and Resources Committee

- Assess implications of the indicative funding from DfE for each academy in advance of the financial year, drawing any matters of significance/concern to the Trust Board.
- Ensure budgets are consistent with each academy development plan and the Trust's strategic plan priorities.
- Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year.
- Liaise with and receive reports from appropriate committees and make recommendations to those committees about the financial aspects of matters being considered by them.
- Consider requests for supplementary expenditure and make appropriate recommendations to the Trust Board.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

- Review financial policy including consideration of long term planning and resourcing in accordance with each of the academies' development plans.
- Monitor and review expenditure on a regular basis and ensure compliance with the overall financial plans, financial regulations of the DfE and draw matters of concern to the attention of the Trust Board.
- Monitor and review procedures for ensuring effective implementation and operation of financial procedures.
- Receive the financial statements to form part of the annual report of the Trust Board to stakeholders and for filing as per the Companies Act, Charity Commission and Funding Agreement (including the Academies Financial Handbook).

Standards and Outcomes Committee

- Benchmark the performance of the academies against national expectations and targets.
- Setting the framework for target setting at school level.
- Approve the Annual Assessment Cycle.
- Approve Recovery Plans and deployment of support for coasting or not yet good academies.
- Approve the Trust's Achievement Strategy.
- Validate where there are gaps and ensuring appropriate strategies/support are in place to close them rapidly.
- Ensure there is appropriate monitoring in place to assess the impact of academy/school improvement actions.
- Judge the capacity to secure strong improvements by the end of the year.
- Recommend, monitor and evaluate assigned statutory policies and documents.

Principals

- Responsible for the day to day management of the academy.
- Reports to the academy committee on matters which have been delegated to it.

Remuneration Committee

- To determine the Trust wide Pay Policy and any other policies linked to the remuneration of Staff.
- Oversee and monitor the process of pay and performance moderation across the Trust.
- To determine and agree with the Trust Board the framework for the remuneration of the CEO (and any other senior executives it deems appropriate) ensuring the remuneration paid to senior executives does not exceed an amount that is reasonable in all circumstances.
- To ensure no senior leader or manager is involved in any decisions regarding their own remuneration.
- To oversee and recommend the remuneration of the CEO, receiving reports from the CEOs Performance Review Panel pay schemes operated by the Trust (including annual bonus schemes).
- Monitor and review pay awards across the Trust annually to ensure they remain in line with expectation in terms of our Pay Policy and to act on the recommendations of the Board to operate pay costs as a percentage of income targets.
- Approve for recommendation to the Trust Board (following annual review) all Trust pay Awards including any Principals' bonuses.
- Scrutinise and propose to the Trust Board any recommendations from Principals relating to pay awards which are outside the guidelines of our Pay Policy.
- In its monitoring of pay and performance, to ensure all staff are treated equitably and with due regard to all relevant equalities legislation.
- Monitor any additional payments awarded by Principals (after agreement with the CFO and CEO) outside the set annual budget parameters (and within the terms of our Pay Policy).
- Monitor and review trust wide performance management and appraisal processes and procedures in line with our agreed policies.
- Scrutinise executive reports concerning matters relating to any of the issues listed in these terms of reference.

The Chief Executive Officer is the Accounting Officer.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Levels of pay for the Chief Executive Officer and for other senior leadership team members are set by the Trust Board following extensive review and scrutiny by the Remuneration Committee, advised by independent external advisers and considering contributory factors such as the scope and demands of the role, the expectations within the current Academies Financial Handbook and other guidance and prevailing market factors.

The performance of the Chief Executive Officer is reviewed by a panel of Trustees convened separately from existing sub-committees and informed by an independent external adviser. This panel advises on the conferring of any appropriate performance-related benefits.

Pay progression in academies is overseen by the Principal who makes recommendations, based on the achievement of objectives that are set and reviewed annually, to the Local Academy Committee (LAC). The Remunerations Committee moderates the outcomes and agrees the LAC recommendations.

Connected Organisations, including Related Party Relationships

The academy trust was established as a company limited by guarantee and, until 1 August 2019, controlled one subsidiary (Mark Hall Sports Services Limited) which operated a sports centre at Mark Hall academy. The Trust does not have any external sponsors.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust's objects are set out in its Articles - the Trust's purpose, in summary, is to manage and develop each of the local academies within ATT, ensuring that they provide a good standard of education and serve as a hub for their community.

Our Purpose, Vision and Values

Our Vision – Transforming education: Transforming performance: Transforming lives. Putting children and young people at the heart of all that we do.

The Trust will ensure that all our children and young people, regardless of their background, fulfil their educational potential. The Trust will do this in safe, supportive and ambitious environments, ensuring we maximise life chances for them all.

Our Values

- The Trust will work inclusively within our communities, embracing the varied localities we serve while sharing our common vision and values.
- Develop the very best leaders of the future, working to improve education and transform lives.
- Adhere unwaveringly to the 'Nolan Principles' of Public Service, which is made clear in our Commitment to Ethical Leadership.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the trust's aims and objectives and in planning its future activities.

The Trustees consider that ATT's aims and objectives are demonstrably to the public benefit.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

STRATEGIC REPORT, 2018-19

Achievements and Performance

This report highlights the Trust's activities and achievements during 2018-2019, as the Trust continues to strive to make the biggest difference to the children, young people and communities that we serve.

Key Performance Indicators 2018-2019 - Education

Ofsted inspection outcomes

- 73% of inspected academies are rated Good or better.
- 100% of our inspected post-16 provision is rated Good or better.

Early Years outcomes

- 69% of pupils achieved a good level of development (GLD) – an increase of 46% on the proportion of the same cohort who were working at Age Related Expectations (ARE) on entry to Early Years Foundation Stage (EYFS).

Phonics outcomes

- 74% of pupils passed the Year 1 Phonics screening – an increase of 10% on the proportion of the same cohort who achieved Early Learning Goals (ELG) in Reading at the end of EYFS.

Key Stage 2 SATs outcomes

- In Year 6, 57% reached the expected standard or above in Reading, 71% in Writing, 68% in Maths and 49% achieved this combined.
- KS2 expected standard has increased for each region and the Trust overall since 2018, along with an increase in greater depth across the Trust.
- KS2 attainment of pupils on roll at each academy from EYFS brings overall attainment percentages significantly closer to national, with an additional 4 academies reaching or exceeding this in all subjects based on this measure.
- The KS2 progress measure for all subjects is in line with the national average for each region and the Trust overall. Two academies achieved progress scores that are statistically, significantly above the national average in Reading and Writing (Kingsmoor Academy) and Maths (Caldmore Primary Academy).

Key Stage 4 outcomes

- GCSE outcomes showed an upward trajectory from 2018 in all measures other than the proportion of students achieving grade 5+ in Basics (English and Mathematics) which remains at the same level as in 2018.
- At GCSE, 3 secondary academies were 'above average' and 6 were 'average' for Progress at GCSE. Unvalidated progress scores for 2019 indicate a Trust average of 0 which is improved from -0.14 in 2018.
- The gap at GCSE between disadvantaged and non-disadvantaged students has narrowed across our trust in both attainment and progress with some academies - Mildenhall, Westbourne and Bristnall Hall - closing the gap significantly.

