

Company Registration No. 08469218 (England and Wales)

PARADIGM TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



PARADIGM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

C Crozier
J Martin
D Syndercombe Court
A Watson (Appointed 26 March 2018)
M Williams
D Willis

Directors

B Bryant
V Hiscock
B Holledge (CEO) (Appointed 1 March 2018)
D Hughes
V Karas
J Martin (Vice Chairman)
L Pipe (Appointed 4 May 2018)
A Rahman (Parent director) (Appointed 22 November 2017)
A Redgrove (Parent director) (Resigned 2 October 2017)
D Syndercombe Court
P Wallace
D Willis (Chairman)

Senior management team

- Chief Executive Officer and Accounting Officer	B Holledge (Appointed 1 March 2018)
- Company Secretary	E Vehit (Appointed 3 July 2018)
- Chief Finance Officer	J Ruddock (Appointed 1 January 2018)
- Director of Human Resources	B Holland (Appointed 1 September 2018)
- Director of School Improvement	B Carter (Appointed 1 September 2018)

Company registration number

08469218 (England and Wales)

Registered office

Culloden Primary Academy
Dee Street
London
E14 0PT

Principal office

Ipswich Academy
Braziers Wood Road
Ipswich
IP3 0SP

PARADIGM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Culloden Primary Academy Senior Management Team

- Principal	B Carter
- Assistant Principal	C Baker
- Assistant Principal	M Dolan
- Assistant Principal	K Nicholas Raymond
- Assistant Principal Deaf Support Base Manager	C Bedford
- Location	London

Ipswich Academy Senior Management Team

- Principal	H Winn
- Assistant Principal	A Thorrington
- Assistant Principal	K Bartrum
- Assistant Principal	H Ruffell
- Assistant Principal	S Fox
- Assistant Principal	N Shenton
- Location	Ipswich

Murrayfield Primary Academy Senior Management Team

- Principal	N Winn
- Assistant Principal	L Hall
- Interim Associate Principal	C Willis
- EYFS Lead	R Lemke
- Location	Ipswich

Old Ford Primary Academy Senior Management Team

- Principal	K Jones
- Assistant Principal	L Sherling
- Assistant Principal	M Hawken
- Assistant Principal	K Neill
- Assistant Principal	A Mckenzie
- Assistant Principal	E Young
- Assistant Principal	V Turner
- Location	London

Piper's Vale Primary Academy Senior Management Team

- Executive Principal	B Carter
- Interim Principal	K Morton
- Assistant Principal	N Christian
- Assistant Principal	A Cunningham
- Assistant Principal	A Sinclair
- Assistant Principal	D Primus
- Location	Ipswich

Solebay Primary Academy Senior Management Team

- Principal	J Baker
- Assistant Principal	R Chetty
- Assistant Principal	T Ward
- EYFS Manager	R Begum
- Location	London

PARADIGM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB
United Kingdom

Bankers

Lloyds Bank
Stratford Westfield Branch
PO Box 1000
BX1 1LT

Solicitors

Stone King LLP
16 St John's Lane
London
EC1M 4BS

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT

EVENTS DURING THE YEAR

Piper's Vale Primary Academy joined Paradigm in September 2017. In November 2016, before joining Paradigm, the school was judged by Ofsted as Requires Improvement. Ben Carter, Principal of Culloden Primary Academy, was appointed as Executive Principal to support the school to continue to improve and Kimberly Morton joined the team in January 2018 as Interim Principal. The school faced a range of challenges during the year, particularly as a result of unstable staffing but by the end of the summer term a new, permanent senior leadership team was in place and a range of new staff had been recruited. The Trust's external review of the school, which took place at the end of the summer term, concluded that a firm platform for continued school development had been established and that an improving picture could clearly be seen at Piper's Vale.

External reviews of the other Paradigm schools were also commissioned during the year - these returned very positive findings of strength and continued improvement. These findings were confirmed by the external test and examination results in the summer term - pupils at all Paradigm schools continue to make progress at rates which are at least in line with, if not stronger than, national averages. It was particularly pleasing to see Ipswich Academy celebrating an unprecedented number of high grades. 28% of students achieved a grade 7/A or higher and 8% of students achieved a grade 9. Science results also show significant improvements from previous years.

The 2018/19 academic year began very positively for Ipswich Academy, with Ofsted inspecting the school as part of a monitoring visit and confirming that effective action is being taken in order for the school to become good. It was particularly pleasing that the inspector noted that, "Your school is a calm place where disruption is rare. Relationships between leaders, staff and pupils ensure a highly productive atmosphere for learning and a positive ethos around the school. You have maintained a broad curriculum...A wide range of courses meet the needs and interests of pupils and enable them to achieve well in their chosen options."

Significant energy was directed during the year to reviewing Paradigm's values and vision statement, along with developing its strategic plan. Paradigm's vision statement, **To develop and sustain great schools where we can make the biggest difference for pupils** alongside its values of **integrity, community and excellence** were confirmed during the second half of the year and were launched with pupils, parents/carers, staff and other stakeholders at the concerts which were held at the end of the summer term.

Paradigm was led throughout the year by Bill Holledge, initially as Chief Operating Officer and acting CEO. Following a full, external recruitment process, Bill was appointed substantive CEO and took up his new role on 1 March 2018.

2017/18 saw significant changes to Paradigm's central school improvement and operational teams. For the first time Paradigm had a small team of improvement advisers, working to support Principals to improve the educational performance of their schools. To consolidate this, Ben Carter took on the role of Director of School Improvement, effective 1 September 2018.

We have continued to take seriously our responsibilities to develop the next generation of teachers and all Paradigm schools have benefited from the work through our teaching school at Old Ford Primary Academy and our enhanced capacity to train early career teachers. Curriculum development has also been a focus of 2017/18 - with common schemes of work and resources produced in a range of subjects. This will support transition from primary to secondary, as well as improving our curriculum coverage and reducing teacher workload. Evaluating and developing these resources will continue throughout 2018/19.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Events during the year

(continued)

In addition, a significant reorganisation of both the finance and HR teams took place, with the recruitment of Jon Ruddock as Chief Finance Officer; a financial controller; a head of procurement; Bridget Holland as HR director; and a senior HR manager. The Trust also confirmed existing employees as company secretary/data protection officer and estates manager.

Paradigm is now of a size that it receives a capital funding allocation to support the upkeep and development of the Trust's buildings - a key challenge for 2018/19 will be spending this efficiently and wisely. To this end, surveys have been carried out at each of our schools to identify any issues and help prioritise these works.

Paradigm is now well placed to consolidate its operations and performance and to respond appropriately where there are opportunities for growth. Attention has also been directed to raising the positive profile of our schools, and of the Trust as a whole, and we have partnered with a strategic communications agency to provide grassroots marketing support, with an initial focus on those schools which have greatest capacity to admit additional pupils.

All of the above progress and achievement is a tribute to Amanda Phillips CBE, Paradigm's previous CEO who passed away unexpectedly in May 2017. A memorial service was held in September 2017 to remember Amanda and her service to education. The service was very well attended by colleagues and friends who were linked to Amanda in a myriad of ways - it was a very fitting celebration of her life.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Introduction

The Directors present their Annual Report together with the Financial Statements and Auditor's Report of the charitable company for the period 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report under charity law, and a Directors' Report and Strategic Report under company law.

Paradigm Trust ('Paradigm' or 'the Company') operates a multi-academy trust for pupils aged 3-16 serving catchment areas in London and Ipswich. It has a pupil capacity of 3,809 (2017: 3,773) and had a roll of 3,228 (2017: 3,193) in the school census on 4 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company 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 Company.

The Directors are the Trustees of Paradigm Trust and are also the Directors of the charitable company for the purposes of company law. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Directors' indemnities

The Company has opted into the Department for Education's risk protection arrangement (RPA). This protects Directors and Officers from claims arising from negligent acts, errors or omissions occurring while on company business. RPA provides cover up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of Directors

In previous years when seeking additional Directors to join the Board, contact was made with Academy Ambassadors, a not-for-profit organisation set up to support academies across England by finding senior figures from the world of business and the professions to join the Boards of multi academy trusts. Potential Directors that were a good match for the Trust met with the Chairman, other Directors and management. All current Directors and Members are asked to remain open to any new potential Directors who would be a good fit for Paradigm Trust.

Provisions relating to the appointment of Directors are contained in the Company's Articles of Association, and can be summarised as follows:

- the members are entitled to appoint up to seven Directors;
- the Chief Executive Officer is a Director;
- there are up to two Parent Directors; and
- the Board is entitled to co-opt up to four additional Directors.

Policies and procedures adopted for the induction and training of Directors

Training and induction provided for new Directors is assessed based on their existing experience. However, Directors have many years' experience as members of school governing bodies and/or Directors of other organisations. Directors attend seminars, conferences and similar events to keep abreast of developments in the education sector and internal training is also organised including attendance by Directors at staff inset days.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Organisational structure

Paradigm is led by a team of Members and Directors. Members and Directors work together to provide strategic leadership and oversight via the Board of Directors ('the Board'). The Board meets monthly during term time and receives reports and recommendations from the three Board committees and the Chief Executive Officer.

The Chief Executive Officer has responsibility for the day-to-day management and implementation of the decisions of the Directors. The Chief Executive Officer is also the Accounting Officer.

Executive Committee

The CEO convenes and chairs an executive committee which comprises the CEO; Principals from each school; together with the heads of the HR and finance functions (as required). The executive committee meets on a monthly basis with all attendees able to propose items for consideration. The purpose of the executive committee is to facilitate collaboration across Paradigm, providing a forum for sharing ideas, resources and concerns.

Education Committee

The Education Committee monitors and considers:

- the educational performance of each of Paradigm's schools;
- educational aims and the setting of appropriate performance targets.

The Education Committee also oversees arrangements for individual committee members to take a leading role in specific areas of provision such as special educational needs and disabilities.

