

Transforming Lives Educational Trust

Trustees Report and Financial Statements

For the year ended 31 August 2017

Transforming Lives Educational Trust
(A company limited by guarantee)

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Transforming Lives Educational Trust

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Reference and Administrative Details

For the year ended 31 August 2017

Trustees	S Jardine, Chair of Trustees (appointed 13 September 2016) H E Barge (appointed 13 September 2016) S Crosson (appointed 13 September 2016) P J Davis (appointed 13 September 2016) E T Fallon (resigned 13 September 2016) G L Francis (resigned 1 December 2016) D Gadsby (resigned 31 October 2017) M F Gibson (resigned 13 September 2016) J E Higham (appointed 13 September 2016, resigned 10 November 2017) L Howard (appointed 26 September 2017) E M Ingham (resigned 13 September 2016) R M Kelly (resigned 13 September 2016) A F E Kinsella (resigned 13 September 2016) G Matinyarare (appointed 13 September 2016, resigned 10 November 2017) J Moore (resigned 13 September 2016) M H Soley (appointed 13 September 2016)
Company registered number	07515832
Company name	Transforming Lives Educational Trust
Principal and registered office	Ashlawn School Ashlawn Road Rugby Warwickshire CV22 5ET
Head Teacher and Accounting Officer	L Reed
Senior management team	L Reed, Head Teacher E Cheney, Deputy Head Teacher S McKim, Deputy Head Teacher S Urding, Deputy Head Teacher J Hunton, Deputy Head Teacher A Gold, Deputy Head Teacher S Cranmer, Deputy Head Teacher K Smith, Assistant Head Teacher J Buggins, Assistant Head Teacher J Delves, Assistant Head Teacher P Johal, Assistant Head Teacher A Nicholls, School Business Manager

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Reference and Administrative Details
For the year ended 31 August 2017

Advisers (continued)

Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
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Bankers	Lloyds Bank plc 14 Church Street Rugby Warwickshire CV21 3PL
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Transforming Lives Educational Trust
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Trustees' Report
For the year ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. Constitution

Transforming Lives Educational Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company known as Transforming Lives Educational Trust is a multi-academy trust and for the period covered by this report The Trust had responsibility for one Academy, namely Ashlawn School. It is to the operation of Ashlawn School that the set of financial statements for the period ended 31 August 2017 relate.

The charitable company's Articles of Association is the primary governing document of the academy trust.

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

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

The management of the Academy (Ashlawn School) and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

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

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

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

The induction and training procedures provided for new Trustees and Governors reflects their individual experience. Where necessary, induction will provide training on educational, legal and financial matters. All new Trustees and Governors will be given a tour of the Academy and the chance to meet with staff and students. All Local Governing Board Governors are provided with access to policies, procedures, minutes, budgets, plans and other documents pertinent to their role as Governors. Trustees and appointed Governors of the Local Governing Body are subject to Disclosure and Barring Service checks.

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Trustees' Report (continued)
For the year ended 31 August 2017

e. Organisational structure and decision making

The organisational structure of the Transforming Lives Educational Trust consists of four levels: Members, Trustees, Local Governing Board and the Senior Leadership Team of Ashlawn School.

The Members provide for the degree of independence having an overview of governance

The Trustees are accountable for the financial management and administration of the Trust and by way of an assessment of risk, delegate to the Local Governing Body through an approved Scheme of Delegated Authority a defined level of responsibility encompassing resource management and monitoring including staffing and academic objectives and targets.

The Local Governing Body is an approved sub-committee of the Board of Trustees and is responsible for the day to day operational management of the School to the extent as set out in the adopted Scheme of Delegated Authority. In practice the Local Governing Board of Ashlawn School deliver their duties via the use of a number of sub-committees (notified to and approved by the Trustees, namely: Resources Committee, Curriculum Committee, Personnel Committee, Policies Committee and the Chairs Committee.

The Senior Leadership Team of Ashlawn School includes the Head Teacher, four deputy heads, seven assistant heads, and the business manager. Collectively they are responsible for the efficient and effective day to day running of the School, in particular organising the teaching staff, facilities and students.

f. Pay policy for key management personnel

Head Teacher

An Individual Salary Range (ISR) of 7 points within the school group must be set on appointment and will take into account the recommended range for the school group. A framework to enable the setting and review of targets and performance on an annual basis has been established. The salary for the Head Teacher will be reviewed every two years, taking account of performance objectives previously agreed, and one point a year may then be awarded for sustained high quality of performance.

The Trustees determine terms of employment including pay and conditions. As an approved sub-committee of the Trust, the Local Governing Body has determined that the ISR recommended by the Local Education Authority in its booklet "Pay Policy – Guidance for Governing Bodies" according to the unit total of the school at the time of the review adequately reflects the size of the school and the normal responsibilities for the Head Teacher and is on a sound basis.

Deputy Teachers, Assistant Head Teachers and staff paid on the Leadership Scale

Five point ranges must be set for the Deputy Head Teachers, Assistant Head Teachers and the Business Manager. The Deputies' range must start at a higher point than the highest point of the Assistant Head and due account taken to maintain differentials, particularly in future years. There is in place a framework to establish and review annually performance objectives for both Deputy and Assistant Head Teachers.

All Leadership Scale post holders' salaries will be reviewed every two years, taking account of agreed performance objectives, and one point a year may then be awarded for sustained high quality of performance.