Key Stage 5 outcomes

- Post-16 sixth form attainment is in line with national at Applied (Merit +) and slightly above national for Technical (Dist +) but remains slightly below average at A-level (C-). Across the Trust, disadvantaged students are doing at least as well as their peers in A-level and better than their peers in Applied General courses.
- 4 Sixth Forms have a progress score of 'average' for A-Level.
- Sixth Form outcomes have remained in line with those of 2018.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Academy Improvement Strategy

- 2018-2019 has been a year of transformation for Academy Transformation Trust. Our education directorate has been restructured (with full implementation in September 2019) now led by four Regional Education Directors (REDs) in primary and secondary across our East and West regions. All REDs were successful internal appointments.
- Our improvement strategy is centred around our ethos of Challenge, Support and Intervention (CSI) and ensures that our colleagues benefit from the ability to share best practice across our group as well as providing the ability for Trustees to receive quality information to enable them to perform their function effectively.
- Colleagues' feedback demonstrates that strands of the Education CSI, including the programme of Full Academy Reviews (FARs) are seen as hugely developmental and are supportive of school improvement.
- The CSI model for academy improvement has been fully implemented across all academies during 2019 and will support the further, sustained improvement of the academies.

What Ofsted said during 2018-2019 Inspections

Pool Hayes Academy (Walsall), September 2018, Requires Improvement.

The academy joined the trust in 2016. The report highlighted three main areas for improvement: improving outcomes for students, improving leadership and improving the quality of teaching.

Since the report, the trust has restructured the academy leadership team, appointed a new Principle and, under the oversight of the executive principal, significantly improved outcomes in the 2019 public examination results. Through strengthening networks and sharing of good practice, middle leadership has evolved and the improvement journey is well under way.

North Walsall Primary Academy (Walsall), October 2018, Good.

The academy joined the trust in 2016 following its previous trust going into liquidation.

This is the first time the school has ever received a Good judgement. Inspectors praised leadership at all levels and the curriculum review that has resulted in a broad and balanced curriculum offer. They noted the positive progress of pupils and, based on their findings, expected this to be sustained and built upon.

It was recognised that the sharing of good practice within the trust had played a significant part in the academy's improvement journey, particularly attributed to local governance leadership and that of the executive principal.

Mildenhall College Academy (Suffolk), November 2018, maintained Good.

The academy joined the trust in 2013.

Inspectors recognised that there was a broad and balanced education, the strength in leadership and good quality of teaching, learning and assessment; all of which led to pupils achieving well across in both KS4 and KS5. The report also commended the work of the trust:

"The trust has an accurate view of the school's strengths and weaknesses. Subject networks and support are used to provide opportunities for teachers' professional development and to share ideas. This has strengthened leadership and ensured that the quality of teaching, learning and assessment is good and improving".

**ACADEMY TRANSFORMATION TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Hathaway Academy (Thurrock), December 2018, maintained Good.

The academy joined the trust in 2013.

Since the permanent appointment of the acting Principal in November 2017, inspectors noted that the academy had been provided with greater stability and made improvements to the effectiveness of both the staff and leadership team, providing specific training for staff and focussing on improving student outcomes.

Star Academy (Stoke on Trent), February 2019, Requires Improvement.

The academy joined the trust in 2013.

A review led by the trust in 2018 found that the academy's performance was faltering. The trust acted swiftly to appoint a new executive principal. The executive principal is well supported by a hard-working and committed staff. Ambitious expectations, better staff training, and more reliable assessment of pupils' learning are improving teaching. Leadership of the early years is effective. The school is inclusive and promotes equality of opportunity well. The school's work to promote pupils' personal development and welfare is good.

Jubilee Academy (Walsall), March 2019, maintained Good.

The academy joined the trust in 2012.

The leadership team has maintained the good quality of education in the school since the last inspection. Since the appointment of a new principal in June 2017, it was noted that a strong and dynamic leadership team had been established that has a secure knowledge of school improvement and were accurate in their self-evaluation of the school, knowing the strengths and areas for improvement throughout.

Support from the trust was deemed to be regular and focussed on key areas for improvement. It was further observed that the trust offers many opportunities for staff development and provides targeted support where necessary.

Sutton Community Academy (Nottinghamshire), March 2019, Inadequate.

The academy joined the trust in 2013.

During this no notice Section 8 NFD inspection, inspectors provided a limiting judgement related to safeguarding, meaning that other judgements such as leadership and management, and personal development, behaviour and welfare could not achieve higher ratings. The academy received a judgement of requires improvement in the following inspection areas: quality of teaching, learning and assessment; outcomes for pupils; and 16-19 study programmes.

The trust was aware of all of the issues that led to the inspection and had already drawn up, and were implementing, an action plan to address the areas for improvement to ensure sustained progress.

Westbourne Academy (Suffolk), March 2019, Good.

The academy joined the trust in 2013.

This is the first time Westbourne Academy has received a Good inspection outcome in its history.

The report praised effective action taken by the school to improve the quality of teaching and learning across the board. It commended leaders for their "clear understanding of the strengths of the school", the "broad, balanced and flexible curriculum" and "positive relationships" between pupils and staff which boost engagement. It also praised the learning environment, which it said "provides a secure and stimulating place for pupils to learn and develop."

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Key Performance Indicators 2018-2019 - Operations

Estates

The trust continues to be in receipt of the highest school condition allocation of all academy trusts due to the inherited poor condition of estates that its academies operate within.

During the year 2018-2019 year, the trust invested £4.875m to reduce our condition liability by £5.8m. Most of the high cost/high risk condition issues previously identified in our 2015 surveys have been addressed through the Capital programme during the first three years of investment. We have now begun the transformation of learning environments at many academies, focussing on improving facilities and pupil experiences as opposed to purely removing/lessening risk and liability.

Some particular improvement projects that were completed during 2018-2019 were:

Phoenix Academy (Walsall)

An internal refurbishment of the teaching and administration facilities to create a safer secure environment for pupils and staff. The Estates development plan picked up two issues to be addressed: firstly the academy lacked capacity to expand; and secondly the organisation of facilities were hindering effective behaviour management and pupils could access most areas of the building. A capacity survey was completed to identify the required layout and facilities to deliver the curriculum and having taking into account the planned increase in the pupil role.

The project reorganised the office spaces to create an internal secure line between teaching and administration space. Access control has been installed to ensure access to areas can be properly managed and creation of a sensory room, refurbishment of underused teaching spaces, reception and external areas have addressed the issues through one set of works.

Bristnall Hall Academy (Sandwell)

The development planning process at Bristnall Hall identified a number of projects which addressed condition and educational need whilst complementing Sandwell local authority's proposed expansion of the academy by September 2022.

Work to create additional car parking space utilising an redundant access point at the rear of the academy has been warmly welcomed. It is a huge help to the planned expansion of the academy. In addition, the highways department was concerned at the amount of potential additional vehicular traffic as a result of planned growth. This project has partly mitigated this issue.

The academy's Success Centre underwent complete refurbishment, removing outdated unworkable facilities to create safe, informal learning spaces for the academy's most vulnerable pupils. The centre has been designed to accommodate multiple small working groups at the same time alongside traditional teaching spaces providing flexibility to adapt to pupil needs.

Finally, the reception and front office of the academy have been completely redesigned and refurbished to reflect and assist with current operations. There is now a secure hatch and holding area for incoming visitors along with a secure interview room further enhancing safeguarding.

North Walsall Primary Academy (Walsall)

Development planning for this academy has addressed a number of safeguarding issues, greatly improved security in response to local issues whilst moving forward green initiatives with the installation of solar panels.

Investments in electrical services such as a new CCTV system, new access control system, online Inventory signing system coupled with new perimeter fencing at key points and new automated gate system provides an

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

enhanced level of safeguarding and security following issues with local crime during the year.

A new staff room kitchen and improvement to external canopies have addressed needs of pupils and staff assisting with wellbeing and providing the ability for pupils to safely play and learn outside.