Operations and Finance Committee

The Operations and Finance Committee considers:

- Paradigm's financial priorities;
- the management accounts;
- the appropriate charging of expenses; and
- draft budgets submitted by Paradigm schools.

The committee also:

- ensures that Paradigm has proper insurance cover and that the regulations relating to funding are complied with;
- sets and monitors human resource policies/contractual terms;
- is responsible for the annual pay review and oversees performance related pay; and
- monitors the management of the estate.

The Operations and Finance Committee has an Investment Sub-Committee which has delegated authority to invest any available funds in strict adherence to the Trust's investment and reserves policies.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Audit and Risk Committee

The Audit and Risk Committee advises the Board on:

- the adequacy and effectiveness of internal financial control;
- risk management;
- control and governance processes;
- securing value for money;
- the terms of appointment and the remuneration of the external auditor and the internal audit service provider; and
- audit strategy.

Community Forum

The Principal of each school within Paradigm may recommend to the Board that there should also be a Community Forum to provide an opportunity to raise the profile of the school in the local community and engage with a wider group of benefactors/supporters. A community forum is currently active for the Suffolk academies.

Academy council/parent focus group

Each school within Paradigm also has some form of academy council or a parent focus group, which facilitates communication between parents/carers and the relevant academy Principal. All parents/carers are invited to each meeting and are able to suggest topics for discussion, ask questions of the Principal about the operation/ performance of the school as well as raising any issues of concern.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Company comprises the Directors, Principals, Chief Executive Officer and Chief Finance Officer as listed on page 1.

All Directors (other than the CEO) offer their services on a voluntary basis.

Paradigm is committed to the principle of performance-related pay for staff, the process and parameters for which are set out within the Trust's Pay Policy which is currently under review. The members of the Board of Directors that don't hold executive roles are unpaid. All teaching staff, including Principals and Assistant Principals, receive an annual appraisal and pay review during the Autumn Term.

Assessment of performance including for performance-related pay purposes is evidence based; taken from a range of sources (including but not limited to individual appraisal objectives) as measured against the Teachers' Standards and, in the case of Principals and Assistant Principals, against the national standards of excellence for headteachers.

The process for making performance-related pay recommendations to the Operations and Finance Committee is robustly moderated by the Trust's HR Director and (with the exception of the Chief Executive Officer's pay) the Chief Executive Officer. Final decisions on performance-related pay are taken by the Operations and Finance Committee, save that the Chief Executive Officer does not participate in the discussion or determination of his own remuneration.

The above process and principles also apply to the annual pay reviews for the Chief Executive Officer and Chief Finance Officer (who commenced 1 January 2018). The annual assessment of performance for these posts, including individual objectives set, are wholly linked to the Trust's overall performance. Responsibility for overseeing the annual review of the Chief Executive Officer's performance and pay is delegated to the Operations and Finance Committee.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an Academy Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were union officials during the relevant period	3
Full-time equivalent employee number	2.35

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£169
Total pay bill	£12,857,019
Percentage of the total pay bill spent on facility time	0.00%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.00%
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PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Related parties and co-operation with other organisations

Paradigm is committed to school improvement and collaborates with a range of organisations to help develop and spread best practice. Old Ford Primary Academy was designated as a National Teaching School in 2011. National Teaching Schools take a leading responsibility for supporting and assuring initial teacher training and professional and leadership development for teachers and leaders in their area. Old Ford Primary Academy is part of a network of schools in East London, including Culloden Primary Academy, that work in partnership to deliver school improvement and offers bespoke school improvement services to other schools.

Paradigm has a number of educational business partners including Bank of New York Mellon, The Mercers' Company, Ropes Trust and Thomson Reuters and is very grateful for the contributions they have made to improve the work of Paradigm's schools. Paradigm is particularly grateful for the support which has been provided to Ipswich Academy by Farlingaye High School and Kesgrave High School, STEM ambassadors and by the BT mentors programme.

Culloden Primary Academy and Old Ford Primary Academy continue to engage with the Tower Hamlets Education Business Partnership which makes links between local businesses and the schools, providing support with reading, mathematics and via ICT partners. Solebay Primary Academy has maintained its links with Queen Mary University of London.

Ipswich Academy has benefited from the Pilot Suffolk Social Mobility Project; seven schools, of which Ipswich Academy is one, that serve the most disadvantaged wards in Suffolk have been allocated £240k to raise standards in their catchment areas. The project has been funded by Suffolk business rates. To maximise impact, a large proportion of the funding has been split amongst six of the local primary schools including Murrayfield Primary Academy and Piper's Vale Primary Academy with the remaining allocated to Ipswich Academy. The project concentrates on literacy (phonics) and mathematics (mastery approach) as well as parental engagement. Although the project is in its infancy, we have already seen an improvement in collaborative relationships across the local schools, who are then able to invest in learning programmes which would otherwise have been unaffordable. The project is being evaluated by the University of Suffolk.

Ipswich is a DfE designated Opportunity Area of which Murrayfield Primary Academy, Piper's Vale Primary Academy and Ipswich Academy are a part. To date, Ipswich Academy has received £10k of funding to deliver a comprehensive STEM enrichment programme to all of its pupils.

Ipswich Academy has been selected by the DfE to pilot a recruitment and retention project which has enabled the school to access the time of a national leader of education (NLE), Lucy Scott, who is CEO of Cambridge Education Trust. As a result of this partnership, Ipswich Academy is now working closely with Chesterton Community College Teaching School on school improvement.

Ipswich Academy and Murrayfield Primary Academy are part of a Suffolk headteachers' peer review scheme. Ipswich Academy has been grouped with Debenham High School, King Edward VI High School and Holbrook Academy. Murrayfield Primary Academy has been grouped with Rosehill School and Britannia School from the Gippeswyck Trust.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

OBJECTIVES AND ACTIVITIES

Objects and aims

The Company's objects are set out in the Articles of Association and are restricted to advancing for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing:

- schools offering a broad and balanced curriculum; and/or
- educational institutions which provide education for children who may not receive suitable education unless alternative provision is made for them; and/or
- 16 to 19 academies; and/or
- schools organised to make special educational provision for pupils with special educational needs.

The Company also aims to promote the benefit of the residents of the areas in which the academies are situated.

In line with the objects set out in the Company's Articles of Association, its schools aim to provide a broad, balanced and relevant curriculum through outstanding teaching to ensure high educational standards are achieved by all of its pupils. This includes those pupils with special educational needs and disabilities and in particular, pupils attending the Deaf Support Base at Culloiden Primary Academy.

Objectives, strategies and activities

In the academic year ending 31 August 2018, Paradigm continued to consolidate the achievements of its existing schools and to expand the number of schools operated by the Company. This involved the transfer of Piper's Vale Primary Academy into the Company in September 2017.

All Paradigm schools serve communities in areas of acute deprivation, where there are high levels of unemployment and the proportion of pupils receiving free school meals is much higher than the national average. In addition, the proportion of pupils who speak English as an additional language in the London schools is in the highest quintile in the country.

The key aims and objectives of Paradigm during this period were:

- sustaining high achievement and improving the life chances for all pupils who attend its schools;
- improving the ambitions and the aspirations of the communities that its schools serve;
- providing a framework within which governance ensures the success of Paradigm and secures its vision for the future;
- attracting and retaining high quality and dynamic leadership;
- creating an environment that helps in the recruitment and retention of high quality staff linked to performance appraisal; and
- providing excellent opportunities for career development

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

Public benefit

In setting our objectives and planning our activities as set out above, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit, in particular, the additional guidance on the advancement of education for the public benefit and are satisfied that the Company is compliant. Further details of how Paradigm has achieved this are set out in the Strategic report below.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

All of the Paradigm schools have delivered strong academic outcomes over the course of the year.

The schools maintain strong links within the communities they serve. This has included work to engage parents/carers in the life of the schools. High profile events such as music concerts continue to demonstrate the quality of provision to the local communities and beyond. We have a variety of structures to engage with local stakeholders: academy councils; parent/carer fora; and a community council.

High quality teaching continues to be the most important feature of the success of Paradigm. Much work has been carried out to ensure that all staff have the resources and support to carry out their responsibilities with consistently high quality. Professional development features prominently in this work and at all levels within the schools. The impact of this work is assessed regularly by employing external experts to verify the quality of teaching and the impact on learning. The designation of Old Ford Primary Academy as a National Teaching School continues to provide opportunities for staff to share good practice in teaching, learning, leadership and management.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Financial review

Paradigm's income is derived in the main from the DfE via the Education and Skills Funding Agency ('ESFA') in the form of recurrent revenue and capital grants, the use of which is restricted to particular purposes. The grants received from the ESFA and other sources during the academic year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Financial Statements.

The Company also receives grants for fixed assets from the DfE. In accordance with the charities' document, '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) (effective January 2015)' (SORP 2015), such grants are shown in the Statement of Financial Activities in Fixed Asset Funds. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Further funds are sought from educational grants, sponsorship, the outsourcing of our outstanding central services capabilities and our designation as a National Teaching School at Old Ford Primary Academy which provides support and training for trainee teachers, leaders and other schools facing challenging circumstances.

On 1 September 2017, Piper's Vale Primary Academy transferred into the Company. In accordance with the requirements of SORP 2015, the fair value of the net assets transferred into the Company as a result of these transactions is shown as Donations in the Statement of Financial Activities for the period in which the transfer occurs.

Old Ford Primary Academy forms part of Tower Hamlets Grouped Schools Private Finance Initiative (PFI) contract. On conversion to an academy, in accordance with the requirements for PFI schools converting to academy status, the Company was obliged to enter into a separate agreement with Tower Hamlets that formed part of the PFI contract, which runs until 2027. Ownership of the land and buildings at the school was not transferred into the Company. The nature of the arrangements is deemed to be akin to serviced accommodation, and payments under the PFI contract are treated as revenue expenditure as incurred and as financial commitments for disclosure purposes. These PFI arrangements are considered by the Board to be far from ideal from the point of view of the school but are outside of the Board's control.