The Head, Deputies, Assistant Head Teachers and those paid on the Leadership Scale shall be given a formal statement saying what his/her salary is and how it has been calculated.

g. Connected organisations, including related party relationships

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

Objectives and Activities

a. Objectives and aims

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

The Objectives and aims of the Academy (Ashlawn School) are derived from the Trust's ethos and values, specifically:

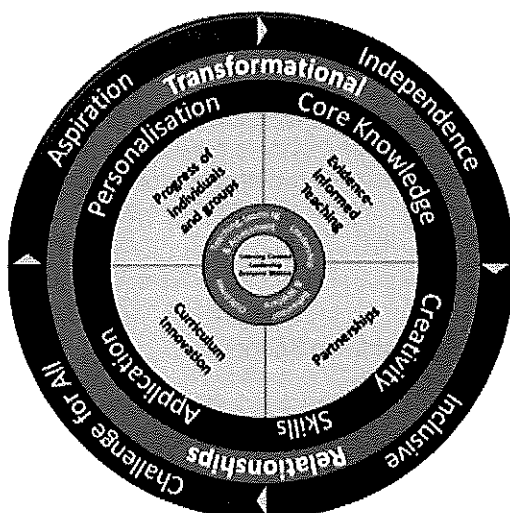
to assist the students and adults of its community to develop into people who are confident, reliable, caring and successful, with the self-esteem to participate actively and responsibly in all areas of life and for whom learning will be a constant component of their life-style.

To this end the Academy's principal aim is to create the highest quality learning experiences by:

Create the highest quality learning experiences by:

- Pursuing teaching which is "beyond outstanding" through the investigation and development of "mastery teaching".
- Improving the quality and consistency of assessment to optimise progress, achievement and behaviours for learning for each and every learner.
- Securing the successful implementation of a new lesson observation model in order to facilitate core knowledge, high order skills, application in contexts and creativity through a series of structured and personalised learning experiences.
- Continuing to challenge and support all teachers in the improvement of their practice.
- Building effective partnerships in order to extend effective learning throughout our community.

The main objectives for the Academy during the year ending 31st August 2017 are communicated to our stakeholders in the following diagram:



**BEYOND
OUTSTANDING**
2016/17 Year

*"transforming lives
through learning and
leadership."*

b. Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Achievements and performance

a. Review of activities

The Academy has achieved:

- Attainment at KS4 is above national average. Attainment 8 score is 53.9 points with Warwickshire average being 48.7 and England average being 44.2 points.
- 80% of students achieved a 4/C or above in English and Maths, compared to the Warwickshire average of 68.9% and England average of 58.5%
- 64% of students achieved a 5 or above in English and Maths, compared to the Warwickshire average of 48% and England average of 39.1%
- 54% of students achieved the EBacc at 4/C or above compared to Warwickshire average of 27.1% and England average of 21.7%
- 50% of students achieved the EBacc at 5 or above compared to Warwickshire average of 24.5% and England average of 19.5%
- Progress 8 is above average at 0.44 with Warwickshire average being 0.05 and national average being 0.
- KS5 is a comprehensive intake with an ethos of inclusivity.
- 2017 KS5 data is currently unvalidated and not able to be compared with national averages due to a number of remarks not included in the data.
- Provisional 2017 Progress for A Level and Academic courses is -0.16
- 2016 Progress for A Level and Academic courses was above average at 0.17
- Provisional 2017 Progress for Applied General courses is 0.23
- 2016 Progress for Applied General courses was above average at 0.45
- Leadership at all levels is focussed on improvement to transform the lives of students and staff
- Effective systems for monitoring outcomes and the impact of teaching and learning are in place. The outcome of these systems is to inform department and staff support needs. This enables appropriate strategies for improving outcomes to be implemented.
- The professionalism and dedication of our staff group and the positive impact that the behaviour of students display contributes to the high levels of attainment and progress
- Effective systems and practices for raising attainment, achievement and the quality of teaching and learning.
- Effective systems and practices for improving leadership and the capacity to lead.
- Rigorous processes for monitoring, challenging and supporting staff to reverse underperformance
- The high quality of teaching and learning and the positive impact that the behaviour of students display contributes to the high levels of attainment and progress

b. Key performance indicators

As an Academy within Transforming Lives Educational Trust, Ashlawn School:

- aims to ensure balanced budgets are set per annum
- regularly test the market place to ensure suppliers are giving best value for money
- benchmark the school's operational performance against other similar schools

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Trustees' Report (continued)
For the year ended 31 August 2017

c. Going concern

The Trustees of Transforming Lives Educational Trust has determined that the Academy (Ashlawn School) has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

The Local Governing Board of Ashlawn School have prepared forecasts through to 31 August 2020, incorporating expected increased funding from increased sixth form college pupil numbers. These forecasts demonstrate that the School is expected to continue to generate financial surpluses for years 2017/18, 2018/19 & 2019/20.

As at 31 August 2017, the Academy (Ashlawn School) had net current assets of £348,636 (2016 - £371,679) and based on cash flow forecasts is expected to be able to continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Financial review

a. Reserves policy

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

The Trust, in respect of Ashlawn School operations, held fund balances at 31 August 2017 of £12,949,539 (2016 - £11,921,696) consisting of £12,930,299 (2016 - £11,921,913) restricted funds and £19,240 unrestricted funds (2016 - negative £217 unrestricted funds). Included in restricted funds is an amount of £15,683,299 (2016 - £15,371,816) invested in fixed assets and a pension reserve deficit of £2,753,000 (2016 - £3,444,000).

b. Investment policy

Under the Memorandum and Articles of Association the Trustees have the power to deposit or invest any funds not immediately required for the furtherance of its objects (but to invest only after obtaining such advice from an independent financial institution). During the year ended 31 August 2017 no investments were made.

