

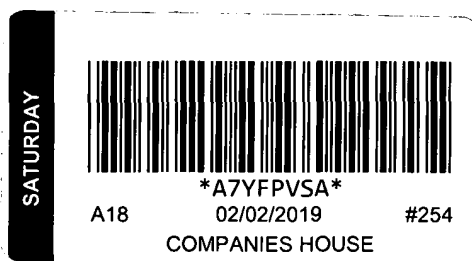
Company Registration No. 08320065 (England and Wales)

TRANSFORM TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018



TRANSFORM TRUST

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TRANSFORM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

P Munro (Chair)
R Meredith (Accounting officer)
A Day (Resigned 26 October 2018)
R Periam
Prof T Greany
Prof Q Gu
V Lloyd
A Taylor (Appointed 12 September 2018)
J Luxton (Appointed 26 October 2018)

Members

P Munro
Venerable D Picken
Southwell and Nottingham Diocese Educational Trust
I Griffiths (Appointed 6 July 2018)

Senior management team

- Chief Executive Officer	R Meredith
- Teaching School Director	S Heesom
- Chief Finance Officer	S Cox
- Project Director	J Wilkinson
- Headteacher	J Fordham
- Headteacher	A Grant-Thomas (Resigned 30 April 2018)
- Headteacher	H Tarrant
- Headteacher	D Farthing
- Headteacher	S Farrington
- Headteacher	S O'Connor
- Headteacher	G Civil
- Headteacher	A Sharp
- Headteacher	K Coker
- Headteacher	S Mason
- Headteacher	K Lee
- Headteacher	L Noble
- Headteacher	C Paparozzi
- Headteacher	P Hillier

Company secretary

S Cox

Company registration number

08320065 (England and Wales)

Registered office

Unit 11
Castlebridge Office Village
Kirtley Drive
Nottingham
NG7 1LD

TRANSFORM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Bankers

Lloyds Bank
Old Market Square
Nottingham
NG1 6FD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

TRANSFORM TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and independent auditor's reports 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, and a directors' report under company law.

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

Structure, governance and management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust.

The trustees of Transform Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Transform Trust.

Details of the trustees 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.

Trustees' indemnities

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

Details of the insurance cover are provided in note 11 to the financial statements.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Method of recruitment and appointment or election of trustees

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

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

Terms of office

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

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Trustees depends on their previous experience. All Trustees are provided with previous minutes and face to face inductions with the Company Secretary/Chief Finance Officer, plus provided copies of documents that they will need to undertake their role as Trustees. The annual strategic planning day for Trustees was held on 26th January 2018 to review and update the strategic plan, to review the ethos and vision for the Trust, and to ensure the resource plans are enablers for the plan. No new Trustees were appointed during the financial year, although Alex Taylor and Joanna Luxton were appointed on 12th September 2018 and 26th October 2018 respectively. All named Trustees served for the full financial period.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

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

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

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

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

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

Arrangements for setting pay and remuneration of key management personnel

The Chief Executive Officer is the only Trustee who receives remuneration from the Trust. They are subject to a performance management process managed by 2 Trustees. In 2017/18, this was Chair and vice-Chair of the Trust Board. Trustees consider performance of the Trust, individual performance of the CEO and market rate benchmarking to ensure the CEO salary award is appropriate. A recommendation is made to the wider Trust Board who vote on the matter. The CEO carries no Trustee vote in this matter.

Trade union facility time

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

Related parties and other connected charities and organisations

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and activities

Objects and aims

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

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

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

Objectives, strategies and activities

During 2017/8, the principal activity of the charitable company was the operation of 13 primary academies in Nottingham and Derby. In January and July 2018, 2 further primary academies joined the Trust and this is recognised within the Balance Sheet, although for part years in the Trading Statements. The schools vary in size from single form to 2 form entry. A further primary school joined the Trust after the balance sheet date on 1st September 2018.

Directors believe the sustainability of Transform Trust has been further enhanced in the growth to 16 schools. The 3 new schools range in Ofsted ratings: "Outstanding", "Good" and "Requires Improvement". Additionally 3 established Trust Schools have also been subject of Ofsted Inspection during the year, with all 3 Schools receiving a "Good" rating (all had previously been "Inadequate" on joining). Trustees are satisfied that external validation is showing all Trust schools are moving forwards, and that additional Trust school improvement capacity is being generated within these improving schools.

It remains a core principle that Transform Trust's children remain central to all Trust endeavours. In 2017/8 Transform held the annual Children's Awards once again, attended by nominees from each Trust school, parents and Governors. Transform also held its annual Performing Arts festival for all Trust schools. Transform continued the work of its Children's Parliament where children representing each School Council come together to share and run projects (guest appearance made by Alex Norris MP). Transform also held its first annual Fun Run for children across the Trust and participated in sporting activities with other like-minded Trusts. The new Transform Enrichment Diploma (TED) has also been launched to ensure all Transform children experience a minimum standard of a fully rounded education.

Trustees also recognise the success of the Trust lies with staff, and in 2017/8 asked staff how they felt in the annual Staff Survey. Staff satisfaction improved from 82.5% in 2016 for the whole Trust to 85.9% in 2017, with a spread across Trust schools from 66% to 94%. Feedback from staff has helped inform an action plan which has been implemented by the Executive team in 2017/8, particularly focused on wellbeing. The next Annual Staff Survey will highlight to Trustees whether this has been successful. The Trustees also recognise that equal opportunities for staff should be an integral part of good practice within the workplace. The Multi Academy Trust aims to promote equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The policy of Transform Trust continues to support recruitment and retention of children and employees with disabilities. Transform Trust does this by adapting the physical environment and by making support resources available.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

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

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

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

Strategic report

Achievements and performance

3 Ofsted Inspections have been held this year. In all cases Ofsted rated these schools as "Good" (all had been Inadequate on conversion to academy).