The Queen Elizabeth Academy (Warwickshire)

In conjunction with Warwickshire County Council, we have delivered a basic expansion plan to accommodate additional pupils in KS3. Due to planning issues through the current PFI contract, this opened in temporary accommodation, but permanent facilities will be installed during 2019-2020.

PSBP2 Delivery - The Nicholas Hammond Academy (Norfolk); Mildenhall College Academy (Suffolk); and Mark Hall Academy (Essex)

Three projects were undertaken through this funding stream. Two of them (at The Nicholas Hammond Academy and Mildenhall College Academy) have been managed under local delivery arrangements. The third (Mark Hall Academy) has been delivered through the ESFA. All are well underway and due for completion during 2019-2020.

Human Resources

The Trust has spent much of this year formalising their HR work with overlying strategies. The People Development Strategy incorporates the work that is planned to take place through the ATT Institute to deliver group wide continuous development, partnering with a number of external agencies to provide quality professional development. This work has also defined career pathways for all roles within The Trust.

A Wellbeing Strategy has also been produced, bringing together all of the initiatives that are in place in Trust academies. This incorporates a Wellbeing Charter that demonstrates The Trust commitment to staff wellbeing.

The Trust HR Director worked closely with National Union representatives to deliver the support staff pay scale assimilation project, to bring ATT pay scales in line with the nationally agreed scales. Further work will continue to define appropriate salary bandings for all roles.

The Trust annual Gender Pay Report demonstrated our firm commitment to the equality agenda and has proved to narrow the gap in comparison to previous years.

Key performance indicators 2018-2019 - Financial

Going Concern

The cumulative restricted income financial reserves across the Trust have significantly depleted over a few years; however, at the end of 2019 the Trust has begun to reverse this trend with an in-year surplus of £1,918k. Cumulative reserves remain at a deficit of £2,157k. The Trustees notified the ESFA in 2016/17, as per the Academies Financial Handbook, and a recovery plan was put in place. The recovery plan continues to be implemented with the Executive working closely with Trustees and the ESFA to ensure that the necessary curriculum led financial planning, staffing restructures and centralisation of procurement contracts is completed to drive the required cost savings going forward. Trustees will continue to ensure there is appropriate control and oversight to ensure the recovery plan is implemented to return the Trust to a cumulative positive restricted income reserves position. Trustees have gained assurance of the recovery plan following a full review, and re submission of multi-year budget plans with the ESFA.

Having considered this alongside the facts that a largely new Executive team has been in place at the Trust for one year and that governance arrangements have been strengthened, the board of trustees has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the trust's Going Concern policy.

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

FINANCIAL REVIEW

Financial Review

During the period, the Trust has worked tirelessly to implement the second year of the recovery plan agreed with the ESFA in early 2018; following the financial difficulties faced in 2016/17. The agreed recovery plan was for the Trust, to record an in-year deficit on adjusted restricted and unrestricted funds for 2018/19 of £517k. In this instance adjusted restricted and unrestricted funds means the net movement in funds excluding the impact of the LGPS actuarial gain or loss, the current and past service cost, and the net interest cost, but including the employers' pension contributions. Actual achievement was a surplus of £1,918k; this being better than the agreed recovery plan of £517k by £1,401; this being a significant improvement against the prior year deficit of £1,562k.

The achievement of £1,918k, against a budget of £517k; is a result of the Trust's continuation to implement our financial strategies of integrated curriculum financial planning (ICFP); centralisation of key procurement contracts; increasing estates revenues; and further staff rationalisation. The key financial variations to budget are a reduction in staffing costs due to ICFP and the net impact of teachers pay grant of £1,030k, a reduction in other operational costs of £1,023k offset by restructurings costs of £188k (ICT, finance, MHSS, and ATTFE) and holiday pay provision of £530k.

On an accounting basis, and thus considering the FRS102 pension valuation figures, the Trust achieved an in-year surplus on restricted and unrestricted funds of 1,918k an increase of £3,480k in comparison to 2017/18. The pension valuation saw an actuarial loss of £8,126k (2018: gain of £7,752k), due to a decrease in the discount rates and weak investment performance.

Reserves Policy

The Trust's policy on reserves is to maintain sufficient reserves to enable the Trust to operate effectively in what is becoming a less certain economic and funding environment, to address any current year shortfall in funding, or to use them in the on-going investment in the Trust's estate, subject to satisfying terms and conditions of the grant funding. The Trustees review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have agreed that the long-term aim of the Trust should be to hold cumulative reserves of between 2-5% of total funding. The level of general reserves as at August 2019 (total funds less the amount held in fixed assets or committed funds) is a deficit of £2,157k (2018: £4,075k).

Investment Policy

The Trust's investment policy and objectives are:

- to achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- to only invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn.
- to comply with this policy, all investment decisions should be exercised with care and skill and consequently be in the interests of the Trust, commanding broad public support.

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation. For selection, assets will only be considered with banking institutions which have credit ratings assessed by an external credit agency to show good credit quality. To manage the risk of default, deposits will be spread by banking institution and be subject to a maximum exposure of £500,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA). Whilst this exceeds the protection limit of £75,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

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

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Chief Finance Officer. The cash flow forecasts will take account of the annual budget and spending plans approved by the Governing Body and updated on a monthly basis. A sufficient balance must be held in the current account so that the Trust's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Trust. The Trust has authorised signatories, two of which are required to sign instructions to the deposit taking institution.

The Chief Finance Officer will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Resources Committee at appropriate intervals, depending on the terms of the investments.

Principal Risks And Uncertainties

The Trustees have assessed the major risks to which the Trust is exposed through its Audit and Risk committee and these are summarised in ATT's Risk Register. The Trustees have implemented a number of systems to assess the risks that ATT faces, especially in the operational areas (e.g. in relation to teaching, health and safety, educational visits and safeguarding) and in relation to the control of finance. They have introduced mitigating controls, including operational procedures and internal financial controls in order to minimise risk. Where significant risk remains, they have ensured they have adequate insurance cover.

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

The key risks identified in the Trust's Risk Register and mitigating controls are as follows:

Risk	Mitigating controls
Regulatory procedures, including GDPR, safeguarding, HR, equality and H&S are not effective enough	Policies and procedures in place and under constant review in conjunction with JNC where appropriate. New (GDPR) legislation considered and action plan drawn up. Training programme for all staff in GDPR and continuous CPD. Suitable qualified staff or external support engaged Safeguarding and H&S reviews and audits carried out. Access to legal advice. Live oversight of H&S information by central team. ATT conferences for safeguarding.
That one or more academies fail to make suitable progress over an acceptable period of time	Appointment of 4 Regional Education Directors (commenced 1 September 2019) to add capacity to the Executive team and ensure suitable focus remains on educational outcomes. ATT categorisation and key lines of enquiry for each academy. Full Academy Reviews are being performed annually for each academy. Support and monitoring process proportionate to need. PPM targets drive up standards Developing school to school support. Lead Practitioners deployed to secure improvement in core subjects. Revised school improvement model/plan. Improved data collection/consolidation by central team.
Finance is not managed to ensure stability and reserves are not being managed adequately	Group wide budget setting; including the roll-out of a new budget model for 2019. Continued development of Integrated Curriculum and Financial Planning (ICFP). Consistent approach to managing finance with regional teams. Financial regulations in place. Update Principals regarding future funding changes. Clear, timely communication regarding scheme of delegation.
That the Members and Trustees are not sufficient in number, do not have a diverse skill set and fail to hold the trust to account	Recruitment of additional trustees through Academy Ambassadors. Improve induction and training programme. Skills audit to be completed Develop relationship between Trustees and stakeholders. Develop accountability measures.
That succession planning in senior management does not ensure consistency of operation within ATT	Review central staffing structure. Further develop CPD strategy. Identify future leaders.