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Trustees' Report (continued)
For the year ended 31 August 2017

c. Principal risks and uncertainties

The principal risk to Transforming Lives Educational Trust operating as a multi-academy trust is that of direct reputational damage or reputational damage through association, particularly in the context of incorporation of poorer performing Schools/academies within the multi-academy structure.

The principal risks to the Academy (Ashlawn School), as for most educational establishments, include failure to maintain and improve academic standards and damage to reputation. Both of these areas could ultimately result in a decline in student numbers which would have a detrimental impact on funding for the academy.

Under Financial Reporting Standard 102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to the restricted general fund. This results in reducing the reserve shown in the total funds of the Academy. It should be noted that this does not present the academy with any current liquidity problem. The Academy is currently paying increased employer contributions to reduce this deficit.

Control measures have been put in place with the aim to mitigate and / or minimise these risks.

Risk Management

The Trustees have assessed the major risks to which the Academy (Ashlawn School) specifically and by extension the Trust is exposed, in particular those related to the School's financial processes and are satisfied that the systems and procedures are in place to mitigate our exposure to the major risks.

The School has undertaken further works during the year to develop and embed the system of internal financial control including financial, operational and risk management which is designed to protect the Trust assets and reputation.

The Trustees have noted the comments in the Academies Financial Handbook regarding risk management and have a financial risk register for the School in place..

Plans for future periods

a. Future developments

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

The Trust, through the work of the Academy (Ashlawn School), is continuing to work closely with the DfE to identify and secure a site for the 'approved Free School'. Once confirmed, opening dates and information with regard to admissions policy will be communicated. The Academies senior leadership team are also in discussion with a number of other local schools who have a similar educational ethos about working together, to enable us to maintain the high quality education that parents expect.

Funds held as custodian

At the year end, £20,000 was being held on behalf of Warwickshire County Council Cluster services.

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Trustees' Report (continued)
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Employee involvement and employment of the disabled

Employees have been consulted on issues of concern by way of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Local Governing Body.

Transforming Lives Educational Trust has, through the offices of the Local Governing Body, implemented a number of detailed policies in relation to all aspects of personnel matters including:

- - Equal opportunities
- - Volunteer policy
- - Health & safety policy

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Auditors

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 21 December 2017 and signed on its behalf by:



S Jardine
Chair of Trustees

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Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated day-to-day responsibility through an approved and adopted Scheme of Delegated Authority to the Local Governing Board and to the Head Teacher of the Academy, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Transforming Lives Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Jardine (appointed 13 September 2016)	5	5
H E Barge (appointed 13 September 2016)	4	5
S Crosson (appointed 13 September 2016)	5	5
P J Davis (appointed 13 September 2016)	5	5
E T Fallon (resigned 13 September 2016)	1	1
G L Francis (resigned 1 December 2016)	2	2
D Gadsby (resigned 31 October 2017)	1	5
M F Gibson (resigned 13 September 2016)	1	1
J E Higham (appointed 13 September 2016, resigned 10 November 2017)	5	5
L Howard (appointed 26 September 2017)	0	0
E M Ingham (resigned 13 September 2016)	1	1
R M Kelly (resigned 13 September 2016)	1	1
A F E Kinsella (resigned 13 September 2016)	1	1
G Matinyarare (appointed 13 September 2016, resigned 10 November 2017)	2	5
J Moore (resigned 13 September 2016)	1	1
M H Soley (appointed 13 September 2016)	3	5

The Finance/Site Committee is a sub-committee of the main Board of Trustees.

Its purpose is:

- Monitor, evaluate and review policy and performance in relation to financial management
- Ensure compliance with reporting and regulatory requirements
- Receive and act upon reports from the Council on their checks on the Academy's financial systems
- Draft and approve the annual budget
- Monitor the site and buildings of the Academy, determining what routine improvements should be made and planning for future expansion or enhancement of the current facilities.

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Governance Statement (continued)

The Trust approved Local Governing Board sub-committee - Finance/Site Committee has formally met twice during the year. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G L Francis (resigned 29 November 2016)	1	1
M F Gibson (resigned 15 May 2017)	1	1
D Gadsby (appointed 21 March 2017)	1	1
J Moore (resigned 29 November 2016)	1	1
M Harrison (a governor) (resigned 21 March 2017)	1	1
R Kang (a governor) (appointed 21 March 2017)	1	1
C Cornfield Jones (a governor) (appointed 12 January 2017)	1	1

Notifications on financial matters were also presented and discussed at one of the full governing body meetings held in May 2017 whilst in the transition period for the new Finance sub-committee. The actual Finance sub-committee met in November 2016 and July 2017. For the 2017/18 academic year the current Finance Sub-committee will meet as per the Academies Financial Handbook on a termly basis as a minimum and a programme of risk review will be completed.

The Trust approved Local Governing Board sub-committee - The Learning Committee met within the period covered by this report.