During the academic year ended 31 August 2018, the Company received incoming resources (excluding the value of net assets received from the transfer of academies) of £22,030,570 (2017: £18,663,832). Unrestricted and restricted general funds generated a surplus of £332,847 for the year (2017: £874,301).

The net book value of tangible fixed assets at 31 August 2018 was £41,039,174 (2017: £35,436,987); movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were primarily used for providing educational and associated support services to pupils and the community.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Reserves policy

The policy of the Trust is to carry forward a minimum level of resources designed to meet the long term cyclical needs of the schools as well as any unforeseen contingencies. As part of its monitoring of financial performance the Operations and Finance Committee as well as the Board review the forecast impact on Reserves and the implications for future years spending.

Reserves are pooled centrally, other than any restricted funds which cannot be pooled. At the end of every year, any surplus generated by each school is transferred back into the central Trust reserve. This is intended to facilitate the use of surplus funds in accordance with the Company's objects.

In the next year, it is anticipated that surplus funds will be used to:

- support additional investment in schools, as required, in order to secure improvements
- continue to develop the capacity of the Company - both educational and operational - so that it is able to respond to opportunities to grow and increase its contribution to the national educational system
- ensure that school operations are protected in the context of changes to funding arrangements or any unexpected expenditure.

The Operations and Finance Committee is authorised to determine the designation of reserves and to approve expenditure of designated reserves.

The Company held fund balances at 31 August 2018 of £42,245,952 (2017: £35,927,263) comprising £41,422,829 (2017: £35,436,987) of restricted fixed assets, £1,984,000 deficit (2017: £1,989,000 deficit) of pension reserve, £1,690,073 (2017: £1,781,344) of restricted funds and £1,117,050 (2017: £697,932) of unrestricted funds.

Key financial performance indicators

The Company has adopted a number of financial KPIs which are shown below, to help monitor our financial performance and efficiency, both internally between our own academies and externally as compared to our peers.

	2017/18	2016/17	2015/16
Staff costs as % of total resources	68.46%	68.78%	70.74%
Pupil/Teacher Ratio	18.7	20.2	20.2
Revenue per pupil	£6,861	£5,851	£7,124
Total restricted and unrestricted income reserves	£2,807k	£2,479k	£1,605k

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Investment policy

The Company aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Company aims to invest surplus cash funds to optimise returns whilst ensuring the investment instruments are such that there is no material risk of the loss of these cash funds.

This helps to ensure adequate cash balances are maintained in the current accounts to cover day-to-day working capital requirements and there is no material risk of loss in the capital value of any cash funds invested.

Cash flow statements projecting forward for at least the next 12 months are prepared monthly and monitored to ensure there are adequate liquid funds to meet all payroll related commitments, outstanding creditors that are due for payment and any other identified contingencies. Cash flow statements are reported to the Operations and Finance Committee on a monthly basis together with investment performance.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, this surplus may be invested in at least two of the following, at any one time, with no more than 60% of this surplus in any one account:

- interest bearing deposit accounts (including fixed term bonds with a term not exceeding six months) with any of the UK High Street banks with which we have an account. To mitigate the spread of risk, at least one further bank account for investment purposes will be opened in the forthcoming period.
- treasury deposits with maturity dates which do not result in the cash funds being unavailable for longer than six months.

It is permissible to have surplus cash invested on a rolling basis so that there is a phased increase or decrease in invested funds provided that Paradigm can revert to a fully liquid position within six months.

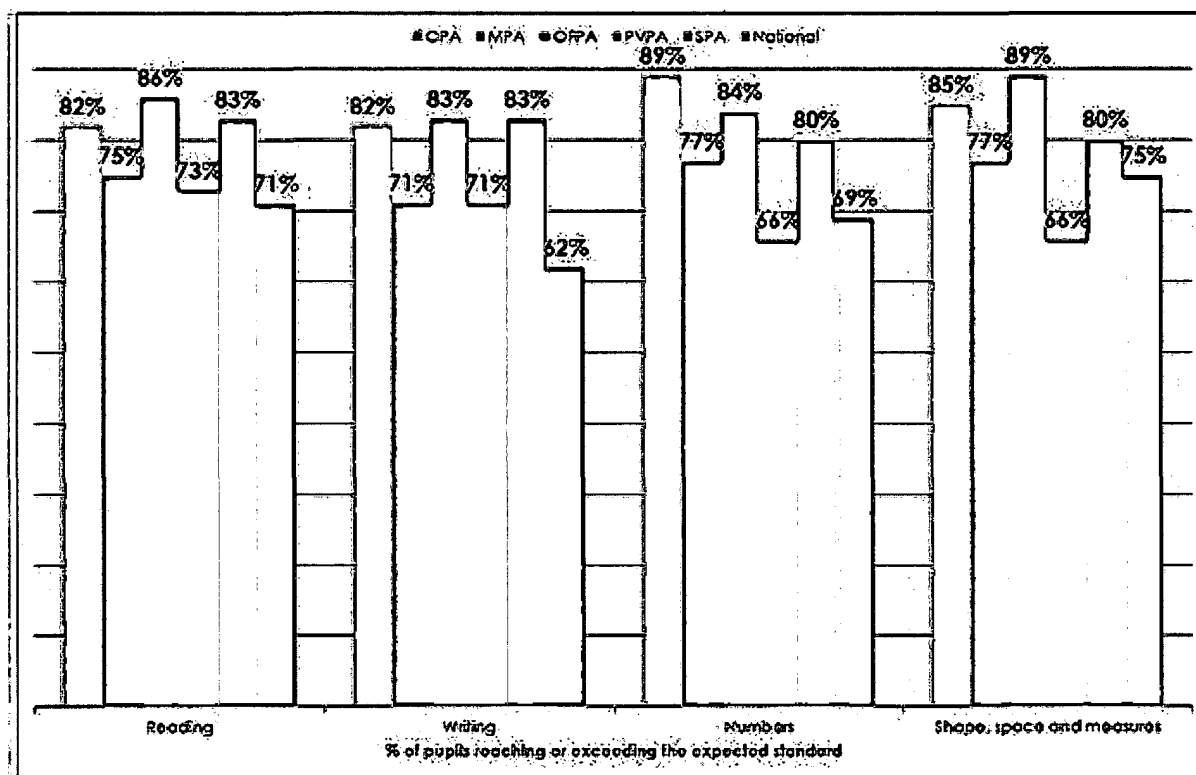
PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Key performance indicators

Foundation stage

The proportion of pupils across Paradigm who achieved the good level of development (i.e. those pupils who achieved at least the expected level within all of the following areas of learning: communication and language; physical development; personal, social and emotional development; literacy; and mathematics) at the end of the foundation stage was significantly above the national benchmark.

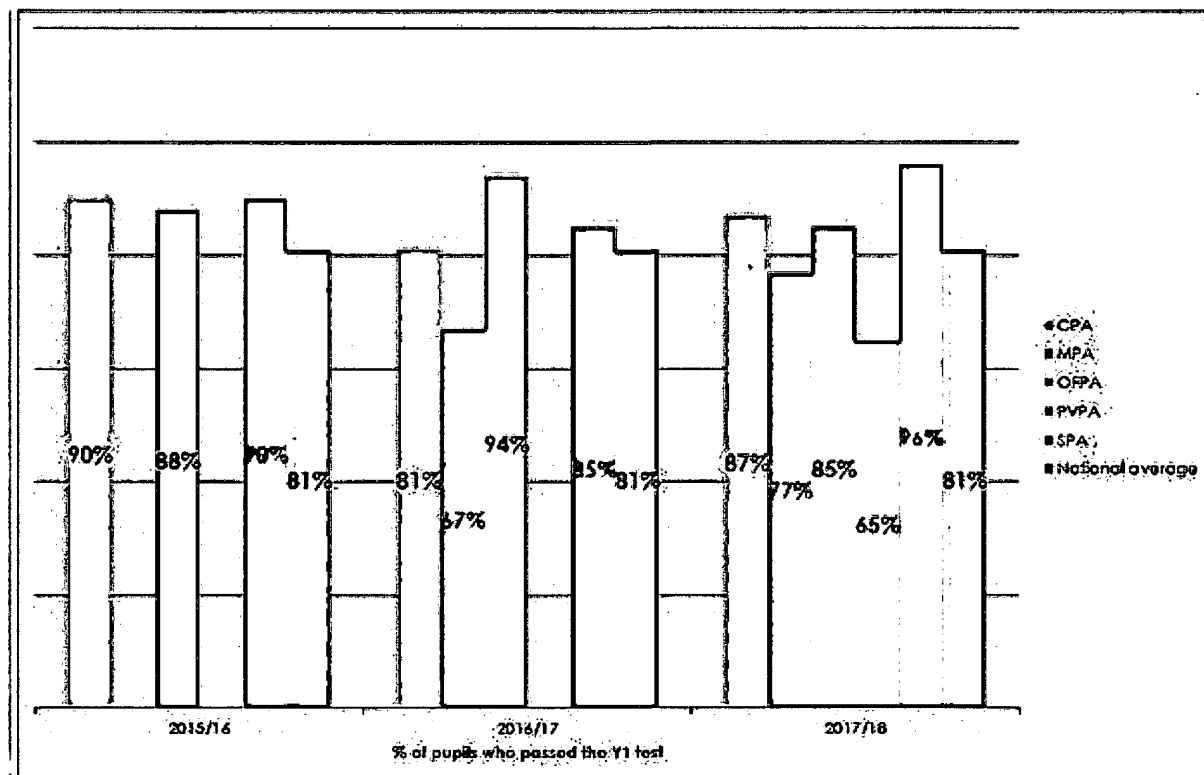


PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Phonics

In Years 1 and 2, pupils are given a test on 40 pseudo and real words they are expected to be able to read. The proportion of pupils across Paradigm who passed the test was in line with national benchmarks.