Unvalidated data headlines (comments relate to 15 schools held by the Trust – one school is KS2 only):

- 6 out of 14 schools are above National Average GLD% (2017) - 2018 not yet released
- 8 out of 12 schools in Trust for full year have increased GLD% on 2017
- 9 out of 14 schools above 2018 National Average Phonics% 82%
- 6 out of 14 schools are above KS1 National Average Reading
- 5 out of 14 schools are above KS1 National Average Writing & Maths
- 3 out of 14 schools ahead of KS1 National Average in all 3 areas
- 7 out of 15 schools ahead of KS2 Combined National Average
- 7 out of 15 schools are above 96% pupil attendance

We continue to subject our schools to external scrutiny by both an independent HMI as well as Challenge Partners, and also to peer review within Transform teaching School Alliance.

In the last year, we welcomed South Wilford Endowed C of E Primary School and Parkdale Primary & Nursery School to the Trust.

Key performance indicators

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

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

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

Financial review

Most of the Academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy's total funds at the end of the period are £43,722,920, of which £50,878,660 is in the restricted fixed asset fund, leaving a total deficit reserve balance of both general restricted and unrestricted funds of £7,155,740; this is due to the LGPS deficit of £12,079,000. However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £4,923,260, of which £1,148,181 is restricted funding and £3,775,079 is unrestricted funding.

At 31 August 2018, the net book value of fixed assets was £50,723,213 and movements in tangible fixed assets are shown in note 12 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

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

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

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

As at 31 August 2018 the Trust has 'free' reserves i.e. those reserves that are freely available for general purposes of the Trust total £3,775,079. The restricted fixed asset fund totals £50,878,660 which can only be realised by disposing of tangible fixed assets. Restricted reserves are in deficit by £10,930,819 of which £12,079,000 relates to Local Government Pension Fund deficit which is due to be repaid in line with the agreed terms of the Fund. The remainder of the restricted reserves, a surplus of £1,148,181, must only be spent as intended, the majority of which relates to grant funding from government sources to support delivery of education across the Trust.

The pension reserve held within restricted funds was in deficit by £12,079,000 at 31 August 2018. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy

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

Principal risks and uncertainties

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

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

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

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

The current portfolio of schools has the following Ofsted judgements: Sneinton – Outstanding; Edale Rise – Good; Highbank – Good; Brocklewood – Good; Allenton – Good; Rosslyn Park – Good; Bulwell St Mary's – Good; Burford – Good; Shaw – Requires Improvement; William Booth – Good; Pear Tree Junior – Special Measures; Breadsall Hill Top – Special Measures; Whitegate – Requires Improvement. New schools joining the Trust in 2017/8: South Wilford Endowed C of E – Outstanding; Parkdale - Good

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

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

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Risk Management

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

Financial and risk management objectives and policies

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

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

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

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

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

Fundraising

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

Plans for future periods

Transform Trust has acquired the assets and liabilities of a primary free school on 1st September 2018. Transform continues to be open for other primary schools looking to join a child led Multi Academy Trust.

Funds held as custodian trustee on behalf of others

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Employee consultation and disabled employees

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

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

Auditor

In so far as the trustees are aware:

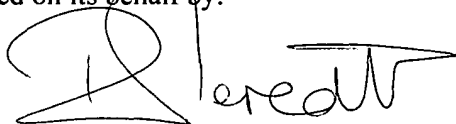
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that UHY Hacker Young be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2018 and signed on its behalf by:



P Munro
Chair



R Meredith
Accounting officer

TRANSFORM TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

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

Governance

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

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

Trustees	Meetings attended	Out of possible
P Munro (Chair)	6	6
R Meredith (Accounting officer)	6	6
A Day (Resigned 26 October 2018)	3	6
R Periam	5	6
Prof T Greany	4	6
Prof Q Gu	5	6
V Lloyd	5	6
A Taylor (Appointed 12 September 2018)	0	0
J Luxton (Appointed 26 October 2018)	0	0

Peter Munro has been elected to continue as Chair of Trust Board with effect from 1st September 2018. There were no changes to the Trust Board during the year. Alex Taylor and Joanna Luxton were appointed to the Board from 1st September 2018 and 26th October 2018 respectively with Alison Day also resigning on 26 October 2018. Overall, the number of Trustees on the Board increased to 8.

Governance review

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

TRANSFORM TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
R Periam	3	3
Prof T Greany	3	3
V Lloyd	2	3

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

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P Munro (Chair)	2	2
A Day (Resigned 26 October 2018)	2	2
Prof Q Gu	2	2

Review of value for money

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

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

- Appointment of Purchase Ledger services at Trust Centre to deliver a bureau support service to Trust schools. The appointment has permitted a reduction in finance risk in schools and centralised around expertise in Trust Centre. This has resulted in saved money in each school taking the service.
- CFO or Management Accountant attending every local governor Finance Committee meeting – this has enabled a standard approach across schools, benchmarked practice and led to balanced budgets through the year.
- Emphasis on buying office equipment instead of leasing.
- Centralising on systems and IT support – although in process, efficiencies being made in holding data centrally whilst also complying with GDPR.

TRANSFORM TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Transform Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

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

Internal audit's role includes giving advice on financial matters and performing a range of checks on each Academy school's financial systems. On a termly basis, the Chief Finance Officer shares the reports with the Audit & Finance Committee discussing the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Actions are agreed to remediate and further improve the internal control framework as a result.

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

TRANSFORM TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of effectiveness

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

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

The accounting officer has been advised by internal and external audit following their review of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 10 December 2018 and signed on its behalf by:



P Munro
Chair



R Meredith
Accounting officer

TRANSFORM TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Transform Trust I have considered my responsibility to notify the trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- Two instances were found where the register of interests did not fully capture the pecuniary and business interests of senior employees, as required by the Academies Financial Handbook. This increases the risk that transactions with related parties will not be identified and disclosed.
- The process in relation to expenditure exceeding £50,000, as set out in the Finance Policy, was not followed in relation to expenditure for playground works, at one school, and the renewal of catering contracts at three schools. These contracts were not subject to a formal tendering exercise.