The purpose of the committee is to promote excellence in teaching and enhance and assure the quality of teaching and learning.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
E T Fallon	1	1
D Gadsby	1	1
A F E Kinsella	1	1
R M Kelly	1	1
E M Ingham (resigned 13 September 2016)	0	1

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Governance Statement (continued)

Review of Value for Money

As Accounting Officer, the Head Teacher of Ashlawn School has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money, including use and application, refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Regularly reviewing the functions of the Trust and challenging how and why services are provided and setting targets for improvement.
- Consulting appropriate stakeholders before major decisions are made; and promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Transforming Lives Educational Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy 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 Academy's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance/Site Committee as approved by the Trust 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 determined the need for a specific internal audit function and going forward shall engage with and appoint a sector experienced internal auditor.

Review of Effectiveness

As Accounting Officer, the Head Teacher of Ashlawn School 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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 21 December 2017 and signed on their behalf, by:



S Jardine
Chair of Trustees



L Reed
Accounting Officer

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Transforming Lives Educational Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



L. Reed
Accounting Officer

Date: 21 December 2017

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Statement of Trustees' Responsibilities
For the year ended 31 August 2017

The Trustees (who act as governors of Transforming Lives Educational Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group 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 and the group applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 21 December 2017 and signed on its behalf by:



S Jardine
Chair of Trustees

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Independent Auditors' Report on the Financial Statements to the Members of Transforming Lives Educational Trust

Opinion

We have audited the financial statements of Transforming Lives Educational Trust (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the group statement of financial activities, group the balance sheet, the group cash flow statement the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent Academy's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Independent Auditors' Report on the Financial Statements to the Members of Transforming Lives Educational Trust

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Transforming Lives Educational Trust

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent Academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
21 December 2017

Transforming Lives Educational Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Transforming Lives Educational Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 8 November 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Transforming Lives Educational Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Transforming Lives Educational Trust's funding agreement with the Secretary of State for Education dated 10 March 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

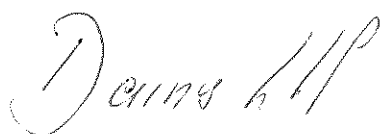
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

Transforming Lives Educational Trust
(A company limited by guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of
Transforming Lives Educational Trust and the Education Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

21 December 2017

Transforming Lives Educational Trust
(A company limited by guarantee)

Consolidated Statement of Financial Activities
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the year ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	19,402	-	649,253	668,655	1,989,778
Charitable activities	3	179,451	9,100,601	-	9,280,052	9,245,960
Other trading activities:						
Fundraising	4	22,085	53,108	-	75,193	91,325
Teaching school	5	-	85,889	-	85,889	82,656
Investments	6	855	-	-	855	1,271
Total income		221,793	9,239,598	649,253	10,110,644	11,410,990
Expenditure on:						
Teaching school	5	-	79,986	-	79,986	88,559
Academy educational operations		184,254	9,377,927	427,634	9,989,815	9,724,196
Total expenditure	7	184,254	9,457,913	427,634	10,069,801	9,812,755
Net income / (expenditure) before transfers		37,539	(218,315)	221,619	40,843	1,598,235
Transfers between Funds	18	(18,082)	(71,782)	89,864	-	-
Net income / (expenditure) before other recognised gains and losses		19,457	(290,097)	311,483	40,843	1,598,235
(Losses)/Gains on defined benefit pension schemes	13	-	987,000	-	987,000	(1,253,000)
Net movement in funds		19,457	696,903	311,483	1,027,843	345,235
Reconciliation of funds:						
Total funds brought forward		(217)	(3,449,903)	15,371,816	11,921,696	11,576,461
Total funds carried forward		19,240	(2,753,000)	15,683,299	12,949,539	11,921,696

The notes on pages 26 to 51 form part of these financial statements.

Transforming Lives Educational Trust
(A company limited by guarantee)
Registered number: 07515832

Consolidated Balance Sheet
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		15,683,300		15,371,815
Current assets					
Debtors	15	180,100		206,784	
Cash at bank and in hand		994,173		972,178	
		1,174,273		1,178,962	
Creditors: amounts falling due within one year	16	(825,637)		(807,283)	
Net current assets			348,636		371,679
Total assets less current liabilities			16,031,936		15,743,494
Creditors: amounts falling due after more than one year	17		(329,397)		(377,798)
Net assets excluding pension scheme liabilities			15,702,539		15,365,696
Defined benefit pension scheme liability	23		(2,753,000)		(3,444,000)
Net assets including pension scheme liabilities			12,949,539		11,921,696
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	-		(5,903)	
Restricted fixed asset funds	18	15,683,299		15,371,816	
Restricted income funds excluding pension liability		15,683,299		15,365,913	
Pension reserve		(2,753,000)		(3,444,000)	
Total restricted income funds			12,930,299		11,921,913
Unrestricted income funds	18		19,240		(217)
Total funds			12,949,539		11,921,696

Transforming Lives Educational Trust
(A company limited by guarantee)

Consolidated Balance Sheet (continued)
As at 31 August 2017

The financial statements on pages 21 to 51 were approved by the Trustees, and authorised for issue, on 21 December 2017 and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'S Jardine', written in a cursive style.

