

Transforming Lives Educational Trust

Trustees' Report and Financial Statements

For the year ended 31 August 2018

Transforming Lives Educational Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent accountant's assurance report on regularity	21 - 22
Consolidated statement of financial activities incorporating income and expenditure account	23
Consolidated balance sheet	24
Trust balance sheet	25
Consolidated statement of cash flows	26
Notes to the financial statements	27 - 57

Transforming Lives Educational Trust
(A company limited by guarantee)

Reference and Administrative Details
For the year ended 31 August 2018

Trustees	S Jardine, Chair of Trustees H E Barge S Crosson P J Davis D Gadsby (resigned 31 October 2017) J E Higham (resigned 10 November 2017) L Howard (appointed 26 September 2017) J E James (appointed 4 May 2018) G Matinyarare (resigned 10 November 2017) M H Soley
Company registered number	07515832
Company name	Transforming Lives Educational Trust
Principal and registered office	Ashlawn School Ashlawn Road Rugby Warwickshire CV22 5ET
Accounting Officer	L Reed (resigned 31 May 2018)
Interim CEO and Accounting Officer	J E Higham (appointed 5 June 2018)
Senior management team	L Reed, Head Teacher, Ashlawn School (Resigned 31 May 2018) E Cheney, Deputy Head Teacher, Ashlawn School (Acting Head Teacher from May 2018) S McKim, Deputy Head Teacher, Ashlawn School S Urding, Deputy Head Teacher, Ashlawn School J Hunton, Deputy Head Teacher, Ashlawn School S Cranmer, Deputy Head Teacher, Ashlawn School A Gold, Deputy Head Teacher, Ashlawn School (Resigned December 2017) K Smith, Assistant Head Teacher, Ashlawn School J Buggins, Assistant Head Teacher, Ashlawn School J Delves, Assistant Head Teacher, Ashlawn School P Johal, Assistant Head Teacher, Ashlawn School A Nicholls, School Business Manager, Ashlawn School J Higham, Head Teacher, Henry Hinde Infant School F Edwards, Deputy Head Teacher, Henry Hinde Infant School M Roberts, School Business Manager, Henry Hinde Infant School

Transforming Lives Educational Trust
(A company limited by guarantee)

Reference and Administrative Details of the Trust, its Trustees and Advisers
For the year ended 31 August 2018

Advisers (continued)

Independent auditors Dains LLP
15 Colmore Row
Birmingham
B3 2BH

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Trustees' Report
For the year ended 31 August 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. Constitution

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

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

- Ashlawn School
- Henry Hinde Infant School (transferred in 1 September 2017)
- Innovation Learning and Leadership Alliance Limited (Ashlawn Teaching School)

It is to the operation of the Trust that the set of financial statements for the period ended 31 August 2018 relate.

The charitable company's Articles of Association is the primary governing document of the 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 Trust and the group is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

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

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

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

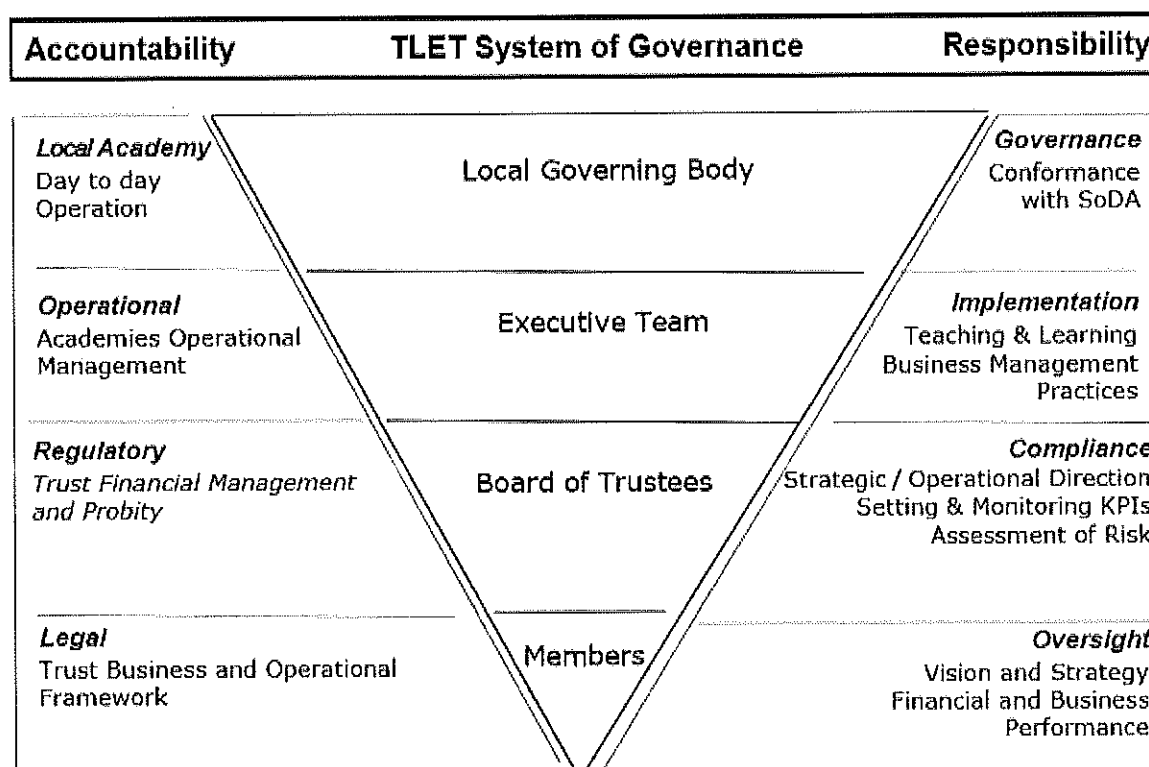
Trustees and governors are appointed on the basis of skills needs with all trustees and governors being assessed, through self-assessment, against the National Governors' Association (NGA) skills audit framework. Induction and CPD for governors and trustees is reflective of identified assessed needs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