All the above points have been discussed by the Trustees and have been addressed by the central finance function.



R Meredith
Accounting Officer

10 December 2018

TRANSFORM TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Transform Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

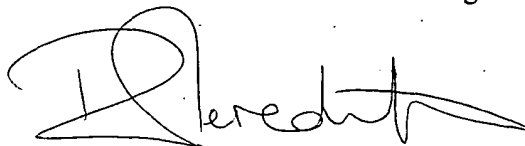
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have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

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

Approved by order of the members of the board of trustees on 10 December 2018 and signed on its behalf by:



P Munro
Chair



R Meredith
Accounting officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSFORM TRUST

Opinion

We have audited the accounts of Transform Trust 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 accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- 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 Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 accounts' section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

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 trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

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.

Elizabeth Searby

Elizabeth Searby (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young LLP, Statutory Auditor

Chartered Accountants
Statutory Auditor

14 Park Row
Nottingham
NG1 6GR

Dated: 10 December 2018

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

In accordance with the terms of our engagement letter dated 14 May 2013 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Transform Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Transform Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Transform Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Transform Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Transform Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Transform Trust's funding agreement with the Secretary of State for Education dated 29 May 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Planned our assurance procedures including identifying key risks,
- Carried out sample testing of controls,
- Carried out substantive testing including analytical review, and
- Concluded on procedures carried out.

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Two instances were found where the register of interests did not fully capture the pecuniary and business interests of senior employees, as required by the Academies Financial Handbook. This increases the risk that transactions with related parties will not be identified and disclosed.
- The process in relation to expenditure exceeding £50,000, as set out in the Finance Policy, was not followed in relation to expenditure for playground works, at one school, and the renewal of catering contracts at three schools. These contracts were not subject to a formal tendering exercise.

UHY Hacker Young LLP

UHY Hacker Young LLP
Reporting Accountant
14 Park Row
Nottingham
NG1 6GR

Dated: 10 December 2018

TRANSFORM TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £		Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	2,217	-	660,400	662,617	107,838
Donations - transfer from local authority on conversion	23	635,589	(915,000)	10,605,000	10,325,589	19,844,868
Charitable activities:						
- Funding for educational operations	4	33,865	27,846,989	-	27,880,854	18,188,465
- Funding for teaching schools	27	-	40,000	-	40,000	-
Other trading activities	5	370,800	426,235	-	797,035	477,491
Investments	6	2,284	-	-	2,284	1,540
Total		1,044,755	27,398,224	11,265,400	39,708,379	38,620,202
Expenditure on:						
Charitable activities:						
- Educational operations	8	227,031	29,025,922	1,011,611	30,264,564	19,432,038
- Teaching schools		-	40,000	-	40,000	-
Total	7	227,031	29,065,922	1,011,611	30,304,564	19,432,038
Net income/(expenditure)		817,724	(1,667,698)	10,253,789	9,403,815	19,188,164
Transfers between funds	17	-	(352,624)	352,624	-	(4,688,892)
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	3,835,000	-	3,835,000	303,000
Net movement in funds		817,724	1,814,678	10,606,413	13,238,815	14,802,272
Reconciliation of funds						
Total funds brought forward		2,957,355	(12,745,497)	40,272,247	30,484,105	15,681,833
Total funds carried forward		3,775,079	(10,930,819)	50,878,660	43,722,920	30,484,105

TRANSFORM TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £	General	Restricted funds: Fixed asset £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	1,412	-	106,426	107,838
Donations - transfer from local authority on conversion	23	1,098,868	(3,591,000)	22,337,000	19,844,868
Charitable activities:					
- Funding for educational operations	4	-	18,188,465	-	18,188,465
Other trading activities	5	306,918	170,573	-	477,491
Investments	6	1,540	-	-	1,540
Total		<u>1,408,738</u>	<u>14,768,038</u>	<u>22,443,426</u>	<u>38,620,202</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	165,905	18,733,654	532,479	19,432,038
Total	7	<u>165,905</u>	<u>18,733,654</u>	<u>532,479</u>	<u>19,432,038</u>
Net income/(expenditure)		1,242,833	(3,965,616)	21,910,947	19,188,164
Transfers between funds	17	-	(487,185)	(4,201,707)	(4,688,892)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	303,000	-	303,000
Net movement in funds		1,242,833	(4,149,801)	17,709,240	14,802,272
Reconciliation of funds					
Total funds brought forward		1,714,522	(8,595,696)	22,563,007	15,681,833
Total funds carried forward		<u>2,957,355</u>	<u>(12,745,497)</u>	<u>40,272,247</u>	<u>30,484,105</u>

TRANSFORM TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

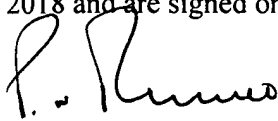
		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12	50,723,213		40,272,247	
Current assets					
Stocks	13	67,571		31,184	
Debtors	14	2,051,546		2,331,071	
Cash at bank and in hand		4,930,498		2,547,233	
		<u>7,049,615</u>		<u>4,909,488</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,970,908)		(1,499,630)	
Net current assets		<u>5,078,707</u>		<u>3,409,858</u>	
Net assets excluding pension liability		<u>55,801,920</u>		<u>43,682,105</u>	
Defined benefit pension scheme liability	19	(12,079,000)		(13,198,000)	
Net assets		<u><u>43,722,920</u></u>		<u><u>30,484,105</u></u>	
Funds of the trust:					
Restricted funds	17				
- Fixed asset funds		50,878,660		40,272,247	
- Restricted income funds		1,148,181		452,503	
- Pension reserve		(12,079,000)		(13,198,000)	
Total restricted funds		<u>39,947,841</u>		<u>27,526,750</u>	
Unrestricted income funds	17	<u>3,775,079</u>		<u>2,957,355</u>	
Total funds		<u><u>43,722,920</u></u>		<u><u>30,484,105</u></u>	

TRANSFORM TRUST

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2018

The accounts on pages 23 to 60 were approved by the trustees and authorised for issue on 10 December 2018 and are signed on their behalf by:



P Munro
Chair



R Meredith
Accounting officer

Company Number 08320065

TRANSFORM TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20	1,942,569		458,723	
Cash funds transferred on conversion	23	635,589		1,098,868	
		<u>2,578,158</u>		<u>1,557,591</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		2,284		1,540	
Capital grants from DfE and ESFA		660,400		106,426	
Payments to acquire tangible fixed assets		<u>(857,577)</u>		<u>(593,611)</u>	
		(194,893)		(485,645)	
Change in cash and cash equivalents in the reporting period		2,383,265		1,071,946	
Cash and cash equivalents at 1 September 2017		<u>2,547,233</u>		<u>1,475,287</u>	
Cash and cash equivalents at 31 August 2018		<u>4,930,498</u>		<u>2,547,233</u>	
Relating to:					
Cash in hand and at bank		<u>4,930,498</u>		<u>2,547,233</u>	

TRANSFORM TRUST

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

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Transform Trust has a subsidiary, Transform Teaching School Alliance Limited (TTSA). It does not prepare consolidated accounts due to the immaterial nature of the financial statements of TTSA.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie 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 trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Conversion to an academy trust

The conversion from state maintained school to academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £nil consideration. The substance of the transfers is that of a gift and they have been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the predecessor schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 23.

1.4 Income

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

Sponsorship income

Sponsorship income provided to the trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the trust's accounting policies.

TRANSFORM TRUST

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

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Tangible fixed assets include thirteen properties at the balance sheet date. All thirteen properties are held under 125-year leases from either Nottingham City Council or Derby City Council. The fair value of the asset is included within leasehold property, with a corresponding amount shown as 'income from donations' (in the year of conversion to academy status) in the restricted fixed asset fund.

Two academies operate from land and buildings which are owned by the Diocese of Southwell and Nottingham (the "Diocese"). The academies occupy the properties under the terms of a Church Supplemental Agreement with the freehold owners. In considering the accounting treatment for these properties the trustees have referred to the provisions of the Academies Accounts Direction. Guidance states that, where a Supplemental Agreement is in place, the trust does not have full rights or control such that any asset should be recognised in the Balance Sheet. As a result of this guidance, the value of the land and buildings for these two academies is not recognised in the Balance Sheet.

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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy. 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 land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

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

1.7 Liabilities

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

TRANSFORM TRUST

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

1 Accounting policies

(Continued)

1.8 Leased assets

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

1.9 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.11 Taxation

The trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions benefits

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the trust.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

1.13 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and Department for Education.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	660,400	660,400	106,426
Other donations	2,217	-	2,217	1,412
	<u>2,217</u>	<u>660,400</u>	<u>662,617</u>	<u>107,838</u>

The income from donations and capital grants was £662,617 (2017: £107,838) of which £2,217 was unrestricted (2017: £1,412) and £660,400 was restricted fixed assets (2017: £106,426).

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	21,128,998	21,128,998	13,917,019
Other DfE / ESFA grants	-	4,568,617	4,568,617	2,988,719
	-	25,697,615	25,697,615	16,905,738
Other government grants				
Special educational projects	-	2,149,374	2,149,374	1,282,727
Other funds				
Teaching schools income	-	40,000	40,000	-
Other incoming resources	33,865	-	33,865	-
	33,865	40,000	73,865	-
Total funding	33,865	27,886,989	27,920,854	18,188,465

The income from funding for educational operations was £27,920,854 (2017: £18,188,465) of which £33,865 was unrestricted (2017: £-) and £27,886,989 was restricted (2017: £18,188,465).

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Other income	143,769	44,529	188,298	163,072
Catering income	-	262,168	262,168	82,385
Staff recharges	227,031	-	227,031	165,906
Trip income	-	119,538	119,538	66,128
	370,800	426,235	797,035	477,491

The income from other trading activities was £797,035 (2017: £477,491) of which £370,800 was unrestricted (2017: £306,918) and £426,235 was restricted (2017: £170,573).

TRANSFORM 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 £
Short term deposits	2,284	-	2,284	1,540

The income from funding for investment income was £2,284 (2017: £1,540) of which £2,284 was unrestricted (2017: £1,540).

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2018 £	Total 2017 £
Academy's educational operations					
- Direct costs	17,893,914	-	1,882,205	19,776,119	13,014,959
- Allocated support costs	5,115,124	2,607,699	2,805,622	10,528,445	6,417,079
	23,009,038	2,607,699	4,687,827	30,304,564	19,432,038

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for audit services	33,650	33,500
Operating lease rentals	31,258	25,878
Depreciation of tangible fixed assets	1,011,611	532,479
Net interest on defined benefit pension liability	342,000	214,000

TRANSFORM TRUST

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

7 Expenditure

(Continued)

Central services

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

- financial services;
- legal services;
- educational support services;
- HR services

The trust charges for these services on the following basis:

- flat percentage of income (5%);

The amounts charged during the year were as follows:

	2018 £	2017 £
Sneinton St Stephen's CoE Primary School	61,283	60,252
Edale Rise Primary and Nursery School	73,494	75,385
Highbank Primary School	72,602	71,106
Brocklewood Primary School	157,562	156,181
Rosslyn Park Primary School	184,246	173,758
Allenton Community Primary School	102,572	100,893
Bulwell St Mary's CoE Primary School	85,680	87,933
Burford Primary and Nursery School	63,838	64,089
William Booth Primary and Nursery School	67,667	16,775
Robert Shaw Primary and Nursery School	104,193	26,531
Whitegate Primary and Nursery School	102,087	16,452
Pear Tree Community Junior School	95,288	16,033
Breadsall Hill Top Primary School	98,535	15,653
South Wilford Endowed CoE Primary School	47,092	-
Parkdale Primary School	14,319	-
	<u>1,330,458</u>	<u>881,041</u>

TRANSFORM 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	227,031	19,549,088	19,776,119	13,014,959
Support costs - educational operations	-	10,528,445	10,528,445	6,417,079
	<u>227,031</u>	<u>30,077,533</u>	<u>30,304,564</u>	<u>19,432,038</u>

The expenditure on educational operations was £30,304,564 (2017: £19,432,038) of which £227,031 was unrestricted (2017: £165,905), £29,065,922 was restricted (2017: £18,733,654) and £1,011,611 was restricted fixed assets (2017: £532,479).