S Jardine
Chair of Trustees

Transforming Lives Educational Trust
(A company limited by guarantee)
Registered number: 07515832

Academy Balance Sheet
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		15,683,299		15,371,815
Investments	14		1		1
			15,683,300		15,371,816
Current assets					
Debtors	15	180,100		206,784	
Cash at bank and in hand		994,173		972,178	
		1,174,273		1,178,962	
Creditors: amounts falling due within one year	16	(825,638)		(801,383)	
Net current assets			348,635		377,579
Total assets less current liabilities			16,031,935		15,749,395
Creditors: amounts falling due after more than one year	17		(329,397)		(377,798)
Net assets excluding pension scheme liabilities			15,702,538		15,371,597
Defined benefit pension scheme liability	23		(2,753,000)		(3,444,000)
Net assets including pension scheme liabilities			12,949,538		11,927,597
Funds of the academy					
Restricted general funds:					
Restricted funds excluding pension asset		15,683,299		15,371,815	
Pension reserve		(2,753,000)		(3,444,000)	
Total restricted general funds			12,930,299		11,927,815
Unrestricted funds			19,239		(218)
Total funds			12,949,538		11,927,597

The financial statements were approved by the Trustees, and authorised for issue, on 21 December 2017 and are signed on their behalf, by:



S Jardine
Chair of Trustees

Transforming Lives Educational Trust
(A company limited by guarantee)

Consolidated Statement of Cash Flows
For the year ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	20	99,053	293,387
Cash flows from investing activities:			
Interest received		855	1,271
Proceeds from the sale of tangible fixed assets		-	2,750
Purchase of tangible fixed assets		(739,119)	(2,448,795)
Capital grants from DfE/ESFA and other capital income		649,253	1,981,113
Net cash used in investing activities		(89,011)	(463,661)
Advancement of funds		11,953	377,798
Net cash provided by financing activities		11,953	377,798
Change in cash and cash equivalents in the year		21,995	207,524
Cash and cash equivalents brought forward		972,178	764,654
Cash and cash equivalents carried forward	21	994,173	972,178

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Transforming Lives Educational Trust constitutes a public benefit entity as defined by FRS 102.

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

No separate SOFA has been presented for the Academy alone as permitted by section 408 of the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

As described in the Trustees report, the Trustees have prepared forecasts through to 31 August 2020, incorporating expected increased funding from increased sixth form college pupil numbers. These forecasts demonstrate that the academy trust is expected to continue to generate financial surpluses for years 2017/18, 2018/19 & 2019/20.

As at 31 August 2017, the academy trust had net current assets of £348,636 (2016 - £371,679) and based on cash flow forecasts is expected to be able to continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

1.3 Basis of consolidation

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

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

1. Accounting Policies (continued)

1.4 Fund accounting

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

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

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

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

1.5 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income

Other income, including catering and lettings, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1. Accounting Policies (continued)

1.6 Expenditure

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

Expenditure on raising funds

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

Charitable activities

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

1.7 Turnover

Turnover comprises revenue recognised by the Academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.8 Taxation

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting Policies (continued)

1.9 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% reducing balance
Leasehold improvements	-	4% reducing balance
Motor vehicles	-	10% reducing balance
Fixtures, fittings and equipment	-	20% reducing balance
Office equipment	-	No depreciation charged
Computer equipment	-	33.33% straight line
Other fixed assets	-	5% reducing balance

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

1.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

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

1.11 Operating leases

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

1.12 Debtors

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

1. Accounting Policies (continued)

1.13 Cash at Bank and in hand

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

1.14 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1. Accounting Policies (continued)

1.16 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 as detailed in note 15. 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 costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.17 Critical accounting estimates and areas of judgment

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

The Academy 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2017. 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.

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	19,402	-	-	19,402	8,665
Capital Grants	-	-	649,253	649,253	1,981,113
	<u>19,402</u>	<u>-</u>	<u>649,253</u>	<u>668,655</u>	<u>1,989,778</u>
<i>Total 2016</i>	<u>8,665</u>	<u>-</u>	<u>1,981,113</u>	<u>1,989,778</u>	

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
		8,207,588	8,207,588	8,073,024
General Annual Grant (GAG)	-	237,783	237,783	209,118
Pupil Premium	-	43,764	43,764	87,560
Other DfE/ESFA grants	-	-	-	-
	<u>-</u>	<u>8,489,135</u>	<u>8,489,135</u>	<u>8,369,702</u>
Other government grants				
		128,708	128,708	113,249
Special Educational Needs	-	46,690	46,690	38,924
Other government grants	-	-	-	-
	<u>-</u>	<u>175,398</u>	<u>175,398</u>	<u>152,173</u>
Other funding				
		-	-	-
Income from Educational Visits	179,451	-	179,451	267,602
Catering	-	340,467	340,467	333,054
Other restricted income	-	95,601	95,601	123,429
	<u>179,451</u>	<u>436,068</u>	<u>615,519</u>	<u>724,085</u>
	<u>179,451</u>	<u>9,100,601</u>	<u>9,280,052</u>	<u>9,245,960</u>
<i>Total 2016</i>	<u>267,602</u>	<u>8,978,358</u>	<u>9,245,960</u>	

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2017

4. Other trading activities

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Department sales	-	47,708	47,708	50,639
Private photocopying and telephone calls	24	-	24	207
Other trading income	454	-	454	8,830
Minibus income	765	-	765	1,504
Lettings	20,842	5,400	26,242	30,145
	<u>22,085</u>	<u>53,108</u>	<u>75,193</u>	<u>91,325</u>
<i>Total 2016</i>	<u>40,686</u>	<u>50,639</u>	<u>91,325</u>	