FUNDRAISING

The Trust does not currently actively participate in fundraising activities; and thus, has nothing to disclose in accordance with the Charities (Protection and Social Investment) Act 2016.

Disabled Employees and Employee Involvement

The Trust's policy in respect of disabled persons is that their applications for employment are always fully and fairly considered bearing in mind the aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with ATT continues and where necessary, appropriate training is arranged. It is ATT's policy that training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees in a similar position.

**ACADEMY TRANSFORMATION TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

During the financial year, the Trustees have been proactive to maintain and develop arrangements aimed at:

1. **Providing employees systematically with information on matters of concern to them as employees.**
2. **Consulting employees on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests.**

PLANS FOR FUTURE PERIODS

Following a period of significant change in 2017-2018, the current reporting period saw the appointment of a permanent Chief Executive Officer, a restructure of the education directorate and several key appointments to strengthen finance and governance within the trust, all aligned with delivering the trust's three-year strategic plan.

Trustees took part in several strategic planning sessions to refine our vision of delivering on "Transforming education: Transforming performance: Transforming lives".

The following Aims were drawn from the intent to 'Improve Education Together'. Detailed operational plans have been drawn up and lie behind these objectives, with KPIs that can also be measured against quantifiable evidence. The ATT Board and sub-committees monitor individual plans linked to their areas of oversight. Individual Executive team members lead on each objective and named Trustees also have oversight of each individual AIM, thus providing a 'Golden Thread' throughout the Trust.

The following Aims are rooted in our vision:

Aim 1: By August 2021 we will be regarded as one of the top 10 performing MATs for both primary and secondary academies in the DfE and other reputable performance tables.

Aim 2: By August 2021 we will have fully embedded the 'Education CSI' model. This will clearly define the capacity and bespoke systems required for each individual academy.

Aim 3: By August 2021 our finances will be fully balanced, with a healthy Trust surplus and a clear plan of action to build up central reserves to an acceptable level; thus, providing sustainable financial capacity. ATT will be regarded as a beacon of excellent practice by NGA, ISBL and the ESFA.

Aim 4: By August 2021 we will have carefully grown in our two main regions and will be regarded as a System Leader Trust (30+ academies), providing more capacity and alleviating the individual financial responsibility of each academy.

Aim 5: By August 2021 we would have embedded rigorous Performance Management standards for leaders at every level, developing the individual capacity of academies and the Trust as a whole.

Aim 6: By August 2021 we will have completed a process of alignment across our academies to ensure tight practices and protocols are standardised against agreed practices of excellence.

Aim 7: By August 2021 we will have created and embedded a Talent Management Process across the organisation, ensuring a complete strategic understanding of acquisition and retention requirements. CPD will be aligned accordingly to strengthen leadership capacity at all levels.

Aim 8: By August 2021 we will insist that every pupil experiences a variety of opportunities through a cultural capital passport - 'ATT Enrichment Passport' - that will run in parallel with their education journey.

Aim 9: By August 2021 100% of academies, that have been with the Trust for more than 3 years, will be judged as good or better by Ofsted.

Aim 10: By August 2021 each academy would have initiated an individual community engagement action plan. The plan will place each academy at the heart of its community, enabling the academy to become not only a hub for learning, but a community resource for life-long learning.

**ACADEMY TRANSFORMATION TRUST
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

During 2019-2020, some of our main focus areas will be:

- Developing a common curriculum intent statement and philosophy that provides trust alignment along with the agility for all of our academies to best serve their unique community circumstances.
- Developing the very best safeguarding policy and procedure that is consistent across all of our academies.
- A rich and rewarding people development offer through the creation of the ATT Institute, positively impacting retention and leadership development.
- Building on our performance development programme and staff wellbeing strategy to reinforce our commitment to our people.
- Further developing our governance model through the review of our scheme of delegation and collaboration at all levels of the non-executive function with the aim of becoming a trailblazer trust in this area.
- Refining our IT strategy, particularly through our communications and digital strategies to deliver a consistent experience across the trust, ensuring pupils receive and experience an education that prepares them for the next stage of their life and staff can access the right tools to enable them to do their job from any location.
- To implement our income generation strategy to enable more financial resources to be directed to front line education.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy does not hold such funds and does not act as the Custodian Trustees of any other charity.

Disclosure of information to auditors

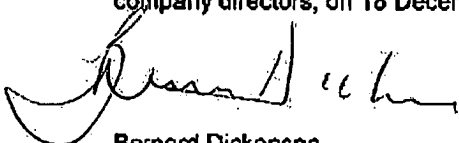
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

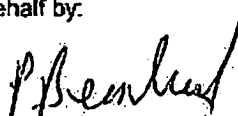
Auditors

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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:



Bernard Dickenson
Chair of Trustees



P Beanland

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Academy Transformation 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 Academy Transformation 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' Reports. 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
B Dickenson	6	6
P Beanland	6	6
D Trotman	3	6
B Cook	5	6
N Lucas	4	6
M Wilson	2	6
P Milligan	5	6
J Clark	4	4
S Jones	2	3
A Milne	0	0
W Schirmer	1	2
G Empson	2	4

**ACADEMY TRANSFORMATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the trust delivers good value in the use of public resources. The Chief Executive 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 the finance team restructure and change in the budget model (separate of education and operational/commercial budgets); the centralisation of the purchase ledger team (fully implemented on 1 September 2019) and banking arrangements. All this to provide greater financial visibility and control; and to aid benchmarking exercises for future procurement activity.
- Strengthening the financial reporting mechanisms at Trustee and local level to be able to identify opportunities to generate efficiency savings.
- Move towards regional delivery models for school improvement.
- Introducing Integrated Curriculum and Financial Planning (ICFP) in full in all academies.
- Bulk contract awards for conditions improvements through estates department.
- Implementation of a central broadband and telephony contract from October 2019.
- National procurement of Health and Safety and Asbestos management services reducing cost per academy and ensuring compliance.
- Development of supply chain partners to secure low rate goods and services reducing reactive maintenance costs.
- Implementation of renewable energy initiatives such as Biomass and Solar technology to reduce carbon footprint, utility costs and secure RHI.

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 Academy Transformation 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.

**ACADEMY TRANSFORMATION 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 Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting KPIs to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines within financial regulations;
- 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 Bishop Fleming LLP as internal auditor.

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:

- A review of the central office core financial control framework.
- A review of the key account reconciliations; the procedures around production of the management accounts; and the budget and forecast setting and review procedures

On a quarterly basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The reviewer has delivered their schedule of work as planned, and matters have been identified and are being addressed.

REVIEW OF EFFECTIVENESS

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 auditors;
- 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.

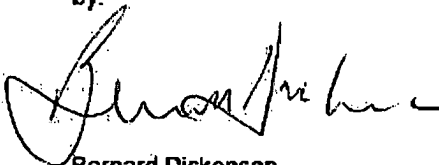
**ACADEMY TRANSFORMATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF EFFECTIVENESS (CONTINUED)

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

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



Bernard Dickenson
Chair of Trustees



Debbie Clinton
CEO and Accounting Officer



**ACADEMY TRANSFORMATION TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer for Academy Transformation 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 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 the ESFA.



Debbie Clinton
CEO and Accounting Officer
Date:

18/12/2019

**ACADEMY TRANSFORMATION TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ACADEMY TRANSFORMATION TRUST
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

OPINION

We have audited the financial statements of Academy Transformation 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 FRS 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 and 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.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ACADEMY TRANSFORMATION TRUST (CONTINUED)
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

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.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ACADEMY TRANSFORMATION TRUST (CONTINUED)
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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.