Transforming Lives Educational Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2018

e. Organisational structure and decision making

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



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

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

f. Pay policy for key management personnel

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

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

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

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

g. Trade union facility time

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

h. 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

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

The ethos and underpinning values of Transforming Lives Educational Trust is premised upon transforming lives through 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 as well as the wider local geographical and social community.

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

- Ensuring the Quality of Teaching and Learning - through:
 - implementation of best practice and proactively raising standards
 - collective accountability for pupil progression, attainment and enrichment
 - currency of occupational competence and professional development
 - child centered funding enabled learning NOT funding driven enabled learning
- Ensuring an Inspiring Learning Environment - through:
 - establishing a culture based on openness, respect, integrity, and inclusivity
 - application of innovative systems of learning and pedagogy
 - resourcing according to learning and educational demand
 - utilisation of best fit learning environments within and across the MAT
- Ensuring Financial Viability - through:
 - driving efficiency through funding leverage and economies of scale
 - operating shared central and/or distributed services
 - delivering prudent budgetary control
 - working to financial KPIs and efficiency metrics

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

1. Strategic Governance

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

2. School Improvement – Leadership, Teaching & Learning

To ensure that our academies provide the very best teaching in order to promote and provide high quality learning for our children and young people and that there is support in place for staff to achieve this and make a difference to the life chances of the children and young people in our care.

3. Continued Professional Development

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2018

4. Quality Assurance

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

5. Integrated Support & Shared Services

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

b. Public benefit

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

As a Trust we have:

- first and foremost, delivered excellence of teaching and learning
- determined and delivered a transparent system of governance
- repositioned from regulatory scrutiny to regulatory endorsement
- secured the incorporation of a Primary phase school to the TLET family
- progressed the development of the Free School
- strengthened membership, trustee and governor composition
- provided career development opportunities for governors, senior and middle leaders
- established strong Media and HR external support

b. Key performance indicators

Transforming Lives Educational Trust, continues to:

- endeavor to achieve balanced budgets that are set per annum
- test the market place to ensure suppliers are giving best value for money
- benchmark the academies' operational performance against other similar schools

In addition to the above, the Trust has framed further KPIs around:

- learning progression
- student welfare
- leadership and management
- financial efficiency and effectiveness

Transforming Lives Educational Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2018

c. Going concern

The Trustees have prepared forecasts through to 31 August 2020, incorporating expected increased funding from increased pupil numbers. These forecasts demonstrate that the Trust is expected to generate financial surpluses for years 2018/19 & 2019/20.

As at 31 August 2018, the Trust had net current assets of £295,552 (2017 - £348,636) and based on cash flow forecasts is expected to be able to continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

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

Financial review

a. Reserves policy

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

The Trust held fund balances at 31 August 2018 of £14,404,644 (2017 - £12,949,539) consisting of £14,378,874 (2017 - £12,930,299) restricted funds and £25,770 unrestricted funds (2017 - £19,240). Included in restricted funds is an amount of £17,090,874 (2017 - £15,683,299) invested in fixed assets and a pension reserve deficit of £2,712,000 (2017 - £2,753,000).

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 2018 no investments were made.

c. Principal risks and uncertainties

The principal risk to Transforming Lives Educational Trust remains as it was for 2016/17, namely, direct reputational damage or reputational damage through association, particularly in the context of incorporation of poorer performing schools/academies within the multi-academy structure.