5. Subsidiary trading activities

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Teaching school income	-	85,889	85,889	82,656
Expenses on raising funds				
Teaching school expenses	-	12,973	12,973	1,056
Wages and salaries	-	52,260	52,260	78,532
National Insurance	-	5,394	5,394	3,509
Pensions	-	9,359	9,359	5,462
	<u>-</u>	<u>79,986</u>	<u>79,986</u>	<u>88,559</u>
Net income/(expenditure) from subsidiary trading activities	-	5,903	5,903	(5,903)

Transforming Lives Educational Trust
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Notes to the financial statements
For the year ended 31 August 2017

6. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	855	-	855	1,271
<i>Total 2016</i>	1,271	-	1,271	

7. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	61,798	-	18,188	79,986	88,559
Activities:					
Direct costs	7,081,698	306,649	1,114,823	8,503,170	8,202,212
Support costs	871,861	295,384	319,400	1,486,645	1,521,984
	8,015,357	602,033	1,452,411	10,069,801	9,812,755
<i>Total 2016</i>	7,623,118	703,087	1,486,550	9,812,755	

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8. Charitable activities

	Total funds 2017 £	Total funds 2016 £
Direct costs		
Wages and salaries	5,501,495	5,314,762
National insurance	404,219	406,387
Pension cost	1,170,746	954,285
Depreciation	381,119	319,173
LGPS finance costs	74,000	78,000
Educational supplies	128,943	191,365
Examination fees	164,703	188,313
Staff development	8,760	10,759
Music instruction	22,049	17,907
Educational consultancy	60,556	69,150
Other direct costs	194,703	271,193
Catering costs	241,151	247,276
Recruitment and support	5,967	25,256
Maintenance of equipment	105,987	90,354
Transport	14,047	17,541
Technology costs	24,725	491
	8,503,170	8,202,212
Support costs		
Wages and salaries	741,623	748,785
National insurance	34,143	30,075
Pension cost	96,116	81,319
Depreciation	46,515	41,128
Educational supplies	36,673	39,829
Travel and subsistence	697	1,704
Other support costs	37,066	61,633
Maintenance of premises	150,395	159,614
Maintenance of equipment	10,092	12,758
Rates	43,764	40,341
Energy	131,310	125,961
Insurance	53,180	57,998
Technology costs	6,450	7,954
Governance costs	98,621	112,885
	1,486,645	1,521,984
	9,989,815	9,724,196

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9. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	427,634	360,302
Auditors' remuneration - audit	9,000	8,500
Operating lease rentals	24,708	11,719
	<hr/>	<hr/>

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Notes to the financial statements
For the year ended 31 August 2017

10. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	6,295,378	6,142,080
Social security costs	443,757	439,972
Operating costs of defined benefit pension schemes	1,276,222	1,041,066
	<u>8,015,357</u>	<u>7,623,118</u>

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

	2017 No.	2016 No.
Teachers	123	116
Teaching Assistants	31	27
Technicians	12	13
Cover Supervisors	3	4
Invigilators	24	24
Leadership	15	14
Catering	9	9
Caretakers	6	7
Administration	30	30
Cleaning	26	26
1 to 1 Tuition	5	6
Other	1	5
	<u>285</u>	<u>281</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £50,000 was:

	2017 No.	2016 No.
In the band £50,001 - £80,000	9	10
In the band £210,000 - £220,000	0	1
In the band £270,001 - £280,000	1	0

The key management personnel of the academy trust comprise key trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance) paid for key management personnel for their services to the academy trust was £1,236,813 (2016 - £1,222,793)

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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	2016
		£	£
R M Kelly (resigned 13/09/2016)	Remuneration	0-5,000	35,000-40,000
	Pension contributions paid	0-5,000	5,000-10,000
A F E Kinsella (resigned 13/09/2016)	Remuneration	0-5,000	40,000-45,000
	Pension contributions paid	0-5,000	5,000-10,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was included in the total insurance cost of £51,470 (2016 - £49,853).

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13. Tangible fixed assets

	Leasehold property £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £
Group and Academy				
Cost				
At 1 September 2016	14,123,710	1,602,774	9,996	299,194
Additions	293,224	11,482	-	10,906
Transfer between classes	256,420	-	-	-
At 31 August 2017	14,673,354	1,614,256	9,996	310,100
Depreciation				
At 1 September 2016	938,514	174,385	725	125,819
Charge for the year	249,514	57,136	927	35,630
At 31 August 2017	1,188,028	231,521	1,652	161,449
Net book value				
At 31 August 2017	13,485,326	1,382,735	8,344	148,651
At 31 August 2016	13,185,196	1,428,389	9,271	173,375
	Assets under construction £	Computer equipment £	Other fixed assets £	Total £
Group and Academy				
Cost				
At 1 September 2016	256,420	479,619	146,857	16,918,570
Additions	365,012	58,495	-	739,119
Transfer between classes	(256,420)	-	-	-
At 31 August 2017	365,012	538,114	146,857	17,657,689
Depreciation				
At 1 September 2016	-	278,404	28,908	1,546,755
Charge for the year	-	78,530	5,897	427,634
At 31 August 2017	-	356,934	34,805	1,974,389
Net book value				
At 31 August 2017	365,012	181,180	112,052	15,683,300
At 31 August 2016	256,420	201,215	117,949	15,371,815

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14. Fixed asset investments

Valuation

The Academy is the sole shareholder of Innovation Learning and Leadership Alliance Limited, a trading subsidiary.