	2018 £	2017 £
Analysis of support costs		
Support staff costs	5,115,124	3,009,997
Depreciation and amortisation	1,011,611	532,479
Technology costs	301,095	215,716
Premises costs	1,383,718	861,146
Other support costs	2,432,332	1,538,720
Governance costs	284,565	259,021
	<u>10,528,445</u>	<u>6,417,079</u>

9 Staff costs

	2018 £	2017 £
Wages and salaries	16,406,511	10,734,870
Social security costs	1,464,581	951,517
Operating costs of defined benefit pension schemes	4,136,661	2,565,489
Apprenticeship levy	67,962	19,312
Staff costs	<u>22,075,715</u>	<u>14,271,188</u>
Supply staff costs	744,768	430,551
Staff restructuring costs	67,202	49,529
Staff development and other staff costs	121,353	157,178
Total staff expenditure	<u>23,009,038</u>	<u>14,908,446</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff costs

(Continued)

Staff restructuring costs includes a severance payment of £43,603 (2017: £47,639) and a redundancy payment of £23,599 (2017: £1,890), both of which are either contractual or statutory payments.

The employment cost of several members of staff is recharged to Transform Teaching School Alliance Limited, which is a subsidiary of this company, and to other schools. The total salary costs recharged to other entities in the year to 31 August 2018 was £227,301 (2017: £165,905).

Staff numbers

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

	2018 Number	2017 Number
Teachers	318	256
Administration and support	593	521
	<u>911</u>	<u>777</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	5	4
£70,000 - £80,000	4	3
£80,000 - £90,000	2	-
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
£120,000 - £130,000	1	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £1,570,138 (2017: £1,148,286).

TRANSFORM TRUST

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

10 Trustees' remuneration and expenses

The Chief Executive Officer and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £213 (2017: £93) were reimbursed to 1 trustee (2017: 1 trustee).

The value of trustees' remuneration, including pension costs, was as follows:

R Meredith(Chief Executive Officer)

Remuneration £125,000 - £130,000 (2017: £120,000 - £125,000)

Employer's pension contributions £20,000 - £25,000 (2017: £20,000 - £25,000)

Q Gu (Trustee)

Remuneration £0 - £5,000 (2017: £0 - £5,000) for the provision of services to Transform Teaching School Alliance Limited.

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

In the period ended 31 August 2018 the trust purchased insurance from the Education and Skills Funding Agency's Risk Protection scheme in order to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. The scheme provides unlimited cover. As the cover for the trustees and officers is part of the policy, the cost cannot be determined.

The trust also purchased the same insurance cover from the Education and Skills Funding Agency's Risk Protection Scheme in the previous year.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2017	40,471,166	300,232	654,621	41,426,019
Transfer on conversion	10,605,000	-	-	10,605,000
Additions	117,642	241,676	498,259	857,577
	<u>51,193,808</u>	<u>541,908</u>	<u>1,152,880</u>	<u>52,888,596</u>
At 31 August 2018	51,193,808	541,908	1,152,880	52,888,596
Depreciation				
At 1 September 2017	853,581	179,036	121,155	1,153,772
Charge for the year	755,652	93,190	162,769	1,011,611
	<u>1,609,233</u>	<u>272,226</u>	<u>283,924</u>	<u>2,165,383</u>
At 31 August 2018	1,609,233	272,226	283,924	2,165,383
Net book value				
At 31 August 2018	<u>49,584,575</u>	<u>269,682</u>	<u>868,956</u>	<u>50,723,213</u>
At 31 August 2017	<u>39,617,585</u>	<u>121,196</u>	<u>533,466</u>	<u>40,272,247</u>

The net book value of land and buildings comprises:

	2018 £	2017 £
Long leaseholds (over 50 years)	<u>49,584,575</u>	<u>39,617,585</u>

TRANSFORM TRUST

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

12 Tangible fixed assets

(Continued)

One school joined the Trust on 1 January 2018 and the land and buildings were donated to the Trust by Nottingham City Council ("NCC") at their depreciated replacement cost of £5,600,000.

A further school joined the Trust on 1 July 2018 and the land and buildings were donated to the Trust by Nottingham City Council ("NCC") at their depreciated replacement costs of £5,005,000.

At 31 August 2018 the Trust holds thirteen properties under 125-year leases from NCC and Derby City Council. These properties are included at their depreciated replacement cost at the date of conversion to academy status.

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

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

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

Land and buildings includes land valued at £8,406,486 (2017: £6,491,486) which is not subject to depreciation.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Stocks	2018	2017
	£	£
Stock	67,571	31,184
14 Debtors	2018	2017
	£	£
Trade debtors	39,668	26,595
Amounts owed by group undertakings	147,823	-
VAT recoverable	555,493	220,298
Other debtors	3,345	1,345
Prepayments and accrued income	1,305,217	2,082,833
	2,051,546	2,331,071
15 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	800,194	578,411
Amounts owed to group undertakings	-	17,129
Other creditors	4,874	2,896
Accruals and deferred income	1,165,840	901,194
	1,970,908	1,499,630
16 Deferred income	2018	2017
	£	£
Deferred income is included within:		
Creditors due within one year	618,032	475,831
Deferred income at 1 September 2017	475,831	304,589
Released from previous years	(475,831)	(304,589)
Amounts deferred in the year	618,032	475,831
Deferred income at 31 August 2018	618,032	475,831