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

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

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

Fundraising

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2018

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. Specifically, in 2018/19 we shall be:

- working with and supporting a new (sponsored) school as it joins the TLET family
- strengthening the delivery (internal & external) of our Teaching School
- induction of new Principal for Ashlawn
- securing the appointment of substantive CEO, AO and CFO
- launching a new Trust website and corporate guide for our academies
- contracting with ECM Education Consultants as the Trust-wide schools' improvement partner
- continue to work closely with the DfE and the developer regarding the 'approved Free School'

Funds held as custodian

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

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern by way of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust 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 Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Transforming Lives Educational Trust
(A company limited by guarantee)

Trustees' Report (continued)
For the year ended 31 August 2018

Disclosure of information to auditors

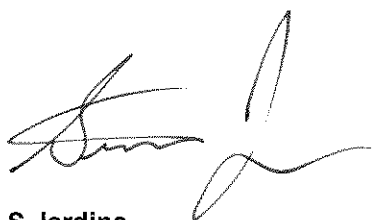
Insofar as the Trustees are aware:

- 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 11 December 2018 and signed on its behalf by:

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

S Jardine
Chair of Trustees

Transforming Lives Educational Trust
(A company limited by guarantee)

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Interim CEO, 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.

The Trust's internal auditors, appointed during this report period, will support the Accounting Officer in their role.

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	5	5
H E Barge	4	5
S Crosson	4	5
P J Davis	5	5
D Gadsby (Resigned 31 October 2017)	0	1
J E Higham (resigned 10 November 2017)	1	1
L Howard (appointed 26 September 2017)	5	5
J E James (appointed 4 May 2018)	1	2
G Matinyarare (resigned 10 November 2017)	0	1
M H Soley	1	5

Over the reporting period, Trustees commissioned an external review of governance as well as undertaking a self-evaluation review of governance. The findings of these have led to the creation of trustee sub-committees, the appointment of additional governors at local level and the creation of 'Link Trustees' to ensure effective communication between local and trust level tiers of governance. Over the coming year, further work to improve communication and understanding of delegated responsibilities between tiers of governance will be a priority as well as developing the effectiveness of trustee sub-committees.

The Trust's finances have been governed at trustee level during the reporting period, and were featured as an agenda item at five full board meetings in 2017-2018. The details of which were:

- 26 September 2017 – Financial summary.
- 19 December 2017 – review of Responsible Officer role, responsibilities and academy visits.
- 20 March 2018 – Members met before the Trustee meeting and reviewed the Trustees Report and Financial Statements for the period ending 31 Aug 2017, then at the Trustee meeting a review of the mid-year budget summary and re-forecast took place.
- 5 June 2018 – Budget update.
- 3 July 2018 – 3-year budget summary and approval.

Transforming Lives Educational Trust
(A company limited by guarantee)

Governance Statement (continued)

In order to further strengthen internal controls on the Trust's finances, the Trust has appointed four sub-committees, all of which will report to the Board of Trustees:

- Finance and Resources sub-committee
- Remuneration sub-committee
- Audit and Risk sub-committee
- Standards sub-committee

Each sub-committee comprises at least three trustees, one of who is the Chair. Each committee will meet at least termly and present key findings and actions taken to the Board of Trustees.

The Finance and Resources committee is a sub-committee of the main Board of Trustees.

Its duties include:

- To develop a financial strategy for the Trust and consider policies, procedures or plans required to realise such strategy;
- To receive financial monitoring reports from individual academies;
- To consider individual academy budget proposals for authorisation;
- To consider exceptional requests for expenditure;
- To oversee significant investment and capital financing decisions;
- To oversee the financial position of the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Kang (a governor) (Chair)	3	3
D Gadsby (resigned 31 October 2017)	1	1
S Jardine	2	3
C Corfield-Jones (a governor)	2	3

The Remuneration committee is a sub-committee of the main Board of Trustees. Its duties include:

- To recruit, appoint and set the remuneration of all executive staff, headteachers/principals and senior leadership teams of the Trust;
- To oversee the pay and terms and conditions of service of all Trust employees;
- To review and recommend any significant changes to staffing structures within the Trust, its academies or subsidiaries.

The Risk and Audit committee is a sub-committee of the Board of Trustees. Its duties include:

- Monitor the integrity of the financial statements;
- Review internal financial control and reviewing the academies' internal control and risk management systems;
- To review the action and implementation of risk management policy across the Trust;
- Make recommendations to the Board of Trustees in relation to the appointment, re-appointment and removal of external auditors and approve the remuneration and terms of engagement of the auditor;
- Review the auditor's independence and objectivity.

Governance Statement (continued)

The Standards committee is a sub-committee of the Board of Trustees. Its duties include:

- To monitor and advise the Board by written report each term on the following:
 - Data on attainment and achievement for all of the Trust's academies;
 - School improvement work and leadership;
 - Overall performance of each of the academies;
 - Leadership standards;
 - Governance effectiveness.
- To monitor and advise the Board on:
 - The Trust quality improvement and intervention strategies and plans;
 - Special Educational Needs and Disabilities (SEND) and inclusion;
 - Partnership working;
 - Admissions;
 - Safeguarding arrangements;
 - Community engagement.

Review of value for money

As Accounting Officer, the Interim CEO has responsibility for ensuring that the Trust 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

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

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

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

The purpose of the system of internal control

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

Governance Statement (continued)

Capacity to handle risk

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

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance and Resources sub-committee, as approved by the Trustees, of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- Setting targets to measure financial and other performance;
- Mandatory finance and risk reporting frameworks for local governance (termly);
- 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 has decided to appoint Leicestershire County Council as internal auditors from September 2018. During 2017/18, L Howard, a Trustee, performed a range of additional checks on the Trust's financial systems.