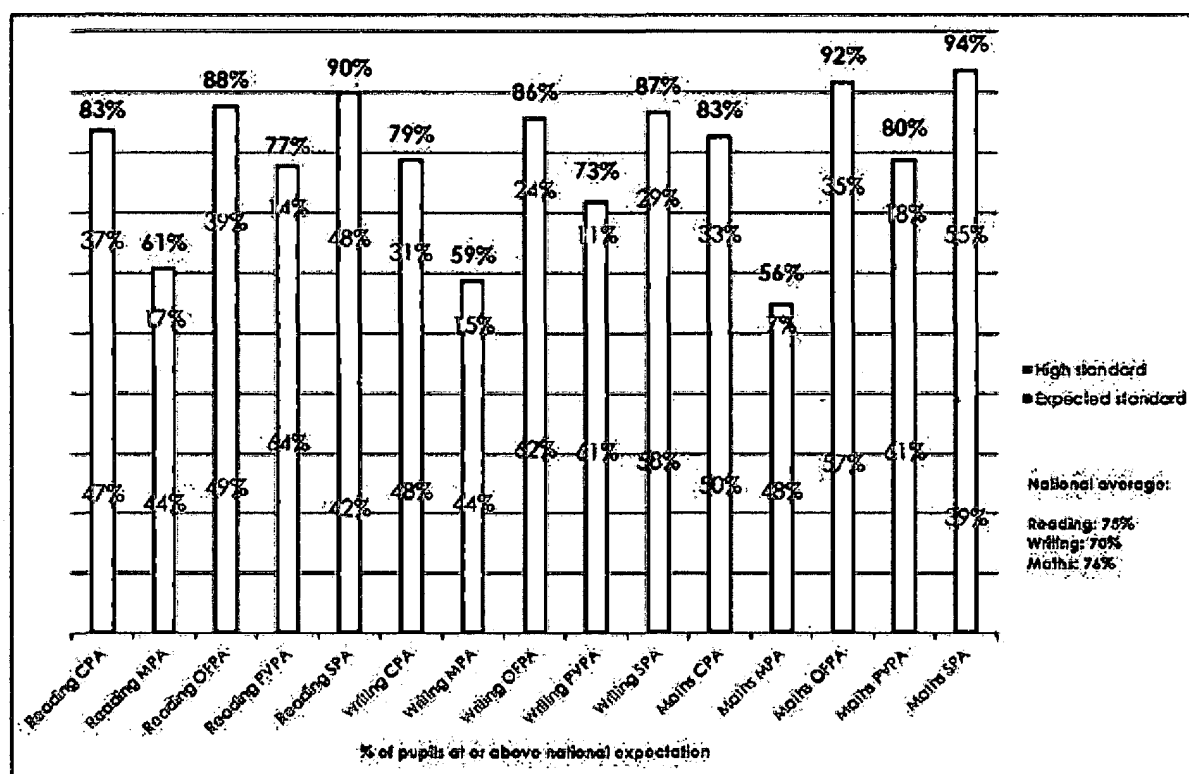


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DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Key stage 1

The proportion of pupils across Paradigm who achieved the expected standard at the end of key stage 1 was higher than national benchmarks. These are strong achievements given the very low starting points of children on entry to the schools.

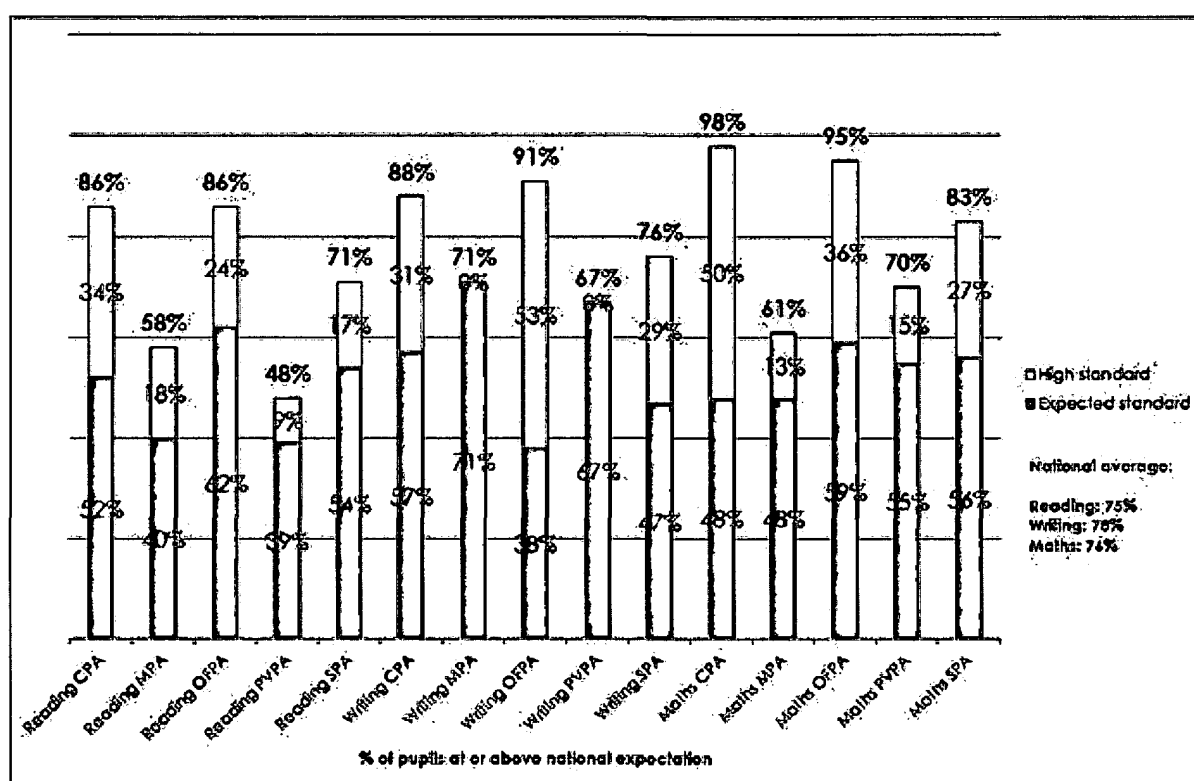


PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Key stage 2

The proportion of pupils who achieved the expected standards in reading, writing and mathematics by the end of key stage 2 ('KS2') was at or higher than national benchmarks. The amount of progress made by Paradigm pupils during KS2 was in line with national benchmarks in all subjects. We saw a step change in Y6 outcomes (reading, writing, maths combined) for Culloden and Old Ford, demonstrating that our 'steady state' aspiration that 90% of pupils should achieve the DfE's expected standard in all three subjects is realistic and achievable.



We recognise that performance at Murrayfield Primary Academy and Piper's Vale Primary Academy is less strong than that of the other schools in Paradigm Trust at Foundation Stage, Phonics, Key Stage 1 and 2. Both schools transferred into Paradigm Trust with significant weaknesses and we are working hard to improve performance in a rapid and sustainable way.

Key stage 3

Examinations were taken by all key stage 3 pupils in all subject areas to determine whether students had (by the end of Y7, Y8 and Y9) achieved the Ipswich Academy required standard. Success in these examinations indicates that students are well placed for GCSE study, with the clear potential to achieve a 'good pass' (a grade 5) by the end of Y11. The examinations which took place in summer 2018 demonstrated that students are making good progress relative to their end of KS2 starting points.

Key stage 4

Students at Ipswich Academy made progress at a rate which was in line with the national benchmark. This continues to represent a strong achievement given the socio-economic challenges facing many of our students and where the school was when joining Paradigm.

In addition, the school celebrated an unprecedented number of high grades. 28% of students achieved a grade 7/A or higher and there were 21 new grade 9s, achieved by 8% of students. Science results also show significant improvements from previous years.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Plans for future periods

Paradigm will continue to build on the aims and objectives referred to previously by:

- sustaining high achievement at its London primary schools;
- continuing to implement improvement strategies at Ipswich Academy; Murrayfield Primary Academy; and Piper's Vale Primary Academy so as to further accelerate progress and improve the life chances for all pupils who attend the schools;
- embedding coaching as a tool to support teacher development across the Trust;
- developing a shared curriculum, and linked assessment resources, which flow seamlessly KS1-KS3;
- developing curriculum network groups so that they make a confident and autonomous contribution across Paradigm;
- forging close partnership working with additional schools (e.g. the cluster of primary schools which feed into Ipswich Academy);
- developing and retaining internal staff and recruiting/inducting additional effective staff from external sources, so as to reduce our usage of agency staff;
- continuing to horizon scan in relation to changes in funding arrangements and improving the Trust's efficiency through smarter procurement;
- strengthening our marketing activities with a view to increasing the number of pupils who attend Paradigm schools;
- exploring opportunities to acquire or establish additional schools.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

Paradigm operates a comprehensive risk management process, with risks being considered at a range of levels across the organisation and captured in a Company risk register. The CEO leads the management activity relating to risk, with the Audit and Risk Committee providing non-executive challenge and scrutiny.

The risk register is reviewed by senior managers (CEO; Principals; Service Heads) on a termly basis, including discussion at the Executive Committee, with updates provided to the Audit and Risk Committee in line with this schedule. The Committee uses the risk register to monitor changes to the risk environment and the implementation of agreed risk mitigation actions.

It is formally received by the Board on a six-monthly basis, unless there are developments which mean that it is necessary to escalate risks more rapidly.

A school-level/educational risk register is also in place. This is maintained by the CEO. Principals share their evaluation of school-level risks with their Link Director, a member of the Board attributed to the school for guidance/advice/internal scrutiny. The educational risk register is reviewed by the Education Committee.

The principal residual risks identified in the risk register include:

- failure to deliver good or better pupil outcomes (results) in the Company's Ipswich schools;
- the loss of key senior personnel;
- the inability to recruit, retain and develop sufficient high quality staff (teachers, including senior teachers, and support staff.)