At the balance sheet date the trust had received various grants in advance for expenditure which will be incurred in the period to 31 August 2019.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	452,503	21,128,998	(20,080,696)	(352,624)	1,148,181
Other DfE / ESFA grants	-	4,568,617	(4,568,617)	-	-
Other government grants	-	2,149,374	(2,149,374)	-	-
Teaching schools	-	40,000	(40,000)	-	-
Other restricted funds	-	426,235	(426,235)	-	-
	<u>452,503</u>	<u>28,313,224</u>	<u>(27,264,922)</u>	<u>(352,624)</u>	<u>1,148,181</u>
Funds excluding pensions	452,503	28,313,224	(27,264,922)	(352,624)	1,148,181
Pension reserve	(13,198,000)	(915,000)	(1,801,000)	3,835,000	(12,079,000)
	<u>(12,745,497)</u>	<u>27,398,224</u>	<u>(29,065,922)</u>	<u>3,482,376</u>	<u>(10,930,819)</u>
Restricted fixed asset funds					
Transfer on conversion	37,902,455	10,605,000	(736,668)	-	47,770,787
DfE / ESFA capital grants	2,369,792	504,953	(274,943)	352,624	2,952,426
Unspent capital funding	-	155,447	-	-	155,447
	<u>40,272,247</u>	<u>11,265,400</u>	<u>(1,011,611)</u>	<u>352,624</u>	<u>50,878,660</u>
Total restricted funds	<u>27,526,750</u>	<u>38,663,624</u>	<u>(30,077,533)</u>	<u>3,835,000</u>	<u>39,947,841</u>
Unrestricted funds					
General funds	<u>2,957,355</u>	<u>1,044,755</u>	<u>(227,031)</u>	<u>-</u>	<u>3,775,079</u>
Total funds	<u>30,484,105</u>	<u>39,708,379</u>	<u>(30,304,564)</u>	<u>3,835,000</u>	<u>43,722,920</u>

TRANSFORM TRUST

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

17 Funds

(Continued)

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

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

Restricted fixed asset funds are resources which are applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and the Department for Education.

The pension reserve held within restricted funds was in deficit by £12,079,000 at 31 August 2018. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

TRANSFORM TRUST

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

17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	261,304	13,917,019	(13,238,635)	(487,185)	452,503
Other DfE / ESFA grants	-	2,988,719	(2,988,719)	-	-
Other government grants	-	1,282,727	(1,282,727)	-	-
Other restricted funds	-	170,573	(170,573)	-	-
	<u>261,304</u>	<u>18,359,038</u>	<u>(17,680,654)</u>	<u>(487,185)</u>	<u>452,503</u>
Funds excluding pensions	(8,857,000)	(3,591,000)	(1,053,000)	303,000	(13,198,000)
Pension reserve	<u>(8,595,696)</u>	<u>14,768,038</u>	<u>(18,733,654)</u>	<u>(184,185)</u>	<u>(12,745,497)</u>
Restricted fixed asset funds					
Transfer on conversion	20,638,377	22,337,000	(384,030)	(4,688,892)	37,902,455
DfE / ESFA capital grants	1,924,630	106,426	(148,449)	487,185	2,369,792
	<u>22,563,007</u>	<u>22,443,426</u>	<u>(532,479)</u>	<u>(4,201,707)</u>	<u>40,272,247</u>
Total restricted funds	<u>13,967,311</u>	<u>37,211,464</u>	<u>(19,266,133)</u>	<u>(4,385,892)</u>	<u>27,526,750</u>
Unrestricted funds					
General funds	<u>1,714,522</u>	<u>1,408,738</u>	<u>(165,905)</u>	<u>-</u>	<u>2,957,355</u>
Total funds	<u>15,681,833</u>	<u>38,620,202</u>	<u>(19,432,038)</u>	<u>(4,385,892)</u>	<u>30,484,105</u>

TRANSFORM TRUST

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

17 Funds

(Continued)

Total funds analysis by academy

	2018	2017
	£	£
Fund balances at 31 August 2018 were allocated as follows:		
Sneinton St Stephen's CoE Primary School	253,026	175,484
Edale Rise Primary and Nursery School	200,273	322,937
Highbank Primary School	82,328	96,732
Brocklewood Primary School	151,616	119,368
Rosslyn Park Primary and Nursery School	248,730	301,558
Allenton Community Primary School	283,753	256,561
Bulwell St Mary's CoE Primary School	325,842	396,988
Burford Primary and Nursery School	105,185	126,803
William Booth Primary and Nursery School	28,536	25,307
Robert Shaw Primary and Nursery School	183,261	141,420
Whitegate Primary and Nursery School	703,709	589,486
Pear Tree Community Junior School	424,036	362,626
Breadsall Hill Top Primary School	198,032	94,678
Transform Trust	1,119,146	399,910
South Wilford Endowed CoE Primary School	397,392	
Parkdale Primary School	218,395	
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	4,923,260	3,409,858
Restricted fixed asset fund	50,878,660	40,272,247
Pension reserve	(12,079,000)	(13,198,000)
	<hr/>	<hr/>
Total funds	43,722,920	30,484,105
	<hr/>	<hr/>

TRANSFORM TRUST

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

17 Funds

(Continued)

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 £
Sneinton St Stephen's CoE Primary School	804,676	175,855	58,079	301,418	1,340,028
Edale Rise Primary and Nursery School	932,371	197,230	86,271	304,195	1,520,067
Highbank Primary School	956,657	308,314	42,856	304,729	1,612,556
Brocklewood Primary School	2,052,910	587,008	174,308	595,988	3,410,214
Rosslyn Park Primary and Nursery School	2,393,900	573,145	224,723	802,263	3,994,031
Allenton Community Primary School	1,427,105	332,056	79,451	326,098	2,164,710
Bulwell St Mary's CoE Primary School	1,013,328	227,550	105,632	398,662	1,745,172
Burford Primary and Nursery School	816,531	232,249	102,238	265,493	1,416,511
William Booth Primary and Nursery School	842,829	216,174	117,342	307,498	1,483,843
Robert Shaw Primary and Nursery School	1,352,776	327,699	94,128	441,621	2,216,224
Whitegate Primary and Nursery School	1,266,932	391,677	133,531	301,214	2,093,354
Pear Tree Community Junior School	1,181,713	284,463	89,838	344,571	1,900,585
Breadsall Hill Top Primary School	1,279,567	371,695	82,179	325,731	2,059,172
Transform Trust	658,065	710,744	391,438	490,114	2,250,361
South Wilford Endowed CoE Primary School	715,904	147,034	42,122	211,908	1,116,968
Parkdale Primary School	198,651	32,227	8,619	60,118	299,615
	<u>17,893,915</u>	<u>5,115,120</u>	<u>1,832,755</u>	<u>5,781,621</u>	<u>30,623,411</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Total cost analysis by academy - previous year