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

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

On an annual basis, the reviewer reports to the Board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of effectiveness

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

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

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

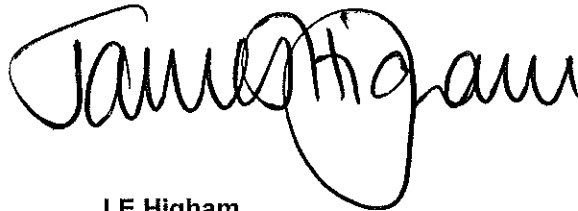
Transforming Lives Educational Trust
(A company limited by guarantee)

Governance Statement (continued)

Approved by order of the members of the Board of Trustees on 11 December 2018 and signed on their behalf,
by:



S Jardine
Chair of Trustees



J E Higham
Accounting Officer

Transforming Lives Educational Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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

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

I confirm that 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.

A handwritten signature in black ink, appearing to read 'J Higham', with a large, stylized loop at the end.

J Higham
Accounting Officer

Date: 11 December 2018

Transforming Lives Educational Trust
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the year ended 31 August 2018

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

Company law requires the Trustees to prepare 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 11 December 2018 and signed on its behalf by:



S Jardine
Chair of Trustees

Transforming Lives Educational Trust
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Transforming Lives Educational Trust (the 'parent Trust') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group statement of financial activities, group 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 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent Trust's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Transforming Lives Educational Trust
(A company limited by guarantee)

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

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 the financial year 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

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 Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
11 December 2018

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 & Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Transforming Lives Educational Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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.

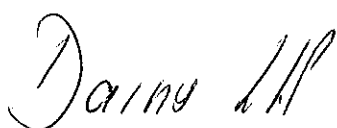
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in black ink, appearing to read 'Dains LLP', is written in a cursive style.

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

11 December 2018

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 2018

	Note	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Transfer of existing academy into the Trust (note 21)	2	24,384	(354,000)	1,373,730	1,044,114	-
Other donations and capital grants	2	41,961	-	443,432	485,393	668,655
Charitable activities:	3					
Funding for the Trust's educational operations		257,314	9,843,132	-	10,100,446	9,280,052
Teaching schools	27	-	167,163	-	167,163	85,889
Other trading activities:						
Fundraising	4	65,057	53,760	-	118,817	75,193
Investments	5	707	-	-	707	855
Total income		389,423	9,710,055	1,817,162	11,916,640	10,110,644
Expenditure on:						
Academy educational operations		251,031	10,365,564	465,908	11,082,503	9,989,815
Teaching schools	27	-	163,032	-	163,032	79,986
Total expenditure	6	251,031	10,528,596	465,908	11,245,535	10,069,801
Net income / (expenditure) before transfers		138,392	(818,541)	1,351,254	671,105	40,843
Transfers between Funds	17	(183,315)	126,994	56,321	-	-
Net income / (expenditure) before other recognised gains and losses		(44,923)	(691,547)	1,407,575	671,105	40,843
Actuarial gains on defined benefit pension schemes	22	-	784,000	-	784,000	987,000
Net movement in funds		(44,923)	92,453	1,407,575	1,455,105	1,027,843
Reconciliation of funds:						
Total funds brought forward		19,240	(2,753,000)	15,683,299	12,949,539	11,921,696
Total funds carried forward		(25,683)	(2,660,547)	17,090,874	14,404,644	12,949,539

The notes on pages 27 to 57 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 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		17,090,873		15,683,300
Current assets					
Debtors	14	255,202		180,100	
Cash at bank and in hand		1,057,335		994,173	
		<u>1,312,537</u>		<u>1,174,273</u>	
Creditors: amounts falling due within one year	15	<u>(1,016,985)</u>		<u>(825,637)</u>	
Net current assets			<u>295,552</u>		<u>348,636</u>
Total assets less current liabilities			<u>17,386,425</u>		<u>16,031,936</u>
Creditors: amounts falling due after more than one year	16		<u>(269,781)</u>		<u>(329,397)</u>
Net assets excluding pension scheme liabilities			<u>17,116,644</u>		<u>15,702,539</u>
Defined benefit pension scheme liability	22		<u>(2,712,000)</u>		<u>(2,753,000)</u>
Net assets including pension scheme liabilities			<u><u>14,404,644</u></u>		<u><u>12,949,539</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds	17	51,453		-	
Restricted fixed asset funds	17	17,090,874		15,683,299	
Restricted funds excluding pension liability		<u>17,142,327</u>		<u>15,683,299</u>	
Pension reserve		<u>(2,712,000)</u>		<u>(2,753,000)</u>	
Total restricted funds			<u>14,430,327</u>		<u>12,930,299</u>
Unrestricted funds:	17		<u>(25,683)</u>		<u>19,240</u>
Total funds			<u><u>14,404,644</u></u>		<u><u>12,949,539</u></u>