The key risk around pupil outcomes is mitigated by employing senior staff, having a robust monitoring process, the use of external reviewers, strong data management, strong recruitment processes and horizon scanning for any policy change.

If risks were to be listed in order of inherent risk, child protection/safeguarding risks would be rated most highly. Paradigm has robust controls in place to address child protection/safeguarding risks and thus these do not feature in the list of principal residual risks.

Paradigm does not hold complex financial instruments and therefore considers that its only material financial risk is cash flow risk. It manages this risk on a continuous basis throughout the year by actively monitoring cash inflows and outflows and reconciling its cash position monthly.

Fundraising

Paradigm carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The Company is aware of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Company's complaints procedure.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Paradigm holds and disburses grant funding from the Ipswich Social Mobility Grant of which Ipswich Academy, Murrayfield Primary Academy and Piper's Vale Primary Academy benefit alongside other schools in the local area. The Directors believe that the allocation of this grant is within its own objectives, to raise pupil achievement.

PARADIGM TRUST

DIRECTORS' REPORT AND STRATEGIC REPORT (CONTINUED)

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The Directors encourage staff contributions at all levels and close collaboration between academies. Principals also meet regularly to share knowledge and best practice. Academies hold regular meetings and briefings. New staff are fully inducted and teachers take part in training before the start of and during the school year.

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

Disabled persons

Paradigm takes all reasonable steps to ensure that there is appropriate access for all persons to all main areas of Paradigm's schools. Paradigm supports the recruitment and retention of staff and students that have disabilities and will, wherever possible, ensure that any necessary support is provided. In the event of a student or member of staff becoming disabled, every effort is made to ensure that they receive all the necessary support that is required.

AUDITOR

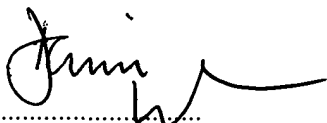
The Board will recommend the reappointment of RSM UK Audit LLP ('RSM') at its meeting on 13 December 2018 and RSM has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

In so far as the Directors are aware:

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

The Directors' Report and the Strategic Report (included therein) is approved by the Board of Directors at a meeting on 13 December 2018 and signed on its behalf by:



.....
D Willis

Chairman

PARADIGM TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Paradigm 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 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 Paradigm and the Secretary of State for Education. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board has formally met 11 times during the year. Attendance during the year at meetings of the Board was as follows:

Directors	Meetings attended	Out of possible
B Bryant	10	11
V Hiscock	7	11
B Holledge (CEO) (Appointed 1 March 2018)	4	4
D Hughes	9	11
V Karas	8	11
J Martin (Vice Chairman)	11	11
L Pipe (Appointed 4 May 2018)	3	3
A Rahman (Parent director) (Appointed 22 November 2017)	5	8
A Redgrove (Parent director) (Resigned 2 October 2017)	0	1
D Syndercombe Court	10	11
P Wallace	11	11
D Willis (Chairman)	11	11

The Board voted for Alesha Rahman to join the Board as a Parent Director and her appointment was confirmed in November 2017.

Bill Holledge became a Director of the Board when he was appointed CEO in March 2018. Prior to his appointment, Bill attended all Board meetings as an attendee in his post as Chief Operating Officer and Acting CEO.

The Board recommended to members that Les Pipe should be appointed as a Director of the Board. Members approved this recommendation and Les joined the Board in May 2018.

In ensuring that there is a separation with Members and Directors, Members appointed an additional Member, Alistair Watson in March 2018. Alistair has experience of contributing to and supporting a number of Boards and senior committees during expansion and times of change.

PARADIGM TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

During the year 2017-18, terms of reference for each of the committees that feed into the Board were reviewed at committee and Board level and there was a full review of the Scheme of Delegation. Board and Committee effectiveness was assessed by questionnaire and the Chairman of the Board, David Willis also had 1:1 meetings with Directors during this period. The Company had a Board Strategy event in January 2018.

The Board approved membership for Directors joining committees in July 2018 where they had an interest. For the 2018/19 year Dave Hughes has joined the Education Committee, Les Pipe has joined the Operations and Finance Committee and Val Hiscock has joined the Audit and Risk Committee. The Board are grateful for their commitment to these committees.

Education Committee

The Education Committee is a sub-committee of the Board. Its purpose is to:

- monitor the educational performance of each of Paradigm's schools and to;
- consider educational aims and setting appropriate performance targets.

Directors	Meetings attended	Out of possible
A Kadri (co-opted member)	4	5
B Bryant	5	5
B Holledge (CEO)	5	5
D Syndercombe Court (Chair)	5	5
P Wallace	5	5

Operations and Finance Committee

The Operations and Finance Committee is a sub-committee of the Board. Its purpose is to:

- hold the Accounting Officer accountable for the operation of the Company.
- inform the decisions of the Board in their decision making process.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
B Holledge (CEO)	4	4
V Karas	8	10
J Martin (Chair)	10	10
D Willis	10	10

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board. Its purpose is to:

- review the risks identified by the CEO and advise the necessary actions required to mitigate these risks.
- receive the internal audit reports and follow up on any action points arising from these reports.
- scrutinise the financial statements and meet with the external auditors to discuss their findings.

PARADIGM TRUST

GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
C Crozier (co-opted member)	4	5
J Martin	5	5
P Wallace (Chair)	5	5

Review of value for money

The Accounting Officer is responsible and accountable for ensuring that Paradigm delivers good value in the use of public resources. He is aware of ESFA guidance on achieving value for money and understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. Set out below is how he has ensured that the Company's use of its resources has provided good value for money during the academic year.

Improving educational outcomes

Targeted improvement – the Company has kept its staffing structure under review, deploying staff effectively to ensure an effective, broad and balanced curriculum. Transparent and open recruitment processes took place in order to appoint the CEO and other staff (including senior positions such as CFO and HR Director).

Focus on individual pupils – the Company has been highly effective in meeting the differing needs of the pupils that it serves, narrowing the gap between disadvantaged and other pupils, and also supporting pupils who have additional needs and/or are higher attaining.

Collaboration – the Company has continued to work with a wide range of strategic partners (school and other) in order to spread good practice, including via the National Teaching School status of Old Ford Primary Academy. A shared service offer has been developed across the Company, particularly in terms of finance, human resources and governance support.

Better purchasing

The Company has appointed a dedicated Head of Procurement during the year in order to focus on synergies and Trust-wide contracts where possible in order to secure value for money. The Company has taken opportunities for collaborative working across its schools to reduce and share administration and procurement costs. Services and contracts were regularly appraised for quality and outcome. Where it was thought that improved economies could be achieved, several quotes for work were obtained; a formal tender process operated for larger expenditures. The Company has made effective use of public sector framework contracts to ensure value for money.

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 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 Company 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 Paradigm for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and Financial Statements.

PARADIGM TRUST

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board.

The risk and control framework

The Company'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, 3 year forecasts and periodic financial reports which are reviewed and agreed by the Board;
- regular reviews by the Operations and Finance Committee of reports which indicate financial performance against budgets and capital expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing policies and procedures;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Audit and Risk Committee appointed Mazars as the Company's internal auditor throughout the year.

The internal auditor's role included performing a range of checks on the Company's internal control systems, which in the period covered:

- Business Continuity
- Risk Management
- Due Diligence
- Key Financial Controls
- Follow Up - Budgetary Control

The internal auditor reported to the Audit and Risk Committee and findings were discussed by the Committee with management and the internal auditor. A number of recommendations for improvements were made and the Committee will monitor implementation of the actions agreed with management. The process and findings were then reported to the Board. No significant weaknesses were found.

PARADIGM TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the reports from the internal auditor on financial systems referred to above;
- the work of the external auditor;
- discussions at the Board and Audit and Risk Committee; and
- the work of the senior support staff within Paradigm who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the results of the review of the system of internal control by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement is in place.

Approved by order of the Board of Directors on 13 December 2018 and signed on its behalf by:



B Holledge
Accounting Officer



D Willis
Chairman

PARADIGM TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Paradigm Trust, I have considered my responsibility to notify the Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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 Directors and the ESFA.



B Holledge
Accounting Officer

13 December 2018

PARADIGM TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors (who also act as Trustees for Paradigm Trust for the purposes of charity law) are responsible for preparing the Directors' Report (including the Strategic Report) and the Financial Statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

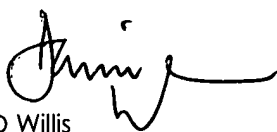
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 13 December 2018 and signed on its behalf by:



D Willis
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARADIGM TRUST

Opinion

We have audited the financial statements of Paradigm Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 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 charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARADIGM TRUST (CONTINUED)

Opinions 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 Directors' Report and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the incorporated Strategic Report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the Directors, who also act as Trustees for the charitable activities of Paradigm Trust, 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 Directors 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 Directors are responsible for assessing the charitable company'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 Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARADIGM TRUST (CONTINUED)

Use of our report

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

RSM UK Audit LLP

Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

United Kingdom

14 December 2018

PARADIGM TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

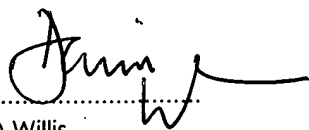
FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2018	Total 2017
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	3	14,215	-	375,860	390,075	64,283
Donations - transfer into the multi academy trust	28	100,620	(481,000)	6,182,000	5,801,620	3,608,876
Charitable activities:						
- Funding for educational operations	4	20,730	21,208,382	-	21,229,112	18,220,646
Other trading activities	5	353,693	54,423	-	408,116	376,328
Investments	6	3,267	-	-	3,267	2,575
Total		<u>492,525</u>	<u>20,781,805</u>	<u>6,557,860</u>	<u>27,832,190</u>	<u>22,272,708</u>
Expenditure on:						
Raising funds	7	44,907	80,602	-	125,509	138,824
Charitable activities:						
- Educational operations	8	28,500	21,336,980	856,512	22,221,992	18,760,929
Total	7	<u>73,407</u>	<u>21,417,582</u>	<u>856,512</u>	<u>22,347,501</u>	<u>18,899,753</u>
Net income/(expenditure)		419,118	(635,777)	5,701,348	5,484,689	3,372,955
Transfers between funds	18	-	(284,494)	284,494	-	-
Other recognised gains						
Actuarial gains on defined benefit pension schemes	25	-	834,000	-	834,000	1,795,000
Net movement in funds		419,118	(86,271)	5,985,842	6,318,689	5,167,955
Reconciliation of funds						
Total funds brought forward		697,932	(207,656)	35,436,987	35,927,263	30,759,308
Total funds carried forward		<u>1,117,050</u>	<u>(293,927)</u>	<u>41,422,829</u>	<u>42,245,952</u>	<u>35,927,263</u>