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Sneinton St Stephen's CoE Primary School	844,146	125,084	65,363	326,424	1,361,017
Edale Rise Primary and Nursery School	975,898	197,752	86,316	289,456	1,549,422
Highbank Primary School	909,842	305,100	46,531	279,212	1,540,685
Brocklewood Primary School	2,029,780	562,381	198,167	554,109	3,344,437
Rosslyn Park Primary and Nursery School	2,280,896	461,152	225,299	724,877	3,692,224
Allenton Community Primary School	1,400,056	307,682	61,107	323,269	2,092,114
Bulwell St Mary's CoE Primary School	1,140,229	232,090	122,376	371,336	1,866,031
Burford Primary and Nursery School	770,338	211,564	75,507	256,354	1,313,763
William Booth Primary and Nursery School	199,507	62,053	34,239	57,553	353,352
Robert Shaw Primary and Nursery School	351,426	79,990	24,916	97,306	553,638
Whitegate Primary and Nursery School	199,326	56,054	3,984	30,273	289,637
Pear Tree Community Junior School	179,757	42,028	6,575	38,219	266,579
Breadsall Hill Top Primary School	248,453	61,906	712	37,540	348,611
Transform Trust	368,795	305,161	165,418	369,716	1,209,090
	<u>11,898,449</u>	<u>3,009,997</u>	<u>1,116,510</u>	<u>3,755,644</u>	<u>19,780,600</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	50,723,213	50,723,213
Current assets	3,775,079	3,119,089	155,447	7,049,615
Creditors falling due within one year	-	(1,970,908)	-	(1,970,908)
Defined benefit pension liability	-	(12,079,000)	-	(12,079,000)
	<u>3,775,079</u>	<u>(10,930,819)</u>	<u>50,878,660</u>	<u>43,722,920</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	40,272,247	40,272,247
Current assets	2,957,355	1,952,133	-	4,909,488
Creditors falling due within one year	-	(1,499,630)	-	(1,499,630)
Defined benefit pension liability	-	(13,198,000)	-	(13,198,000)
	<u>2,957,355</u>	<u>(12,745,497)</u>	<u>40,272,247</u>	<u>30,484,105</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

The trust'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, which is managed by Nottinghamshire County Council and Derbyshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

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%

TRANSFORM TRUST

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

19 Pensions 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 April 2019.

The total pension costs paid to the TPS in the period amounted to £2,322,499 (2017: £1,435,696).

The employer's pension costs paid to TPS in the period amounted to £1,485,222 (2017: £902,365).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are between 18.3% and 27.9% for employers and between 5.5% and 11.3% for employees.

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

The scheme is in deficit at 31 August 2018.

The total amount of additional payments made in 2018 toward the deficit was £18,048.

Total contributions made	2018 £	2017 £
Employer's contributions	1,187,000	791,000
Employees' contributions	376,000	245,000
Total contributions	<u>1,563,000</u>	<u>1,036,000</u>

TRANSFORM TRUST

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

19 Pensions and similar obligations

(Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	3.6	3.9
Rate of increase for pensions in payment	2.3	2.6
Discount rate	2.7	2.6
Inflation assumption (CPI)	2.3	2.6
	<u> </u>	<u> </u>

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

	2018 Years	2017 Years
Retiring today		
- Males	22.6	22.4
- Females	25.4	25.2
Retiring in 20 years		
- Males	24.7	24.6
- Females	27.7	27.6
	<u> </u>	<u> </u>

Changes to the assumptions would have resulted in the following scheme liabilities:

	2018 £'000	2017 £'000
Discount rate - 0.1%	25,559	23,594
Salary increase rate + 0.1%	24,950	23,038
Pension increase rate + 0.1%	25,446	23,477
	<u> </u>	<u> </u>

The principal actuarial assumptions and sensitivity analysis have been aggregated from 16 different actuarial valuations. Averages were used to produce the principal actuarial assumptions.

TRANSFORM TRUST

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

19 Pensions and similar obligations

(Continued)

The trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	8,281,000	6,485,000
Bonds	1,546,000	1,312,000
Gilts	287,000	247,000
Cash	361,000	280,000
Property	1,595,000	1,043,000
Other assets	690,000	376,000
Total market value of assets	12,760,000	9,743,000
Actual return on scheme assets - gain/(loss)	641,000	233,000

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost	2,646,000	1,630,000
Interest income	(278,000)	(153,000)
Interest cost	620,000	367,000
Total operating charge	2,988,000	1,844,000

Changes in the present value of defined benefit obligations

	2018 £	2017 £
Obligations at 1 September 2017	22,941,000	14,350,000
Obligations acquired on conversion	1,828,000	6,695,000
Current service cost	2,646,000	1,630,000
Interest cost	620,000	367,000
Employee contributions	376,000	245,000
Actuarial gain	(3,472,000)	(223,000)
Benefits paid	(100,000)	(123,000)
At 31 August 2018	24,839,000	22,941,000

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pensions and similar obligations

(Continued)

Changes in the fair value of the trust's share of scheme assets

	2018 £	2017 £
Assets at 1 September 2017	9,743,000	5,493,000
Assets acquired on conversion	913,000	3,104,000
Interest income	278,000	153,000
Actuarial gain	363,000	80,000
Employer contributions	1,187,000	791,000
Employee contributions	376,000	245,000
Benefits paid	(100,000)	(123,000)
At 31 August 2018	12,760,000	9,743,000