Simon Morrison FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

19 December 2019

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 15 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 Academy Transformation 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 Academy Transformation Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Academy Transformation 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 Academy Transformation Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ACADEMY TRANSFORMATION TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Academy Transformation Trust's funding agreement with the Secretary of State for Education dated 1 April 2016 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.

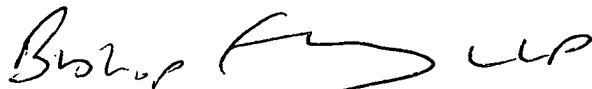
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the trust's income and expenditure.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ACADEMY
TRANSFORMATION 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.



Simon Morrison FCA (Senior statutory auditor)

Bishop Fleming LLP
16 Queen Square
Bristol
BS1 4NT

Date: 19/12/2019

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
AS AT 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
INCOME FROM:						
Donations and capital grants	3	53	-	20,268	20,322	6,467
Charitable activities	4	1,798	69,701	-	71,498	69,325
Other trading activities		1,665	-	-	1,665	1,520
Investments	7	5	-	-	5	3
TOTAL INCOME		3,521	69,701	20,268	93,490	77,315
EXPENDITURE ON:						
Raising funds		1,102	-	-	1,102	1,486
Charitable activities		2,760	72,505	3,649	78,814	78,043
TOTAL EXPENDITURE		3,862	72,505	3,649	79,916	79,529
NET (EXPENDITURE)/ INCOME		(341)	(2,804)	16,719	13,574	(2,214)
Transfers between funds	20	341	1,850	(2,191)	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		-	(954)	14,528	13,674	(2,214)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	27	-	(8,126)	-	(8,126)	7,752
NET MOVEMENT IN FUNDS		-	(9,080)	14,528	5,448	5,538
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(34,131)	116,933	81,802	76,264
Net movement in funds		-	(9,080)	14,528	5,448	5,538
TOTAL FUNDS CARRIED FORWARD		-	(43,211)	130,461	87,250	81,802

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

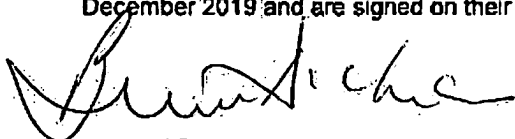
The notes on pages 36 to 67 form part of these financial statements.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	15	114,292	110,320
CURRENT ASSETS			
Debtors	16	13,306	2,888
Cash at bank and in hand		10,213	4,551
		<u>23,519</u>	<u>7,439</u>
Creditors: amounts falling due within one year	17	(9,462)	(5,816)
NET CURRENT ASSETS		<u>14,057</u>	<u>1,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>128,349</u>	<u>111,943</u>
Creditors: amounts falling due after more than one year	18	(45)	(85)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>128,304</u>	<u>111,858</u>
Defined benefit pension scheme liability	27	(41,054)	(30,056)
TOTAL NET ASSETS		<u>87,250</u>	<u>81,802</u>
FUNDS OF THE TRUST			
Restricted funds:			
Fixed asset funds	20	130,461	115,933
Restricted income funds	20	(2,167)	(4,075)
Restricted funds excluding pension liability	20	<u>128,304</u>	<u>111,858</u>
Pension reserve	20	(41,054)	(30,056)
Total restricted funds	20	<u>87,250</u>	<u>81,802</u>
Unrestricted income funds	20	-	-
TOTAL FUNDS		<u>87,250</u>	<u>81,802</u>

The financial statements on pages 32 to 67 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:



Bernard Dickenson
Chair of Trustees

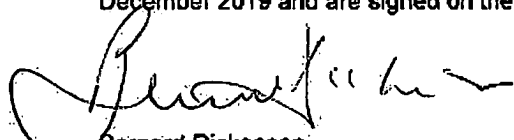
The notes on pages 38 to 67 form part of these financial statements.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ACADEMY TRUST BALANCE SHEET
AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	15	114,292	110,306
CURRENT ASSETS			
Debtors	16	13,324	3,068
Cash at bank and in hand		10,213	4,399
		<u>23,537</u>	<u>7,467</u>
Creditors: amounts falling due within one year	17	(9,462)	(5,811)
NET CURRENT ASSETS		<u>14,075</u>	<u>1,656</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>128,367</u>	<u>111,962</u>
Creditors: amounts falling due after more than one year	18	(45)	(85)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>128,322</u>	<u>111,877</u>
Defined benefit pension scheme liability	27	(41,054)	(30,056)
TOTAL NET ASSETS		<u>87,268</u>	<u>81,821</u>
FUNDS OF THE TRUST			
Restricted funds:			
Fixed asset funds	20	130,461	115,933
Restricted income funds	20	(2,139)	(4,075)
		<u>128,322</u>	<u>111,858</u>
Restricted funds excluding pension liability	20	128,322	111,858
Pension reserve	20	(41,054)	(30,056)
Total restricted funds	20	<u>87,268</u>	<u>81,802</u>
Unrestricted income funds	20	-	19
TOTAL FUNDS		<u>87,268</u>	<u>81,821</u>

The financial statements on pages 32 to 67 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:


Bernard Dickenson
Chair of Trustees

The notes on pages 36 to 67 form part of these financial statements.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £000	2018 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	22	(6,871)	(361)
CASH FLOWS FROM INVESTING ACTIVITIES	24	12,703	2,041
CASH FLOWS FROM FINANCING ACTIVITIES	23	(70)	(152)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		5,662	1,528
Cash and cash equivalents at the beginning of the year		4,661	3,023
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	10,213	4,551

The notes on pages 36 to 67 form part of these financial statements

**ACADEMY TRANSFORMATION 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), judgments 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.

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

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 cumulative restricted income financial reserves across the Trust have significantly depleted over a few years; although the deficit position decreased again in the current period. The Trustees notified the ESFA in 2016/17, as per the Academies Financial Handbook, and a recovery plan was put in place. A current period surplus was fully expected within the recovery plan; and the budget target for 2018/19 was significantly exceeded. The recovery plan continues to be implemented with the Executive team working closely with Trustees and the ESFA to ensure that the necessary curriculum led financial planning, staffing restructures and centralisation of procurement contracts is completed to drive the required cost savings going forward.

The Trustees will continue to ensure there is appropriate control and oversight to ensure the recovery plan is implemented to return the Trust to a cumulative positive restricted income reserves position. The Trustees have gained assurance of the recovery plan following a full review, and re-submission of multi-year budget plans with the ESFA. The ESFA have continued to provide in year financial assistance to the Trust in 2018/19. Due to improving performance, the Trust is now entirely independent of additional ESFA financial support.

Trustees have considered this alongside the facts that a largely new Executive team is in place at the Trust and governance arrangements have been strengthened and are now confident that the Trust has adequate resource to continue its activities for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All incoming resources are recognised when the 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.

The trust is benefiting from the ESFA's Priority Schools Building Programme. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls through lease the site where a development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

- **Donations**

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

- **Other Income**

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

1.4 EXPENDITURE

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

- **Expenditure on raising funds**

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

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE (CONTINUED)

• **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.

1.5 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.

1.6 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.

1.7 TANGIBLE FIXED ASSETS

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Freehold property	- 2% (50 years) straight line
Leasehold property	- 2% (50 years) straight line
Fixtures and fittings	- 10% (10 years) straight line
Computer equipment	- 33% (3 years) straight line
Motor vehicles	- 20% (5 years) straight line

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.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 CASH AT BANK AND IN HAND

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

1.10 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.

1.11 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.