PARADIGM TRUST**BALANCE SHEET****AS AT 31 AUGUST 2018**

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		41,039,174		35,436,987
Current assets					
Debtors ^s	14	1,211,595		365,241	
Cash at bank and in hand		3,794,994		3,829,116	
		<u>5,006,589</u>		<u>4,194,357</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,815,811)		(1,715,081)	
Net current assets			<u>3,190,778</u>		<u>2,479,276</u>
Net assets excluding pension liability			<u>44,229,952</u>		<u>37,916,263</u>
Defined benefit pension scheme liability	25		(1,984,000)		(1,989,000)
Net assets			<u><u>42,245,952</u></u>		<u><u>35,927,263</u></u>
Funds of the Company:					
Restricted funds	18				
- Restricted fixed asset funds			41,422,829		35,436,987
- Restricted income funds			1,690,073		1,781,344
- Pension reserve			(1,984,000)		(1,989,000)
Total restricted funds			<u>41,128,902</u>		<u>35,229,331</u>
Unrestricted income funds	18		<u>1,117,050</u>		<u>697,932</u>
Total funds			<u><u>42,245,952</u></u>		<u><u>35,927,263</u></u>

The Financial Statements set out on pages 33 to 61 were approved by the Board of Directors and authorised for issue on 13 December 2018 and are signed on its behalf by:



D Willis
Chairman

PARADIGM TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	(237,170)	1,102,159
Cash funds transferred on conversion	28	100,620	90,876
		<u>(136,550)</u>	<u>1,193,035</u>
Cash flows from investing activities			
Dividends, interest and rents from investments		3,267	2,575
Capital grants from DfE Group		375,860	53,401
Purchase of tangible fixed assets	13	(276,699)	-
		<u>102,428</u>	<u>55,976</u>
Net cash provided by investing activities			
		<u>102,428</u>	<u>55,976</u>
Net (decrease)/increase in cash and cash equivalents in the reporting period		<u>(34,122)</u>	<u>1,249,011</u>
Cash and cash equivalents at beginning of the year		3,829,116	2,580,105
Cash and cash equivalents at end of the year		<u><u>3,794,994</u></u>	<u><u>3,829,116</u></u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

General information

Paradigm Trust ('Paradigm') is a charitable company. The registered office address is given on page 1 and the nature of its operations are set out in the Directors' Report.

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

Basis of preparation

The Financial Statements of the Company have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Paradigm meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are prepared in Sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The Directors assess whether the use of going concern is appropriate, that is, whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements. The Directors have reviewed management accounts, three year forecasts, reserve balances and a cash flow statement and concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties about the Company's ability to continue as a going concern and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Conversion to an academy trust

The transfer from Suffolk County Council of Piper's Vale Primary Academy into Paradigm involved the transfer of identifiable assets and pension liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred at the order of the Department of Education to Paradigm have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Donations – transfer into the multi-academy trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds as appropriate. Further details of the transaction are set out in note 28.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Income

All income is recognised when the Company has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

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

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund.

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 measured reliably.

Other trading activities

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the Company has provided the goods or services.

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 pupil numbers, and depreciation charges are allocated on the portion of the asset's use.

All expenditure is inclusive of irrecoverable VAT.

Expenditure on raising funds

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

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Charitable activities

These are costs incurred on the Company's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Company apportioned to charitable activities.

Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land	Straight line over the life of the lease
Leasehold buildings	45 - 50 years straight line
Freehold buildings	50 years straight line
Leasehold improvements	5 - 10 years straight line
Plant and equipment	10 years straight line
Fixtures and fittings	7 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 Statement of Financial Activities.

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 Company 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.

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Financial instruments

The Company has chosen to adopt Section 11 of FRS 102 in full in respect of financial instruments.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction. A financial asset of financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

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

Pensions benefits

Retirement benefits to employees of the Company are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 Company 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 projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

The LGPS is a funded scheme and the assets are held separately from those of the Company 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 net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Restricted general funds comprise all restricted funds received with restrictions imposed by the funder/donor and include grants from the DfE/ESFA.

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

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

Agency Arrangements

The Trust acts as an agent in distributing Social Mobility Grants from the ESFA. Payments received from the ESFA and subsequent disbursements are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 27.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Company 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 LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll-forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll-forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The school building at Old Ford Primary Academy is under a 25 year PFI contract. In the opinion of the Directors, the risks and rewards of ownership have not transferred to the Trust. Consequently no value for land and buildings related to this contract have been included in these Financial Statements.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	375,860	375,860	53,401
Other donations	14,215	-	14,215	10,882
	<u>14,215</u>	<u>375,860</u>	<u>390,075</u>	<u>64,283</u>

The income from donations and capital grants was £390,075 (2017: £64,283) of which £14,215 was unrestricted (2017: £982), £- was restricted (2017: £63,301) and £375,860 was restricted fixed assets (2017: £-).

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Company's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	16,247,036	16,247,036	13,935,693
Start up grants	-	21,365	21,365	13,250
Other DfE group grants	2,750	2,723,025	2,725,775	2,378,619
	<u>2,750</u>	<u>18,991,426</u>	<u>18,994,176</u>	<u>16,327,562</u>
Other government grants				
Local authority grants	17,980	2,216,956	2,234,936	1,893,084
	<u>20,730</u>	<u>21,208,382</u>	<u>21,229,112</u>	<u>18,220,646</u>

The income from funding for educational operations was £21,229,112 (2017: £18,220,646) of which £20,730 was unrestricted (2017: £nil) and £21,208,382 was restricted (2017: £18,220,646).

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	51,589	-	51,589	49,518
Catering income	145,697	-	145,697	123,709
Parental contributions to school trips	46,217	-	46,217	48,252
After school clubs	44,869	-	44,869	57,576
Other income	65,321	54,423	119,744	97,273
	<u>353,693</u>	<u>54,423</u>	<u>408,116</u>	<u>376,328</u>

The income from other trading activities was £408,116 (2017: £376,328) of which £353,693 was unrestricted (2017: £376,328) and £54,423 was restricted (2017: £nil).

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Interest from short term deposits	3,267	-	3,267	2,575

The income from funding for investment income was £3,267 (2017: £2,575) of which £3,267 was unrestricted (2017: £2,575).

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	125,509	125,509	138,824
Academy's educational operations					
- Direct costs	14,110,997	-	2,487,546	16,598,543	13,740,158
- Allocated support costs	1,788,343	2,333,968	1,501,138	5,623,449	5,020,771
Total costs	15,899,340	2,333,968	4,114,193	22,347,501	18,899,753

The expenditure on raising funds was £125,509 (2017: £138,824) of which £44,907 was unrestricted (2017: £138,824) and £80,602 was restricted (2017: £nil).

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Operating lease rentals	47,103	4,362
Depreciation of tangible fixed assets	856,512	800,346
Net interest on defined benefit pension liability	65,000	74,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	32,270	28,420
- Other services	14,450	13,285

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	-	16,598,543	16,598,543	13,740,158
Support costs				
Educational operations	28,500	5,594,949	5,623,449	5,020,771
	<u>28,500</u>	<u>22,193,492</u>	<u>22,221,992</u>	<u>18,760,929</u>

The expenditure on charitable activities was £22,221,992 (2017: £18,760,929) of which £28,500 was unrestricted (2017: £136,391), £21,336,980 was restricted (2017: £17,824,192) and £856,512 was restricted fixed assets (2017: £800,346).

	2018 £	2017 £
Analysis of support costs		
Support staff costs	1,788,343	1,600,251
Depreciation	856,512	800,346
Technology costs	17,335	37,231
Premises costs	1,477,456	1,178,958
Other support costs	1,172,754	1,107,979
Governance costs	311,049	296,006
	<u>5,623,449</u>	<u>5,020,771</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	10,316,752	8,836,068
Social security costs	850,146	650,317
Pension costs	1,690,121	1,231,047
Staff costs	12,857,019	10,717,432
Agency staff costs	2,653,029	2,212,154
Staff restructuring costs	39,802	-
Staff development and other staff costs	349,490	318,322
Total staff expenditure	15,899,340	13,247,908
Staff restructuring costs comprise:		
Severance payments	39,802	-

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £39,802 (2017: £nil). Individually, the three payments were £11,002 made on 31 December 2017, £24,988 made on 31 October 2017 and £3,812 made on 31 January 2018.

Staff numbers

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

	2018 Number	2017 Number
Teachers	137	124
Administration and support	104	97
Management	34	19
Classroom support staff	186	174
	461	414

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff (Continued)

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018 Number	2017 Number
Teachers	124	116
Administration and support	46	46
Management	33	18
Classroom support staff	130	105
	<u>333</u>	<u>285</u>

Higher paid staff

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

	2018 Number	2017 (Restated) Number
£60,001 - £70,000	5	5
£70,001 - £80,000	1	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£160,001 - £170,000	1	1
	<u>1</u>	<u>1</u>

Ten (2017: nine) of the above employees participated in the TPS. None (2017: None) of the employees participated in the LGPS. Both the TPS and the LGPS are defined benefit pension schemes. Paradigm paid £144,743 (2017: £104,388) in employers contributions to the TPS during the year in respect of these employees.