20 Reconciliation of net income to net cash flows from operating activities

	2018 £	2017 £
Net income for the reporting period	9,403,815	19,188,164
Adjusted for:		
Net surplus on conversion to academy	(10,325,589)	(19,844,868)
Capital grants from DfE/ESFA and other capital income	(660,400)	(106,426)
Investment income receivable	(2,284)	(1,540)
Defined benefit pension costs less contributions payable	1,459,000	839,000
Defined benefit pension net finance cost	342,000	214,000
Depreciation of tangible fixed assets	1,011,611	532,479
(Increase) in stocks	(36,387)	(17,425)
Decrease/(increase) in debtors	279,525	(1,083,968)
Increase in creditors	471,278	739,307
Net cash provided by operating activities	1,942,569	458,723

TRANSFORM 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 trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	86,248	88,473
Amounts due in two and five years	138,628	204,147
	<u>224,876</u>	<u>292,620</u>

22 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the accounts	-	21,529
	<u>-</u>	<u>21,529</u>

23 Conversion to an academy

On 1 January 2018 the South Wilford Endowed Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Transform Trust from the Nottinghamshire Local Authority for £nil consideration.

On 1 July 2018 the Parkdale Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Transform Trust from the Nottinghamshire Local Authority 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 from local authority on conversion.

The trust received a further payment of £22,806 in respect of the surplus for Whitegate Primary and Nursery School, which converted to academy status in the previous year.

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.

TRANSFORM TRUST

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

23 Conversion to an academy

(Continued)

Academy	Location	Date of conversion
South Wilford Endowed CoE Primary School	Nottingham	1 January 2018
Parkdale Primary School	Nottingham	1 July 2018

	2018 £
Net assets transferred:	
Leasehold land and buildings	10,605,000
Budget surplus on LA funds	635,589
LGPS pension surplus/(deficit)	(915,000)
	<u>10,325,589</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	10,605,000	10,605,000
LA budget funds	635,589	-	-	635,589
LGPS pension funds	-	(915,000)	-	(915,000)
	<u>635,589</u>	<u>(915,000)</u>	<u>10,605,000</u>	<u>10,325,589</u>

The split of funds transferred on conversion for each academy is as follows:

	2018 £
Whitegate Primary and Nursery School	
Cash - residual	22,806
	<u>22,806</u>
South Wilford Endowed CoE Primary School	
Cash	394,588
Fixed Asset	5,600,000
Pension obligation inherited on conversion	(397,000)
	<u>5,597,588</u>

TRANSFORM TRUST

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

23 Conversion to an academy

(Continued)

Parkdale Primary School

Cash	218,195
Fixed Asset	5,005,000
Pension obligation inherited on conversion	(518,000)
	<hr/>
	4,705,195
	<hr/>
Total	10,325,589
	<hr/>

Conversion to an academy - previous year

In the previous year, 5 schools converted to academy trust status and the net assets transferred totalled £19,844,868, split as follows:

	2017
	£
Leasehold land and buildings	22,337,000
Budget surplus on LA funds	1,098,868
LGPS pension deficit	(3,591,000)
	<hr/>
	19,844,868
	<hr/>

TRANSFORM TRUST

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

24 Related party transactions

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

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

Transform Teaching School Alliance Limited ("TTSA")

TTSA is wholly owned by the Trust. It provides membership and staff training and advice to the educational sector. During the year, the Trust recharged staff costs and other expenses totalling £159,125 (2017: £141,687) to TTSA. The Trust purchased services costing £99,309 (2017: £149,789) from TTSA and received a donation of £5,542 (2017: £1,912) from TTSA. The balance owed to the Trust by TTSA at 31 August 2018 was £147,823 (2017: Creditor of £17,129).

During the year there were transactions between the close family member of R Meredith, a trustee, and TTSA which related to professional services provided by the close family member of the trustee. These transactions amounted to £1,653 (2017: £9,620).

During the year there were transactions between, Q Gu, a trustee, and TTSA which related to support projects provided by the trustee. These transactions amounted to £600 (2017: £4,200).

South Wilford School

A member of the senior management team, K Lee, who is also the Head at Sneinton St Stephens C of E Primary School, was the Executive Head of South Wilford School for part of the year. The Trust recharged staff costs to South Wilford School amounting to £14,984 (2017: £38,483) and incurred costs of £6,812 (2017: £1,201). This school joined the trust from 1st January 2018 and the transactions disclosed here relate to the period before conversion.

EPIC Partners

Three members of the senior management team, K Lee, S O'Connor and C Paparozzi, are directors in EPIC Partners, a company limited by guarantee. During the period, the Trust purchased educational services from EPIC Partners amounting to £10,316 (2017: £3,123). The balance owed by the Trust at 31st August 2018 was £nil (2017: £nil).

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

The connected party rules do not apply to the above transactions.

25 Post balance sheet events

Zaytouna Primary School joined Transform Trust on the 1 September 2018. The assets and liabilities of the school were donated to the Trust for £nil consideration.

TRANSFORM TRUST

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

26 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.

27 Teaching schools trading account	2018		2017	
	£	£	£	£
Direct income				
External funding		40,000		-
Other costs				
Support staff costs	40,000		-	
Total expenditure		(40,000)		-
Surplus/(deficit) from all sources		-		-
Teaching schools balances at 1 September 2017		-		-
Teaching schools balances at 31 August 2018		-		-

In 2018, the Trust received £40,000 of core funding with regard to its teaching school activities. Staff costs of £40,000 have been allocated against this funding in the Statement of Financial Activities. The staff costs relate to a senior employee whose role comprises various aspects, one of which being to further the objectives of the Teaching School. The rest of their employment costs are allocated against the other projects they were directly involved with in the period (all in restricted general funds).

In 2017 the core funding was paid to Transform Teaching School Alliance Limited, the wholly owned subsidiary of Transform Trust and not accounted for through Transform Trust.