Academy	Shares in group undertakings
Cost	£
At 1 September 2016 and 31 August 2017	1

15. Debtors

	Group		Academy	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	-	22,945	-	22,945
VAT recoverable	78,015	97,965	78,015	97,965
Prepayments and accrued income	102,085	85,874	102,085	85,874
	180,100	206,784	180,100	206,784

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16. Creditors: Amounts falling due within one year

	Group		Academy	
	2017	2016	2017	2016
	£	£	£	£
Other loans	60,354	-	60,354	-
Trade creditors	269,845	186,947	269,845	186,951
Amounts owed to group undertakings	-	-	13,151	34,097
Other taxation and social security	145,350	140,852	145,350	140,852
Other creditors	20,351	-	20,352	-
Accruals and deferred income	329,737	479,484	316,586	439,483
	825,637	807,283	825,638	801,383

	Group		Academy	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2016	375,208	158,148	335,208	158,148
Resources deferred during the year	233,913	375,208	220,763	335,208
Amounts released from previous years	(375,208)	(158,148)	(335,208)	(158,148)
Deferred income at 31 August 2017	233,913	375,208	220,763	335,208

Included within deferred income are amounts received for educational visits in advance, funding received from the ESFA in advance, including training school income and conditional improvement funding not spent in the financial year, and unspent start up funding.

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

	Group		Academy	
	2017	2016	2017	2016
	£	£	£	£
Other loans	329,397	377,798	329,397	377,798

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Academy	
	2017	2016	2017	2016
	£	£	£	£
Repayable by instalments	87,980	142,358	87,980	142,358

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

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Notes to the financial statements
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18. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	(3,240)	22,447	-	(20,660)	-	(1,453)
School trips	-	179,451	(182,029)	2,578	-	-
School funds	3,023	19,895	(2,225)	-	-	20,693
	<u>(217)</u>	<u>221,793</u>	<u>(184,254)</u>	<u>(18,082)</u>	<u>-</u>	<u>19,240</u>
Restricted general fund						
General Annual Grant (GAG)	-	8,207,588	(8,122,286)	(85,302)	-	-
Other DfE/ESFA grants	-	286,947	(286,947)	-	-	-
Other government grants	-	142,618	(142,618)	-	-	-
Other restricted income	-	143,309	(143,309)	-	-	-
Catering	-	340,467	(353,987)	13,520	-	-
Teaching school	(5,903)	85,889	(79,986)	-	-	-
Start up funding	-	32,780	(32,780)	-	-	-
Pension reserve	(3,444,000)	-	(296,000)	-	987,000	(2,753,000)
	<u>(3,449,903)</u>	<u>9,239,598</u>	<u>(9,457,913)</u>	<u>(71,782)</u>	<u>987,000</u>	<u>(2,753,000)</u>
Restricted fixed asset fund						
Gift from Local Authority	9,076,646	-	(165,027)	-	-	8,911,619
Devolved capital grants and revenue donations to capital	1,917,799	-	(245,429)	89,864	-	1,762,234
ACMF funding	1,981,037	-	(9,732)	-	-	1,971,305
Condition Improvement Funding	2,396,334	649,253	(7,446)	-	-	3,038,141
	<u>15,371,816</u>	<u>649,253</u>	<u>(427,634)</u>	<u>89,864</u>	<u>-</u>	<u>15,683,299</u>
Total restricted funds	<u>11,921,913</u>	<u>9,888,851</u>	<u>(9,885,547)</u>	<u>18,082</u>	<u>987,000</u>	<u>12,930,299</u>
Total of funds	<u>11,921,696</u>	<u>10,110,644</u>	<u>(10,069,801)</u>	<u>-</u>	<u>987,000</u>	<u>12,949,539</u>

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18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	279,205	41,647	(9,375)	(314,717)	-	(3,240)
School trips	-	267,601	(269,849)	2,248	-	-
School funds	-	8,976	(5,953)	-	-	3,023
	279,205	318,224	(285,177)	(312,469)	-	(217)
Restricted general fund						
General Annual Grant (GAG)	7,772	8,073,024	(7,906,041)	(174,755)	-	-
Other DfE/ESFA grants	-	296,678	(296,678)	-	-	-
Other government grants	-	152,173	(152,173)	-	-	-
Other restricted income	23,544	174,068	(197,612)	-	-	-
Catering	-	333,054	(356,335)	23,281	-	-
Teaching school	-	82,656	(88,559)	-	-	(5,903)
Pension reserve	(2,026,000)	-	(165,000)	-	(1,253,000)	(3,444,000)
	(1,994,684)	9,111,653	(9,162,398)	(151,474)	(1,253,000)	(3,449,903)
Restricted fixed asset fund						
Gift from Local Authority	9,249,060	-	(172,414)	-	-	9,076,646
Devolved capital grants and revenue donations to capital	1,563,640	44,104	(146,969)	457,024	-	1,917,799
ACMF funding	2,026,834	-	(45,797)	-	-	1,981,037
Condition Improvement Funding	452,406	1,937,009	-	6,919	-	2,396,334
	13,291,940	1,981,113	(365,180)	463,943	-	15,371,816
Total restricted funds	11,297,256	11,092,766	(9,527,578)	312,469	(1,253,000)	11,921,913
Total of funds	11,576,461	11,410,990	(9,812,755)	-	(1,253,000)	11,921,696