The 2017 figures have been restated as they incorrectly included employers national insurance contribution.

Key management personnel

The key management personnel of the Company comprises the Directors, Principals, Chief Executive Officer and Chief Finance Officer as listed on page 1. The members of the Board of Directors that don't hold executive roles are unpaid. The total amount of employee benefits (including employers pension and national insurance contributions) received by key management personnel for their services to the Company was £938,165 (2017: £740,135).

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Central services

Paradigm has incurred central overhead costs amounting to £1,567,409 (2017: £725,063) during the year relating to the following central services:

- Advisory
- Company Secretarial
- Data and Performance
- Finance
- Governance
- Human Resources
- Legal
- Operations
- Procurement
- Teaching and Learning

The Company's policy for recharging these costs to each school is based on pupil numbers.

The amounts charged during the year were as follows:

	2018	2017
	£	£
Culloden Primary Academy	328,502	193,393
Ipswich Academy	414,612	246,994
Old Ford Primary Academy	380,556	144,746
Solebay Primary Academy	189,663	90,428
Murrayfield Primary Academy	125,930	49,502
Piper's Vale Primary Academy	128,146	-
	<u>1,567,409</u>	<u>725,063</u>

In addition, GAG income for each academy is pooled. An appeals mechanism is in place in accordance with the Academies Financial Handbook should a Principal feel that the academy has been unfairly treated.

11 Directors' remuneration and expenses

During the year ended 31 August 2018, travel and subsistence expenses totalling £4,039 were reimbursed or paid directly to 5 Directors (2017: two £917). D Willis received £526 (2017: £759), D Hughes £166 (2017: £158), B Bryant £88 (2017: £Nil), L Pipe £56 (2017: £Nil) and B Holledge £3,203 (2017: £Nil).

Bill Holledge was appointed as a Director on 1 March 2018. He received remuneration between that date and 31 August 2018 of £87,970. Employer pension contributions paid during this period amounted to £17,319.

In the prior year, Amanda Phillips CBE was the CEO for the period 1 September 2016 to 31 May 2017. She received remuneration of £177,265 for this period. The employer contributions paid in the year amounted to £Nil.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Directors and officers insurance

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

13 Tangible fixed assets

	Leasehold land and buildings	Freehold land and buildings	Computer equipment	Plant, fixtures, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2017	28,576,221	8,256,076	605,607	418,011	37,855,915
Transfer on conversion	6,182,000	-	-	-	6,182,000
Additions	74,884	-	119,278	82,537	276,699
	<u>34,833,105</u>	<u>8,256,076</u>	<u>724,885</u>	<u>500,548</u>	<u>44,314,614</u>
Depreciation					
At 1 September 2017	1,470,153	219,365	593,065	136,345	2,418,928
Charge for the year	688,972	73,122	30,869	63,549	856,512
	<u>2,159,125</u>	<u>292,487</u>	<u>623,934</u>	<u>199,894</u>	<u>3,275,440</u>
Net book value					
At 31 August 2018	<u>32,673,980</u>	<u>7,963,589</u>	<u>100,951</u>	<u>300,654</u>	<u>41,039,174</u>
At 31 August 2017	<u>27,106,068</u>	<u>8,036,711</u>	<u>12,542</u>	<u>281,666</u>	<u>35,436,987</u>

With the exception of Solebay Primary Academy, the Company occupies its land and buildings on a long-term leasehold basis from London Borough of Tower Hamlets and Suffolk County Council. For these premises the freehold has not been acquired.

14 Debtors	2018 £	2017 £
Trade debtors	21,209	8,509
VAT recoverable	324,857	122,035
Other debtors	67,040	-
Prepayments and accrued income	798,489	234,697
	<u>1,211,595</u>	<u>365,241</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

15 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	632,190	479,324
Other taxation and social security	116,177	208,703
Other creditors	306,997	215,092
Accruals and deferred income (see note 16)	760,447	811,962
	<u>1,815,811</u>	<u>1,715,081</u>
16 Deferred income	2018	2017
	£	£
Deferred income is included within:		
Creditors due within one year	<u>170,032</u>	<u>76,067</u>
Deferred income at 1 September 2017	76,067	75,643
Released from previous years	(76,067)	(75,643)
Resources deferred in the year	<u>170,032</u>	<u>76,067</u>
Deferred income at 31 August 2018	<u>170,032</u>	<u>76,067</u>
Included within deferred income are the following deferred income:		
<ul style="list-style-type: none"> • Universal Infant Free School Meals of £170,032 (2017: £Nil) • National Teaching school income of £Nil (2017: £40,000) • Schools Direct Grant £Nil (2017: £30,067) • National Leaders of Education bursary £Nil (2017: £6,000) 		
17 Financial instruments	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>712,204</u>	<u>239,606</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>1,529,602</u>	<u>1,430,311</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	1,706,414	16,247,036	(16,053,813)	(209,564)	1,690,073
Start up grants	-	21,365	(21,365)	-	-
Other DfE / ESFA grants	-	2,723,025	(2,723,025)	-	-
Other government grants	-	2,216,956	(2,216,956)	-	-
Other capital funds	74,930	-	-	(74,930)	-
Other restricted funds	-	54,423	(54,423)	-	-
Pension reserve	(1,989,000)	(481,000)	(348,000)	834,000	(1,984,000)
	<u>(207,656)</u>	<u>20,781,805</u>	<u>(21,417,582)</u>	<u>549,506</u>	<u>(293,927)</u>
Restricted fixed asset funds					
Transfer on conversion	34,573,439	6,182,000	(649,609)	-	40,105,830
DfE group capital grants	720,794	375,860	(165,847)	6,675	937,482
Capital expenditure from GAG	86,525	-	(24,176)	177,791	240,140
Private sector capital sponsorship	56,229	-	(16,880)	100,028	139,377
	<u>35,436,987</u>	<u>6,557,860</u>	<u>(856,512)</u>	<u>284,494</u>	<u>41,422,829</u>
Total restricted funds	<u>35,229,331</u>	<u>27,339,665</u>	<u>(22,274,094)</u>	<u>834,000</u>	<u>41,128,902</u>
Unrestricted funds					
General funds	<u>697,932</u>	<u>492,525</u>	<u>(73,407)</u>	<u>-</u>	<u>1,117,050</u>
Total funds	<u>35,927,263</u>	<u>27,832,190</u>	<u>(22,347,501)</u>	<u>834,000</u>	<u>42,245,952</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds (Continued)

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

Restricted general funds represents the grants received by the Company to fund its operational activities and development.

Under the funding agreement with the Secretary of State, the Company's schools were not subject to a limit on the amount of GAG that they could carry forward at 31 August 2018.

Restricted other funds represent grants received for specific purposes, other than restricted general funds, which have to be spent according to grantor's requirements.

At the year end, transfers were made from restricted general funds to restricted fixed asset funds to recognise unspent capital grants during the year.

Restricted fixed asset funds represent the grants and donations received by the Company to fund capital expenditure. In addition, the inherited funds represent the assets gifted to the Company on the conversion of the schools to a multi academy trust. Where a school has previously been a member of a separate academy, the value of the assets are included in the fund titled "Transfer into company".

Unrestricted general funds represent the unrestricted funds which can be utilised by the Directors at their discretion to further the Company's objectives.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds (Continued)

Funds prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains and losses £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	291,315	13,935,693	(12,520,594)	-	1,706,414
Start up grants	29,356	13,250	(42,606)	-	-
Other DfE / ESFA grants	427,004	2,432,020	(2,859,024)	-	-
Other government grants	250,454	1,893,084	(2,143,538)	-	-
Other capital funds	15,918	59,012	-	-	74,930
Other restricted funds	88,542	(49,112)	(39,430)	-	-
Pension reserve	(3,235,000)	(330,000)	(219,000)	1,795,000	(1,989,000)
	<u>(2,132,411)</u>	<u>17,953,947</u>	<u>(17,824,192)</u>	<u>1,795,000</u>	<u>(207,656)</u>
Restricted fixed asset funds					
Transfer on conversion	31,383,865	3,848,000	(658,426)	-	34,573,439
DfE group capital grants	789,171	-	(68,377)	-	720,794
Capital expenditure from GAG	149,947	-	(63,422)	-	86,525
Private sector capital sponsorship	66,350	-	(10,121)	-	56,229
	<u>32,389,333</u>	<u>3,848,000</u>	<u>(800,346)</u>	<u>-</u>	<u>35,436,987</u>
Total restricted funds	<u>30,256,922</u>	<u>21,801,947</u>	<u>(18,624,538)</u>	<u>1,795,000</u>	<u>35,229,331</u>
Unrestricted funds					
General funds	<u>502,386</u>	<u>470,761</u>	<u>(275,215)</u>	<u>-</u>	<u>697,932</u>
Total funds	<u>30,759,308</u>	<u>22,272,708</u>	<u>(18,899,753)</u>	<u>1,795,000</u>	<u>35,927,263</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds (Continued)

Total funds analysis by academy

	2018 £	2017 £
Fund balances at 31 August 2018 were allocated as follows:		
Culloden Primary Academy	-	100,028
Ipswich Academy	-	935
Old Ford Primary Academy	-	-
Solebay Primary Academy	-	2,287
Murrayfield Primary Academy	-	3,453
Piper's Vale Primary Academy	-	-
Central Services	2,807,123	2,372,573
Total before fixed assets fund and pension reserve	2,807,123	2,479,276
Restricted fixed asset fund	41,422,829	35,436,987
Pension reserve	(1,984,000)	(1,989,000)
Total funds	42,245,952	35,927,263