1.12 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.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.13 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.

1.14 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The funds received, paid and any balances held at period end are disclosed in note 31.

1.15 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.

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.

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

The 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 27, 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.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	53	-	53	219
Capital Grants	-	20,268	20,268	6,248
	<u>53</u>	<u>20,268</u>	<u>20,321</u>	<u>6,467</u>
TOTAL 2018	<u>219</u>	<u>6,248</u>	<u>6,467</u>	

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Education	1,034	69,701	70,735	68,690
Nursery	764	-	764	835
TOTAL 2019	1,798	69,701	71,499	69,325
TOTAL 2018	1,911	67,414	69,325	

5. FUNDING FOR THE TRUST'S EDUCATION

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant	-	57,735	57,735	56,646
Other DfE/ESFA grants	-	9,065	9,065	8,073
	-	66,800	66,800	64,719
Other government grants				
Local authority grant	-	2,901	2,901	2,695
	-	2,901	2,901	2,695
Other funding				
Internal catering income	929	-	929	1,170
Other	105	-	105	106
	1,034	69,701	70,735	68,690
TOTAL 2018	1,276	67,414	68,690	

**ACADEMY TRANSFORMATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Lettings	414	414	498
School trips	672	672	608
Other	316	316	239
Income from other charitable activities	764	764	635
Income from ancillary trading activities	263	263	174
	<u>2,429</u>	<u>2,429</u>	<u>2,155</u>

All income from other trading activities in 2018 was unrestricted.

7. INVESTMENT INCOME

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Bank interest	<u>5</u>	<u>5</u>	<u>3</u>

All income from investments in 2018 was unrestricted.

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8. EXPENDITURE

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Expenditure on fundraising trading:					
Direct costs	133	125	644	1,102	1,486
Education:					
Direct costs	45,822	194	4,583	50,599	52,808
Support costs	11,441	4,133	12,294	27,868	24,832
Nursery:					
Direct costs	330	-	17	347	303
	<u>57,726</u>	<u>4,452</u>	<u>17,738</u>	<u>79,916</u>	<u>79,529</u>
TOTAL 2018	<u>60,185</u>	<u>6,564</u>	<u>12,780</u>	<u>79,529</u>	

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Education	50,599	27,868	78,467	77,740
Nursery	347	-	347	303
	<u>50,946</u>	<u>27,868</u>	<u>78,814</u>	<u>78,043</u>
TOTAL 2018	<u>53,211</u>	<u>24,832</u>	<u>78,043</u>	

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Education 2019 £000	Nursery 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension finance costs	336	-	336	613
Staff costs	44,538	330	44,868	46,745
Educational supplies	550	-	550	435
Examination fees	888	-	888	982
Staff development	232	-	232	259
Other costs	1,413	17	1,430	1,310
Supply teachers	1,284	-	1,284	1,133
Security and transport	194	-	194	226
Technology costs	528	-	528	536
Educational consultancy	636	-	636	973
	50,599	347	50,946	53,211
TOTAL 2018	52,909	302	53,211	

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9. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Pension finance costs	444	268
Staff costs	11,398	12,109
Depreciation	3,549	2,444
Other costs	(74)	37
Supply teachers	43	62
Recruitment and support	226	494
Maintenance of premises and equipment	3,126	1,175
Cleaning	910	985
Rent and rates	387	536
Energy costs	1,207	1,136
Insurance	373	374
Security and transport	116	128
Catering	2,344	842
Technology costs	1,383	1,430
Office overheads	883	928
Legal and professional	1,453	887
Bank interest and charges	5	8
Impairment on fixed assets	-	780
Governance	97	209
	27,868	24,832

10. NET (EXPENDITURE)/INCOME

Net (expenditure)/income for the year includes:

	2019 £000	2018 £000
Operating lease rentals	234	204
Depreciation of tangible fixed assets	3,550	2,378
Fees paid to auditors for:		
- audit	46	45
- other services	12	11

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NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	Group	Group	Academy	Academy
	2019	2018	2019	2018
	£000	£000	£000	£000
Wages and salaries	42,401	44,709	42,401	44,709
Social security costs	4,190	4,265	4,190	4,265
Pension costs	9,414	9,713	9,414	9,713
	56,005	58,687	56,005	58,687
Agency staff costs	1,327	1,194	1,327	1,194
Staff restructuring costs	263	169	263	169
MHSS staff costs	133	135	-	-
	57,728	60,185	57,595	60,050

Staff restructuring costs comprise:

	Group	Group	Academy	Academy
	2019	2018	2019	2018
	£000	£000	£000	£000
Redundancy payments	101	49	101	49
Severance payments	162	120	162	120
	263	169	263	169

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £162k (2018: £119k). Individually, the payments were: £57k, £41k, £11k, £10k, £8k, £7k, £6k, £3k, £2k, £2k, £1k, £1k, £1k.

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11. STAFF COSTS (CONTINUED)

c. 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	676	689
Administration and support	1,139	1,239
Management	111	150
	<u>1,926</u>	<u>2,088</u>

The average headcount expressed as full-time equivalents was:

	Group 2019 No.	Group 2018 No.
Teachers	582	580
Administration and support	583	580
Management	110	140
	<u>1,275</u>	<u>1,300</u>

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11. STAFF COSTS (CONTINUED)

d. HIGHER PAID STAFF

The number of employees whose employee benefits (excluding employer pension costs) exceeded £80,000 was:

	Group 2019 No.	Group 2018 No.
In the band £60,001 - £70,000	18	16
In the band £70,001 - £80,000	12	9
In the band £80,001 - £90,000	4	2
In the band £90,001 - £100,000	2	5
In the band £100,001 - £110,000	5	5
In the band £110,001 - £120,000	-	1
In the band £170,000 - £180,000	1	-
In the band £180,000 - £190,000	-	1

e. KEY MANAGEMENT PERSONNEL

The key management personnel of the Trust comprises Trustees (who do not receive remuneration for their role as a Trustee) and Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the management personnel for their services to the Trust was £666,122 (2018: £593,347).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. CENTRAL SERVICES

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

- Asset management
- Financial services
- HR services
- Payroll services
- Procurement
- Risk management
- School improvement

The Group charges for these services on the following basis:

5.5% of GAG for each financial year, with additional charges/credits based on local circumstances.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Beck Row	41	50
Bristnall Hall	294	374
Caldmore Village	101	98
Great Heath	96	117
Iceni - all through	164	313
Jubilee	66	78
Kingsmoor	60	78
Mark Hall	176	270
Mildenhall	299	376
North Walsall Primary	67	83
Phoenix	20	56
Pool Hayes	313	383
Queen Elizabeth	168	82
Ravens	88	97
Star	48	76
Sun	45	73
Sutton (including ATT FE)	208	428
The Dukeries	208	337
The Hathaway	266	312
The Nicholas Hammond	181	282
Westbourne	289	367
TOTAL	3,177	4,328

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13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Group has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £5,375 (2018 - £7,347). The cost of this insurance is included in the total insurance cost.