The financial statements on pages 23 to 57 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



S Jardine
Chair of Trustees

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

Trust Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		17,090,873		15,683,300
Investments	13		1		1
			<u>17,090,874</u>		<u>15,683,301</u>
Current assets					
Debtors	14	255,202		180,100	
Cash at bank and in hand		1,057,335		994,173	
		<u>1,312,537</u>		<u>1,174,273</u>	
Creditors: amounts falling due within one year	15	(1,016,987)		(825,639)	
Net current assets			<u>295,550</u>		<u>348,634</u>
Total assets less current liabilities			<u>17,386,424</u>		<u>16,031,935</u>
Creditors: amounts falling due after more than one year	16		(269,781)		(329,397)
Net assets excluding pension scheme liabilities			<u>17,116,643</u>		<u>15,702,538</u>
Defined benefit pension scheme liability	22		(2,712,000)		(2,753,000)
Net assets including pension scheme liabilities			<u>14,404,643</u>		<u>12,949,538</u>
Funds of the academy					
Restricted funds:					
Restricted funds excluding pension asset		17,142,327		15,683,299	
Pension reserve		(2,712,000)		(2,753,000)	
Total restricted funds			<u>14,430,327</u>		<u>12,930,299</u>
Unrestricted funds			(25,684)		19,239
Total funds			<u>14,404,643</u>		<u>12,949,538</u>

The financial statements were approved by the Trustees, and authorised for issue, on 11 December 2018 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>178,093</u>	<u>99,053</u>
Cash flows from investing activities:			
Interest received		707	855
Purchase of tangible fixed assets		(499,751)	(739,119)
Capital grants from DfE/ESFA and other capital income		<u>443,432</u>	<u>649,253</u>
Net cash used in investing activities		<u>(55,612)</u>	<u>(89,011)</u>
Cash flows from financing activities:			
Repayments of borrowings		(59,319)	-
Advancement of funds		-	11,953
Net cash (used in)/provided by financing activities		<u>(59,319)</u>	<u>11,953</u>
Change in cash and cash equivalents in the year		63,162	21,995
Cash and cash equivalents brought forward		<u>994,173</u>	<u>972,178</u>
Cash and cash equivalents carried forward	20	<u><u>1,057,335</u></u>	<u><u>994,173</u></u>

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

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 Trust 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 Trust 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

As at 31 August 2018, the Trust had net current assets of £295,552 (2017 - £348,636) 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 Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

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 Trust at the discretion of the Trustees.

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

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

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

1.5 Income

All income is recognised once the Trust 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the 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 there are no performance-related conditions) 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.

Transfer of existing academies into the academy trust

Where assets and liabilities are received on the transfer of an existing academy into the Trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within Donations and capital grant income to the net assets acquired.

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.

Charitable activities

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

1.7 Taxation

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

1.8 Tangible fixed assets and depreciation

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful life, as follows:

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

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. Accounting Policies (continued)

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.

1.9 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.

1.10 Operating leases

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

1.11 Debtors

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

1.12 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.

1.13 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. 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. Accounting Policies (continued)

1.14 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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 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.

1.15 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 15 and 16. 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.

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

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.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer of existing academy into the Trust (note 21)	24,384	(354,000)	1,373,730	1,044,114	-
Donations	41,961	-	-	41,961	19,402
Capital Grants	-	-	443,432	443,432	649,253
Subtotal	41,961	-	443,432	485,393	668,655
	66,345	(354,000)	1,817,162	1,529,507	668,655
Total 2017	19,402	-	649,253	668,655	

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

3. Funding for Trust's educational operations

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,554,276	8,554,276	8,207,588
Pupil Premium	-	274,383	274,383	237,783
Other DfE/ESFA grants	-	121,341	121,341	43,764
	-	8,950,000	8,950,000	8,489,135
Other government grants				
Special Educational Needs	-	145,304	145,304	128,708
Other government grants	-	292,806	292,806	46,690
	-	438,110	438,110	175,398
Other funding				
Income from Educational Visits	257,314	-	257,314	179,451
Catering	-	325,443	325,443	340,467
Other restricted income	-	129,579	129,579	95,601
	257,314	455,022	712,336	615,519
	257,314	9,843,132	10,100,446	9,280,052
Total 2017	179,451	9,100,601	9,280,052	

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

4. Other trading activities

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Department sales	-	50,385	50,385	47,708
Private photocopying and telephone calls	193	-	193	24
Other trading income	14,942	-	14,942	454
Minibus income	989	-	989	765
Lettings	31,994	3,375	35,369	26,242
Extra curricular income (clubs)	16,939	-	16,939	-
	<u>65,057</u>	<u>53,760</u>	<u>118,817</u>	<u>75,193</u>
Total 2017	<u>22,085</u>	<u>53,108</u>	<u>75,193</u>	