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Culloden Primary Academy	2,263,677	172,650	164,555	1,743,521	4,344,403	4,174,805
Ipswich Academy	2,935,893	376,114	142,147	1,236,534	4,690,688	4,792,128
Old Ford Primary Academy	2,283,303	182,935	185,165	1,731,459	4,382,862	4,645,208
Solebay Primary Academy	885,370	97,583	93,443	1,020,039	2,096,435	1,996,992
Murrayfield Primary Academy	1,225,638	86,323	76,272	620,804	2,009,037	1,490,301
Piper's Vale Primary Academy	1,227,402	125,619	77,131	578,869	2,009,021	
Central Services	286,246	708,266	14,189	949,842	1,958,543	999,974
	11,107,529	1,749,490	752,902	7,881,068	21,490,989	18,099,408

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	41,039,174	41,039,174
Current assets	1,117,050	3,505,884	383,655	5,006,589
Creditors falling due within one year	-	(1,815,811)	-	(1,815,811)
Defined benefit pension liability	-	(1,984,000)	-	(1,984,000)
Total net assets	1,117,050	(293,927)	41,422,829	42,245,952

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£	£	£	£
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	35,436,987	35,436,987
Current assets	697,932	3,496,425	-	4,194,357
Creditors falling due within one year	-	(1,715,081)	-	(1,715,081)
Defined benefit pension liability	-	(1,989,000)	-	(1,989,000)
Total net assets	697,932	(207,656)	35,436,987	35,927,263

20 Contingent liabilities

Paradigm has identified a contingent liability of £140,000 in relation to works carried out at Old Ford Primary Academy. Old Ford Primary Academy is subject to a London Borough Tower Hamlets Group Schools PFI contract. As part of the conversion process, the DfE, LBTH and the Company entered into a suite of documents. The purpose of these agreements is to ensure the Company and LBTH are not prejudiced by the conversion as far as the financial liability of Old Ford Primary Academy under the Project Agreement (PA) is concerned. A building defect arose in 2014, which involved a major water leak. In preparing to repair the leak, the contractor made preparations to remove asbestos in under-floor ducts where the pipework is located. The contractor has indicated that the asbestos might be 'non-disclosed' asbestos under the terms of the PA. If so, this would mean that the cost of the asbestos removal would not be borne by the contractor but would transfer to the LBTH, under the terms of the PA. The LBTH would then seek to pass this financial liability to the Company. Uncertainty exists as to whether or not the asbestos is "disclosed" or "non-disclosed" under the PA. The Directors consider the possibility of a successful claim by LBTH against the Company to be unlikely and will actively defend any claim against the Company in this regard.

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Commitments under operating leases

At 31 August 2018 the total of the Company's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	42,594	9,297
Amounts due between one and five years	30,094	-
	<u>72,688</u>	<u>9,297</u>

22 Financial Commitments

In addition to the above, the Company maintains some of its assets under a PFI agreement. The amount due for the following financial year under this agreement is estimated to be £480,386 (2017: £460,581). The cost of the PFI agreement changes annually based on pupil numbers and the Retail Price Index plus 1.2%. As such the cost of the PFI agreement for the remainder of the 25 year term would total approximately £4,473,981 (2017: £5,148,808).

23 Reconciliation of net income to net cash flow from operating activities

	2018 £	2017 £
Net income for the reporting period (as per the Statement of Financial Activities)	5,484,689	3,372,955
Adjusted for:		
Net surplus on conversion to academy	(5,801,620)	(3,608,876)
Capital grants from DfE/ESFA and other capital income	(375,860)	(53,401)
Interest receivable	(3,267)	(2,575)
Defined benefit pension scheme cost less contributions payable	283,000	145,000
Defined benefit pension scheme finance cost	65,000	74,000
Depreciation of tangible fixed assets	856,512	800,346
Movements in working capital:		
(Increase)/decrease in debtors	(846,354)	62,484
Increase in creditors	100,730	312,226
Net cash (used in)/provided by operating activities	<u>(237,170)</u>	<u>1,102,159</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Members' liability

Each Member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while he or she is a Member, or within one year after he or she ceases to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he or she ceases to be a Member.

25 Pension and similar obligations

The Company's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Within the Company are two separate LGPS pension schemes which are managed by London Borough of Tower Hamlets (LBTH) and Suffolk County Council (SCC). All are multi-employer defined benefit schemes.

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

There was £101,537 of outstanding contributions at the end of the financial year (2017:£nil).

Teachers' Pension Scheme

Introduction

The TPS is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

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.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

25 Pension and similar obligations (Continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The proposed rate for future years is 23.6%.

The employer's pension costs paid to the TPS in the period amounted to £834,711 (2017: £624,216).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are:

- London Borough of Tower Hamlets: 26.1% (2018/19) and 21.3% (2019/20) employer and 5.5% to 12.5% employee
- Suffolk County Council (Murrayfield): 28.4% (2018/19) and 28.4% (2019/20) employer and 5.5% to 12.5% employee
- Suffolk County Council (Ipswich): 22.2% (2018/19) and 23.2% (2019/20) employer and 5.5% to 12.5% employee
- Suffolk County Council (Piper's Vale): 28% (2018/19) and 29% (2019/20) employer and 5.5% to 12.5% employee

The LGPS obligation relates to the employees of the Company who were employees transferred as part of the conversion from the maintained school (as described in note 28 together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Company at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding LGPS liabilities would be met by the DfE. The guarantee came into force on 18 July 2013.

Total contributions made	2018 £	2017 £
Employer's contributions	535,000	465,000
Employees' contributions	125,000	102,000
Total contributions	<u>660,000</u>	<u>567,000</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

25 Pension and similar obligations (Continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018 %	2017 %
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	2.4
Rate of increase in salaries (%) LBTH	2.2	2.2
Rate of increase in salaries (%) SCC	2.7	2.7

The assumed life expectations on retirement age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	22.1 (LBTH) 21.9 (SCC)	22.1 (LBTH) 21.9 (SCC)
- Females	24.1 (LBTH) 24.4 (SCC)	24.1 (LBTH) 24.4 (SCC)
Retiring in 20 years		
- Males	23.9 (Both)	23.9 (Both)
- Females	25.8 (LBTH) 26.4 (SCC)	25.8 (LBTH) 26.4 (SCC)

The LGPS obligation relates to the existing employees of the Company and employees who transferred with Piper's Vale Primary Academy (as described in note 28), together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred represents their cumulative service at both the predecessor school and the Company at the Balance Sheet date.

The Company's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	4,353,620	3,495,130
Bonds	1,654,770	1,007,550
Property	675,100	512,000
Cash	67,510	105,320
Total fair value of assets	6,751,000	5,120,000

The actual return on scheme assets was £333,000 (2017: £369,000).

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

25 Pension and similar obligations (Continued)

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	818,000	610,000
Net interest cost	65,000	74,000
Total operating charge	<u>883,000</u>	<u>684,000</u>

Changes in the present value of defined benefit obligations	2018 £
At 1 September 2017	7,109,000
Obligations acquired on conversion	1,175,000
Current service cost	818,000
Interest cost	218,000
Employee contributions	125,000
Actuarial gain	(654,000)
Benefits paid	(56,000)
At 31 August 2018	<u>8,735,000</u>

Changes in the fair value of the Company's share of scheme assets	2018 £
At 1 September 2017	5,120,000
Assets acquired on conversion	694,000
Interest income	153,000
Return on plan assets (excluding net interest on the net defined pension liability)	180,000
Employer contributions	535,000
Employee contributions	125,000
Benefits paid	(56,000)
At 31 August 2018	<u>6,751,000</u>

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

25 Pension and similar obligations (Continued)

The value of assets and obligations by pension scheme is as follows:

- London Borough of Tower Hamlets: £1,680,000 assets, £2,314,000 liabilities giving a £634,000 net liability
- Suffolk County Council: £5,071,000 assets, £6,421,000 liabilities giving a £1,350,000 net liability

The individual schemes' share of the assets are invested as follows:

- London Borough of Tower Hamlets: 72% equity, 17% bonds, 10% property and 1% cash
- Suffolk County Council: 62% equity, 27% bonds, 10% property and 1% cash.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

26 Related party transactions

Due to the nature of Paradigm's operations and the composition of the Board, transactions may take place with organisations in which a Director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with Paradigm's financial regulations and normal procurement procedures.

No related party transactions took place in the year other than those disclosed in note 11.

27 Agency arrangements

Ipswich Academy received £Nil (2017: £240,000) in Social Mobility funding of which it disbursed £68,001 (2017: £26,317) and the balance £145,682 (2017: £213,683) is included in other creditors.

28 Conversion to an academy

On 1 September 2017 Piper's Vale converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Paradigm Trust from the Suffolk County Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as Donations – transfer into the multi academy trust.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Piper's Vale Primary Academy	Ipswich	1 September 2017

PARADIGM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

28 Conversion to an academy (Continued)

				2018 £
Net assets transferred:				
Leasehold land and buildings				6,182,000
Cash				100,620
LGPS pension deficit				(481,000)
				<u>5,801,620</u>
	Unrestricted Funds	Restricted funds:		Total 2018
	£	General	Fixed asset	£
Funds surplus/(deficit) transferred:		£	£	
Fixed assets funds	-	-	6,182,000	6,182,000
LA budget funds	100,620	-	-	100,620
LGPS pension funds	-	(481,000)	-	(481,000)
	<u>100,620</u>	<u>(481,000)</u>	<u>6,182,000</u>	<u>5,801,620</u>

The transfer from Suffolk County Council included property at a value of £6,182,000 of which the land value was £702,000 and the buildings were valued at £5,480,000. The land and buildings are held on a 125 year lease. An unrestricted surplus of £100,620 was also received from Suffolk County Council on the transfer of Piper's Vale Primary Academy into Paradigm.

29 Teaching school trading account

During the year Old Ford Primary Academy received £40,000 core funding.

The funding was used primarily to support the schools of Piper's Vale Primary Academy and Murrayfield Primary Academy through staffing expenditure.