15. TANGIBLE FIXED ASSETS

GROUP

	Freehold property £000	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
COST OR VALUATION						
At 1 September 2018	19,339	99,843	981	2,027	15	122,205
Additions	664	5,241	1,101	514	-	7,520
At 31 August 2019	20,003	105,084	2,082	2,541	15	129,725
DEPRECIATION						
At 1 September 2018	1,713	8,549	305	1,304	14	11,885
Charge for the year	400	2,102	208	839	1	3,550
At 31 August 2019	2,113	10,651	513	2,143	15	15,435
NET BOOK VALUE						
At 31 August 2019	17,890	94,433	1,569	398	-	114,290
At 31 August 2018	17,626	91,294	676	723	1	110,320

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15. TANGIBLE FIXED ASSETS (CONTINUED)

ACADEMY

	Freehold property £000	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
COST OR VALUATION						
At 1 September 2018	19,339	99,838	949	2,019	15	122,160
Additions	664	5,241	1,101	514	-	7,520
Transfers intra group	-	5	32	8	-	45
At 31 August 2019	20,003	105,084	2,082	2,541	15	129,725
DEPRECIATION						
At 1 September 2018	1,713	8,545	287	1,295	14	11,854
Charge for the year	400	2,102	208	839	1	3,550
Transfers intra group	-	4	18	9	-	31
At 31 August 2019	2,113	10,651	513	2,143	15	15,435
NET BOOK VALUE						
At 31 August 2019	17,890	94,433	1,569	398	-	114,290
At 31 August 2018	17,626	91,293	662	724	1	110,306

16. DEBTORS

	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
Trade debtors	417	159	417	145
Amounts owed by group undertakings	-	-	17	212
VAT recoverable	1,120	431	1,120	431
Other debtors	9	2	10	2
Prepayments and accrued income	11,760	2,296	11,760	2,278
	13,306	2,888	13,324	3,068

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17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
ESFA loans	53	83	53	83
Trade creditors	3,025	1,385	3,025	1,383
Other taxation and social security	1,091	1,022	1,091	1,022
Other creditors	1,009	1,056	1,009	1,055
Accruals and deferred income	4,284	2,270	4,284	2,268
	<u>9,462</u>	<u>5,816</u>	<u>9,462</u>	<u>5,811</u>

Loans of £53k from the ESFA are included in creditors due within one year. The loans are repayable in six-monthly installments and mature between March 2020 and March 2022. All loans have a NIL% interest rate.

	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
Deferred income at 1 September 2018	979	860	979	860
Resources deferred during the year	1,091	979	1,091	979
Amounts released from previous periods	(979)	(860)	(979)	(860)
	<u>1,091</u>	<u>979</u>	<u>1,091</u>	<u>979</u>

Deferred income at the year end relates to Universal Infant Free School Meals, rates relief, SEN funding, PE & Sports and other grants that were funded in advance.

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

	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
ESFA loans	45	85	45	85

Loans of £45k from the ESFA are included in creditors due after more than one year. The loans are repayable in six-monthly installments and mature between March 2020 and March 2022. All loans have a NIL% interest rate.

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19. FINANCIAL INSTRUMENTS

	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
FINANCIAL ASSETS				
Financial assets that are debt instruments measured at amortised cost	21,307	6,021	21,324	6,233
	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(7,325)	(4,000)	(7,325)	(3,997)

Financial assets that are debt instruments measured at amortised cost comprises cash at bank, trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise ESFA loans, trade creditors, other creditors and accruals.

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20. STATEMENT OF FUNDS

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers In/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
UNRESTRICTED FUNDS						
General Funds - all funds	-	3,521	(3,862)	341	-	-
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	(4,075)	57,685	(57,617)	1,850	-	(2,157)
Pupil premium	-	4,246	(4,246)	-	-	-
Other ESFA	-	4,819	(4,819)	-	-	-
Other government grants	-	2,951	(2,951)	-	-	-
Pension reserve	(30,056)	-	(2,872)	-	(8,126)	(41,054)
	<u>(34,131)</u>	<u>69,701</u>	<u>(72,505)</u>	<u>1,850</u>	<u>(8,126)</u>	<u>(43,211)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	92,681	-	(2,837)	-	-	89,844
Fixed assets purchased from GAG and other restricted funds	937	-	(29)	-	-	908
DfE/ESFA capital grants	21,748	20,268	(666)	(2,191)	-	39,159
Private sector capital grant	567	-	(17)	-	-	550
	<u>115,933</u>	<u>20,268</u>	<u>(3,549)</u>	<u>(2,191)</u>	<u>-</u>	<u>130,461</u>
TOTAL RESTRICTED FUNDS	<u>81,802</u>	<u>89,969</u>	<u>(76,054)</u>	<u>(341)</u>	<u>(8,126)</u>	<u>87,250</u>
TOTAL FUNDS	<u>81,802</u>	<u>93,490</u>	<u>(79,916)</u>	<u>-</u>	<u>(8,126)</u>	<u>87,250</u>

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20. STATEMENT OF FUNDS (CONTINUED)

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Pupil Premium (PP) - Income from the ESFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the students who need it most.

Other ESFA grants - Income from the ESFA which has been received for specific purposes.

Other government grants - Income from other government sources which has been received for specific purposes.

Pension reserve - This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme (LGPS).

RESTRICTED FIXED ASSET FUNDS:

Fixed assets transferred on conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - This represents capital assets that have been purchased out of restricted GAG funding.

DfE/ESFA Capital grants - This represents funding from the ESFA to cover maintenance and purchase of the schools assets.

Private sector capital sponsorship - This represents funding from the private sector to cover maintenance and purchase of the schools assets.

Included in DfE/ESFA capital grants is School Condition Allocation (SCA) income. This is initially recognised in the restricted fixed asset fund with a proportion transferred to the restricted fund, representing the amounts on revenue expenditure.

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20. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Beck Row	95	124
Bristnall Hall	829	659
Caldmore Village	587	400
Great Heath	361	283
Iceni	(1,407)	(1,263)
Jubilee	678	630
Kingsmoor	62	27
Mark Hall	(1,824)	(1,714)
Mildenhall	538	460
North Walsall Primary	117	151
Phoenix	323	445
Pool Hayes	881	1,064
Queen Elizabeth	503	499
Ravens	485	323
Star	(78)	(126)
Sun	354	206
Sutton	(346)	(237)
The Dukeries	(2,365)	(2,227)
The Hathaway	806	456
The Nicholas Hammond	(1,559)	(1,585)
Westbourne	241	205
ATT FE	(1,123)	(1,188)
Mark Hall Sports Services	-	(140)
Central services	(314)	(1,547)
Total before fixed asset funds and pension reserve	(2,157)	(4,075)
Restricted fixed asset fund	130,461	115,933
Pension reserve	(41,054)	(30,056)
TOTAL	87,250	81,802

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20. STATEMENT OF FUNDS (CONTINUED)

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

	Deficit £000
Iceni	1,407
Mark Hall	1,824
Star	78
Sutton	346
The Dukeries	2,365
The Nicholas Hammond	1,559
ATT FE	1,123
Central services	314
	<u> </u>

The Trust has adopted a policy of fairly funding each academy, and although the individual reserves positions vary significantly, the Trust ensures that each academy has sufficient resources to meet their ongoing working capital requirements.

The trust is taking the following action to return the academies to surplus:

Where individual academies have a cumulative deficit; the Trust has put in place a recovery plan to return them to an in-year surplus. This will involve adopting the Trust wide financial strategies of integrated curriculum financial planning; increasing estates income; centralisation of key procurement contracts; and further rationalisation of staffing structures.