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	<u>707</u>	<u>-</u>	<u>707</u>	<u>855</u>
Total 2017	<u>855</u>	<u>-</u>	<u>855</u>	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Activities:					
Direct costs	7,676,428	344,810	1,209,030	9,230,268	8,503,170
Support costs	1,033,009	371,828	447,398	1,852,235	1,486,645
Teaching schools	135,552	-	27,480	163,032	79,986
	<u>8,844,989</u>	<u>716,638</u>	<u>1,683,908</u>	<u>11,245,535</u>	<u>10,069,801</u>
Total 2017	<u>8,015,357</u>	<u>602,033</u>	<u>1,452,411</u>	<u>10,069,801</u>	

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

7. Charitable activities

	Total funds 2018 £	Total funds 2017 £
Direct costs		
Wages and salaries	5,916,067	5,501,495
National insurance	496,237	404,219
Pension cost	1,259,681	1,170,746
Depreciation	344,810	381,119
LGPS finance costs	81,000	74,000
Educational supplies	126,257	128,943
Examination fees	159,431	164,703
Staff development	19,150	8,760
Music instruction	30,432	22,049
Educational consultancy	40,679	60,556
Other direct costs	260,575	194,703
Catering costs	359,639	241,151
Recruitment and support	17,087	5,967
Maintenance of equipment	58,505	105,987
Transport	21,919	14,047
Technology costs	38,799	24,725
	9,230,268	8,503,170
Support costs		
Wages and salaries	865,946	741,623
National insurance	42,577	34,143
Pension cost	124,486	96,116
Depreciation	121,098	46,515
Educational supplies	37,762	36,673
Other support costs	47,776	37,763
Maintenance of premises	140,550	150,395
Maintenance of equipment	13,539	10,092
Rates	59,005	43,764
Energy	135,255	131,310
Insurance	58,074	53,180
Technology costs	23,340	6,450
Governance costs	182,827	98,621
	1,852,235	1,486,645
	11,082,503	9,989,815

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

8. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	460,962	427,634
Auditors' remuneration - audit	11,100	6,550
Auditors' remuneration - other services	5,300	2,450
Operating lease rentals	24,801	24,708
	<u>460,962</u>	<u>427,634</u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

9. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	6,826,849	6,295,378
Social security costs	548,843	443,757
Pension costs	1,397,440	1,276,222
	<u>8,773,132</u>	<u>8,015,357</u>
Agency staff costs	4,443	-
Staff restructuring costs	67,414	-
	<u>8,844,989</u>	<u>8,015,357</u>
Staff restructuring costs comprise:		
Severance payments	<u>67,414</u>	<u>-</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £47,514 (2017 - £Nil). Individually, the payments were: £30,000 and £17,514.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	124	123
Teaching assistants	48	31
Technicians	12	12
Cover supervisors	3	3
Invigilators	26	24
Leadership	11	15
Catering/lunchtime supervisors	19	9
Caretakers	7	6
Administration	34	30
Cleaning	30	26
1 to 1 Tuition	7	5
Other	1	1
	<u>322</u>	<u>285</u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

9. Staff costs (continued)

d. Higher paid staff

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

	Year ended 31 August 2018 No.	Year ended 31 August 2017 No.
In the band £60,001 - £70,000	6	3
In the band £70,001 - £80,000	0	1
In the band £90,001 - £100,000	1	0
In the band £250,001 - £260,000	1	0
In the band £270,001 - £280,000	0	1

e. Key management personnel

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 Trust was £1,248,147 (2017 - £1,236,813).

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and 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:

		2018 £	2017 £
J Higham (resigned as Trustee 10 November 2017)	Remuneration	5,000-10,000	
	Pension contributions paid	0-5,000	
R M Kelly (resigned as Trustee 13 September 2016)	Remuneration		0-5,000
	Pension contributions paid		0-5,000
A F E Kinsella (resigned as Trustee 13 September 2016)	Remuneration		0-5,000
	Pension contributions paid		0-5,000

During the year, no Trustees received any benefits in kind (2017 - £Nil).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £Nil).

11. Trustees' and Officers' Insurance

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

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

12. Tangible fixed assets

Group and Trust	Leasehold property £	Leasehold improvements £	Fixtures, fittings and equipment £	Other fixed assets £	Motor vehicles £
Cost					
At 1 September 2017	14,673,354	1,614,256	310,100	146,857	9,996
Additions	2,175	452,885	25,599	-	-
Transfer from existing academy	1,314,754	107,091	113,235	-	-
Transfer between classes	-	365,012	-	-	-
At 31 August 2018	15,990,283	2,539,244	448,934	146,857	9,996
Depreciation					
At 1 September 2017	1,188,028	231,521	161,449	34,805	1,652
Charge for the year	264,235	75,628	47,277	5,603	834
Transfer from existing academy	113,856	16,459	39,350	-	-
Impairment charge	-	-	4,946	-	-
At 31 August 2018	1,566,119	323,608	253,022	40,408	2,486
Net book value					
At 31 August 2018	14,424,164	2,215,636	195,912	106,449	7,510
At 31 August 2017	13,485,326	1,382,735	148,651	112,052	8,344