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18. Statement of funds (continued)

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

Restricted general fund

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

Pension reserve

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

Restricted Fixed Asset Fund

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

Transfers between funds

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

19. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	15,683,299	15,683,299
Current assets	14,002	1,123,933	36,338	1,174,273
Creditors due within one year	5,238	(794,536)	(36,338)	(825,636)
Creditors due in more than one year	-	(329,397)	-	(329,397)
Provisions for liabilities and charges	-	(2,753,000)	-	(2,753,000)
	<u>19,240</u>	<u>(2,753,000)</u>	<u>15,683,299</u>	<u>12,949,539</u>

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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	-	-	15,371,815	15,371,815
Current assets	78,960	858,101	241,901	1,178,962
Creditors due within one year	(79,177)	(486,206)	(241,900)	(807,283)
Creditors due in more than one year	-	(377,798)	-	(377,798)
Provisions for liabilities and charges	-	(3,444,000)	-	(3,444,000)
	<u>(217)</u>	<u>(3,449,903)</u>	<u>15,371,816</u>	<u>11,921,696</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	Group
	2017 £
	2016 £
Net income for the year (as per Statement of Financial Activities)	40,843
Adjustment for:	
Depreciation charges	427,634
Interest receivable	(855)
Loss on the sale of fixed assets	-
Decrease/(increase) in debtors	26,684
(Decrease)/increase in creditors	(42,000)
Capital grants from DfE/ESFA and other capital income	(649,253)
Defined benefit pension scheme cost less contributions payable	296,000
Net cash provided by operating activities	99,053

21. Analysis of cash and cash equivalents

	Group
	2017 £
	2016 £
Cash in hand	994,173
Total	994,173

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22. Capital commitments

At 31 August 2017 the group and Academy had capital commitments as follows:

	<u>Group and Academy</u>	
	2017	2016
	£	£
Contracted for but not provided in these financial statements	-	293,789

23. Pension commitments

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Warwickshire County Council. Both are Multi-employer defined benefit pension schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. 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 employer's pension costs paid to TPS in the period amounted to £847,000 (2016 - £751,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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23. Pension commitments (continued)

Under the definitions set out in FRS 102, the TPS is a 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £317,000 (2016 - £274,000), of which employer's contributions totalled £245,000 (2016 - £210,000) and employees' contributions totalled £72,000 (2016 - £64,000). The agreed contribution rates for future years are 15.9% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	3.00 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5 years	22.4 years
Females	24.7 years	24.4 years
Retiring in 20 years		
Males	24.3 years	24.3 years
Females	26.7 years	26.6 years

	At 31 August	At 31 August
Sensitivity analysis	2017	2016
	£000	£000
Discount rate +0.1%	(156)	(169)
Discount rate -0.1%	156	169
Salary increase rate +0.1%	31	65
Salary increase rate -0.1%	(31)	(65)
Pension increase rate +0.1%	122	97
Pension increase rate -0.1%	(122)	(97)

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23. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,839,500	1,483,950
Gilts	-	-
Bonds	622,600	525,090
Debt instruments	-	-
Property	311,300	251,130
Cash	56,600	22,830
Total market value of assets	<u>2,830,000</u>	<u>2,283,000</u>

The actual return on scheme assets was £273,000 (2016 - £341,000).

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

	2017 £	2016 £
Current service cost	(467,000)	(297,000)
Interest income	51,000	69,000
Interest cost	(125,000)	(147,000)
Total	<u>(541,000)</u>	<u>(375,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	5,727,000	3,710,000
Current service cost	467,000	297,000
Interest cost	125,000	147,000
Employee contributions	72,000	64,000
Benefits paid	(43,000)	(16,000)
Actuarial losses / (gains)	(765,000)	1,525,000
Closing defined benefit obligation	<u>5,583,000</u>	<u>5,727,000</u>

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23. Pension commitments (continued)

Movements in the fair value of the group's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	2,283,000	1,684,000
Return on plan assets (excluding net interest on the net defined pension liability)	222,000	272,000
Employer contributions	245,000	210,000
Interest income	51,000	69,000
Employee contributions	72,000	64,000
Benefits paid	(43,000)	(16,000)
	<u>2,830,000</u>	<u>2,283,000</u>
Closing fair value of scheme assets	<u>2,830,000</u>	<u>2,283,000</u>

24. Operating lease commitments

At 31 August 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group and Academy	2017 £	2016 £
Amounts payable:		
Within 1 year	16,503	21,246
Between 1 and 5 years	18,548	27,178
After more than 5 years	1,277	12,612
	<u>36,328</u>	<u>61,036</u>
Total	<u>36,328</u>	<u>61,036</u>

25. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

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26. Principal subsidiaries

Innovation Learning and Leadership Alliance Limited

Subsidiary name	Innovation Learning and Leadership Alliance Limited
Company registration number	09325660
Basis of control	Full
Equity shareholding %	100%
Total assets as at 31 August 2017	£ 13,151
Total liabilities as at 31 August 2017	£ (13,150)
Total equity as at 31 August 2017	£ 1
Turnover for the year ended 31 August 2017	£ 85,889
Expenditure for the year ended 31 August 2017	£ (79,986)
Profit for the year ended 31 August 2017	£ 5,903

27. Members' liability

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