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20. 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 £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000	Total 2018 £000
Beck Row	587	85	5	322	999	856
Bristnall Hall	4,280	716	67	1,453	6,516	7,394
Caldmore Village	1,343	171	18	622	2,154	1,811
Great Heath	1,624	149	6	449	2,228	2,129
Icani	2,051	386	20	1,160	3,617	3,425
Jubilee	847	131	28	270	1,276	1,174
Kingsmoor	961	110	15	416	1,522	1,341
Mark Hall	2,208	562	62	1,488	4,318	4,338
Mildenhall	4,009	580	33	1,516	6,138	5,809
North Walsall Primary	839	155	29	384	1,407	1,287
Phoenix	780	111	12	574	1,477	1,289
Pool Hayes	4,487	745	38	1,686	6,956	6,201
Queen Elizabeth	2,238	422	47	1,057	3,764	3,624
Ravens	1,251	211	18	604	2,084	1,998
Star	692	137	11	323	1,163	1,205
Sun	589	116	8	330	1,043	1,041
Sutton	2,864	480	34	1,216	4,594	4,441
The Dukeries	2,594	443	34	1,555	4,626	5,310
The Hathaway	2,561	681	44	1,251	4,537	4,164
The Nicholas Hammond	2,182	408	3	909	3,502	3,541
Westbourne	3,822	618	12	1,615	6,067	5,421
ATT FE	780	689	2	402	1,873	2,347
Mark Hall Sports Services	-	10	2	7	19	183
Central services	1	2,448	-	(1,172)	1,277	5,977
TRUST	43,608	10,564	548	18,437	73,157	76,305

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20. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS						
General Funds - all funds	1,749	3,663	(5,402)	-	-	-
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	(4,262)	56,986	(57,301)	502	-	(4,075)
Pupil premium	-	4,309	(4,309)	-	-	-
Other ESFA	-	3,559	(3,559)	-	-	-
Other government grants	-	2,560	(2,560)	-	-	-
Pension reserve	(34,634)	-	(3,174)	-	7,752	(30,056)
	<u>(38,896)</u>	<u>67,414</u>	<u>(70,903)</u>	<u>502</u>	<u>7,752</u>	<u>(34,131)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	94,311	-	(1,630)	-	-	92,681
Fixed assets purchased from GAG and other restricted funds	1,051	-	(114)	-	-	937
DfE/ESFA capital grants	17,413	6,248	(1,411)	(502)	-	21,748
Private sector capital grant	836	-	(69)	-	-	567
	<u>113,411</u>	<u>6,248</u>	<u>(3,224)</u>	<u>(502)</u>	<u>-</u>	<u>115,933</u>
TOTAL RESTRICTED FUNDS	<u>74,515</u>	<u>73,662</u>	<u>(74,127)</u>	<u>-</u>	<u>7,752</u>	<u>81,802</u>
TOTAL FUNDS	<u>76,264</u>	<u>77,315</u>	<u>(79,529)</u>	<u>-</u>	<u>7,752</u>	<u>81,802</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	114,292	114,292
Current assets	6,201	17,318	23,519
Creditors due within one year	(8,358)	(1,104)	(9,462)
Creditors due in more than one year	-	(45)	(45)
Provisions for liabilities and charges	(41,054)	-	(41,054)
TOTAL	(43,211)	130,461	87,250

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	110,320	110,320
Current assets	1,669	5,771	7,440
Creditors due within one year	(5,658)	(158)	(5,816)
Creditors due in more than one year	(85)	-	(85)
Provisions for liabilities and charges	(30,056)	-	(30,056)
TOTAL	(34,130)	115,933	81,803

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22. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £000	2018 £000
Net income/(expenditure) for the year (as per Statement of financial activities)	13,574	(2,214)
ADJUSTMENTS FOR:		
Depreciation	3,550	2,378
Capital grants from DfE and other capital income	(20,218)	(6,248)
Interest receivable	(5)	(3)
Defined benefit pension scheme cost less contributions payable	2,092	2,292
Defined benefit pension scheme finance cost	780	881
(Increase)/decrease in debtors	(10,418)	1,635
Increase in creditors	3,674	138
Impairment of fixed assets	-	780
NET CASH USED IN OPERATING ACTIVITIES	(6,971)	(361)

23. CASH FLOWS FROM FINANCING ACTIVITIES

	Group 2019 £000	Group 2018 £000
Repayments of borrowing	(70)	(152)
NET CASH USED IN FINANCING ACTIVITIES	(70)	(152)

24. CASH FLOWS FROM INVESTING ACTIVITIES

	Group 2019 £000	Group 2018 £000
Interest received	6	3
Purchase of tangible fixed assets	(7,520)	(4,210)
Capital grants from DfE Group	20,218	6,248
NET CASH PROVIDED BY INVESTING ACTIVITIES	12,703	2,041

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25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2019 £000	Group 2018 £000
Cash in hand	10,213	4,551
TOTAL CASH AND CASH EQUIVALENTS	10,213	4,551

26. CAPITAL COMMITMENTS

	Group 2019 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS				
Acquisition of tangible fixed assets	11,416	-	11,416	-

27. 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 Norfolk Pension Fund, West Midlands Pension Fund, Essex Pension Fund, Staffordshire Pension Fund, Suffolk Pension Fund, Nottinghamshire County Council Pension Fund and Warwickshire Pension Fund. 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 £877,954 were payable to the schemes at 31 August 2019 (2018 - £847,543) and are included within creditors.

TEACHERS' PENSION SCHEME

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

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

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27. PENSION COMMITMENTS (CONTINUED)

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. 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 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £4,137,929 (2018 - £4,326,349).

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 £3,731,000 (2018 - £3,686,000), of which employer's contributions totalled £2,994,000 (2018 - £2,907,000) and employees' contributions totalled £ 737,000 (2018 - £779,000). The agreed contribution rates for future years are 18.3 - 29.5 per cent 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.

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27. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.1	2.60
Rate of increase for pensions in payment/inflation	2.3	2.30
Discount rate for scheme liabilities	1.9	2.80

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.3	22.1
Females	23.6	24.4
<i>Retiring in 20 years</i>		
Males	22.6	24.1
Females	26.2	26.4

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

	At 31 August 2019	At 31 August 2018
	£000	£000
Equities	21,508	20,165
Corporate bonds	7,045	6,523
Property	4,550	2,954
Cash	974	842
Other	2,886	2,088
Total market value of assets	36,963	32,572

The actual return on scheme assets was £2,083,000 (2018 - £1,547,550).

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27. PENSION COMMITMENTS (CONTINUED)

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

	2019 £000	2018 £000
Current service cost	(4,332)	(5,199)
Past service cost	(754)	(1)
Interest income	900	750
Interest cost	(1,680)	(1,631)
Total	(5,866)	(6,081)

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

	2019 £000	As restated 2018 £000
AT 1 SEPTEMBER	62,628	62,544
Current service cost	4,332	5,199
Interest cost	1,680	1,631
Employee contributions	737	779
Actuarial losses/(gains)	9,204	(7,025)
Benefits paid	(768)	(501)
Past service costs	754	1
Settlements	(871)	-
AT 31 AUGUST	77,696	62,628

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

	2019 £000	As restated 2018 £000
AT 1 SEPTEMBER	32,572	27,910
Interest income	908	757
Actuarial gains	1,078	727
Employer contributions	2,994	2,907
Employee contributions	737	779
Benefits paid	(768)	(501)
Settlements	(550)	-
Admin expenses	(8)	(7)
AT 31 AUGUST	36,963	32,572

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28. 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 £000	Group 2018 £000	Academy 2019 £000	Academy 2018 £000
Not later than 1 year	168	226	168	226
Later than 1 year and not later than 5 years	236	309	236	309
	404	535	404	535

29. 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.

30. RELATED PARTY TRANSACTIONS

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

31. AGENCY ARRANGEMENTS

The Trust distributes 18-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2018 the Trust received £18,733 and disbursed £16,300 from the fund. An amount of £2,433 is included in other creditors relating to undistributed funds that is repayable to ESFA.

32. GENERAL INFORMATION

Academy Transformation Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Emmanuel Court, Reddicroft, Sutton Coldfield, B73 6AZ.