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

12. Tangible fixed assets (continued)

Group and Trust	Assets under construction £	Computer equipment £	Total £
Cost			
At 1 September 2017	365,012	538,114	17,657,689
Additions	-	19,092	499,751
Transfer from existing academy	-	39,302	1,574,382
Transfer between classes	(365,012)	-	-
At 31 August 2018	-	596,508	19,731,822
Depreciation			
At 1 September 2017	-	356,934	1,974,389
Charge for the year	-	67,385	460,962
Transfer from existing academy	-	30,987	200,652
Impairment charge	-	-	4,946
At 31 August 2018	-	455,306	2,640,949
Net book value			
At 31 August 2018	-	141,202	17,090,873
At 31 August 2017	365,012	181,180	15,683,300

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

13. Fixed asset investments

Trust

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

	Shares in group undertakings £
Cost	
At 1 September 2017 and 31 August 2018	<u><u>1</u></u>

14. Debtors

	Group		Trust	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	25,167	-	25,167	-
VAT recoverable	26,860	78,015	26,860	78,015
Prepayments and accrued income	203,175	102,085	203,175	102,085
	<u><u>255,202</u></u>	<u><u>180,100</u></u>	<u><u>255,202</u></u>	<u><u>180,100</u></u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

15. Creditors: Amounts falling due within one year

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Other loans	60,651	60,354	60,651	60,354
Trade creditors	87,187	269,845	87,187	269,845
Amounts owed to group undertakings	-	-	1	13,151
Other taxation and social security	150,736	145,350	150,736	145,350
Other creditors	152,884	20,351	152,884	20,351
Accruals and deferred income	565,527	329,737	565,528	316,588
	1,016,985	825,637	1,016,987	825,639

	Group		Trust	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	233,913	375,208	220,763	335,208
Resources deferred during the year	135,917	233,913	135,917	220,763
Amounts released from previous years	(233,913)	(375,208)	(220,763)	(335,208)
Deferred income at 31 August 2018	135,917	233,913	135,917	220,763

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

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

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Other loans	269,781	329,397	269,781	329,397

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

	Group		Trust	
	2018	2017	2018	2017
	£	£	£	£
Repayable by instalments	28,364	87,980	28,364	87,980

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.

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

17. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Student Inspirational Fund	-	-	-	34,929	-	34,929
General funds						
General Funds	(1,453)	106,277	(34,932)	(183,315)	-	(113,423)
School trips	-	263,275	(211,968)	(34,929)	-	16,378
School funds	20,693	19,871	-	-	-	40,564
Other General funds	-	-	(4,131)	-	-	(4,131)
	19,240	389,423	(251,031)	(218,244)	-	(60,612)
Total Unrestricted funds	19,240	389,423	(251,031)	(183,315)	-	(25,683)
Restricted general fund						
General Annual Grant (GAG)	-	8,784,107	(8,911,101)	126,994	-	-
Other DfE/ESFA grants	-	324,902	(324,902)	-	-	-
Other government grants	-	174,317	(174,317)	-	-	-
Other restricted income	-	169,979	(169,979)	-	-	-
Catering	-	325,443	(325,443)	-	-	-
Teaching school	-	167,163	(167,163)	-	-	-
16/19 bursary fund	-	118,144	(70,822)	-	-	47,322
Pension reserve	(2,753,000)	(354,000)	(389,000)	-	784,000	(2,712,000)
Other Restricted funds	-	-	4,131	-	-	4,131
	(2,753,000)	9,710,055	(10,528,596)	126,994	784,000	(2,660,547)
Restricted fixed asset fund						
Gift from Local Authority	8,911,619	1,210,668	(181,161)	-	-	9,941,126
Devolved capital grants and revenue donations to capital	1,762,234	107,925	(258,179)	34,352	-	1,646,332
Other fixed asset funding	-	21,703	(3,447)	-	-	18,256
ACMF funding	1,971,305	90,798	(16,952)	-	-	2,045,151
Condition Improvement Funding	3,038,141	386,068	(6,169)	21,969	-	3,440,009
	15,683,299	1,817,162	(465,908)	56,321	-	17,090,874
Total restricted funds	12,930,299	11,527,217	(10,994,504)	183,315	784,000	14,430,327
Total of funds	12,949,539	11,916,640	(11,245,535)	-	784,000	14,404,644

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

17. 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 Trust's operational activities and development.

Pension reserve

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

Restricted Fixed Asset 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 Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Ashlawn School	26,935	19,240
Henry Hinde Infant School	(1,165)	-
Total before fixed asset fund and pension reserve	25,770	19,240
Restricted fixed asset fund	17,090,874	15,683,299
Pension reserve	(2,712,000)	(2,753,000)
Total	14,404,644	12,949,539

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

17. Statement of funds (continued)

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

Name of academy	Amount of deficit £
Henry Hinde Infant School	(1,165)

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

There is a budget plan in place to ensure a surplus for 2018/19.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Ashlawn School	7,056,421	934,660	361,003	1,312,121	9,664,205	9,562,181
Henry Hinde Infant School	620,007	98,349	20,675	214,174	953,205	-
Innovation Learning and Leadership Alliance Limited	-	-	-	167,163	167,163	79,986
	<u>7,676,428</u>	<u>1,033,009</u>	<u>381,678</u>	<u>1,693,458</u>	<u>10,784,573</u>	<u>9,642,167</u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

17. Statement of funds (continued)

Statement of funds - prior year

	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>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
	-	-	-	34,929	-	34,929
	-	-	-	34,929	-	34,929
General funds						
General Funds	(3,240)	128,724	(34,932)	(203,975)	-	(113,423)
School trips	-	442,726	(393,997)	(32,351)	-	16,378
School funds	3,023	39,766	(2,225)	-	-	40,564
	(217)	611,216	(431,154)	(236,326)	-	(56,481)
Total Unrestricted funds	(217)	611,216	(431,154)	(201,397)	-	(21,552)
Restricted general fund						
General Annual Grant (GAG)	-	16,991,695	(17,033,387)	41,692	-	-
Other DfE/ESFA grants	-	611,849	(611,849)	-	-	-
Other government grants	-	316,935	(316,935)	-	-	-
Other restricted income	-	313,288	(313,288)	-	-	-
Catering	-	665,910	(679,430)	13,520	-	-
Teaching school	(5,903)	253,052	(247,149)	-	-	-
Start up funding	-	150,924	(103,602)	-	-	47,322
Pension reserve	(3,444,000)	-	(296,000)	-	987,000	(2,753,000)
	-	(354,000)	(389,000)	-	784,000	41,000
	(3,449,903)	18,949,653	(19,990,640)	55,212	1,771,000	(2,664,678)

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

17. Statement of funds (continued)

Restricted fixed asset fund

Gift from Local Authority	9,076,646	1,210,668	(346,188)	-	-	9,941,126
Devolved capital grants and revenue donations to capital	1,917,799	-	(245,429)	89,864	-	1,762,234
ACMF funding	1,981,037	107,925	(267,911)	34,352	-	1,855,403
Condition Improvement Funding	2,396,334	670,956	(10,893)	-	-	3,056,397
	-	90,798	(16,952)	-	-	73,846
	-	386,068	(6,169)	21,969	-	401,868
	<u>15,371,816</u>	<u>2,466,415</u>	<u>(893,542)</u>	<u>146,185</u>	<u>-</u>	<u>17,090,874</u>
	<u>11,921,913</u>	<u>21,416,068</u>	<u>(20,884,182)</u>	<u>201,397</u>	<u>1,771,000</u>	<u>14,426,196</u>
Total of funds	<u>11,921,696</u>	<u>22,027,284</u>	<u>(21,315,336)</u>	<u>-</u>	<u>1,771,000</u>	<u>14,404,644</u>

Enter Text here - user input (New line = Shift+ Retn)

18. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	(1)	-	17,090,874	17,090,873
Current assets	45,421	1,242,591	24,525	1,312,537
Creditors due within one year	(66,973)	(925,488)	(24,525)	(1,016,986)
Creditors due in more than one year	-	(269,781)	-	(269,781)
Provisions for liabilities and charges	-	(2,712,000)	-	(2,712,000)
Difference	(4,130)	4,131	-	1
	<u>(25,683)</u>	<u>(2,660,547)</u>	<u>17,090,874</u>	<u>14,404,644</u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

18. 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
	2017	2017	2017	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>

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

	Group
	2018 £
	2017 £
Net income for the year (as per Statement of Financial Activities)	671,105
Adjustment for:	
Depreciation charges	460,962
Interest receivable	(707)
Impairment of fixed assets	4,946
(Increase)/decrease in debtors	(75,102)
Increase/(decrease) in creditors	191,051
Capital grants from DfE/ESFA and other capital income	(443,432)
Defined benefit pension scheme obligation inherited	354,000
Defined benefit pension scheme cost less contributions payable	308,000
Defined benefit pension scheme finance cost	81,000
Fixed assets received on transfer of existing academy	(1,373,730)
Net cash provided by operating activities	<u>178,093</u>

20. Analysis of cash and cash equivalents

	Group
	2018 £
	2017 £
Cash in hand	1,057,335
Total	<u>1,057,335</u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

21. Transfer of an existing academy into the academy trust

On 1 September 2017 Henry Hinde Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred into Transforming Lives Educational Trust for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities as Donations - transfer from local authority on conversion

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	1,200,898	1,200,898
- Other tangible fixed assets	-	-	172,832	172,832
Budget surplus/(deficit) on funds	24,384	-	-	24,384
LGPS pension surplus/(deficit)	-	(354,000)	-	(354,000)
Net assets/(liabilities)	24,384	(354,000)	1,373,730	1,044,114

The above net assets include £24,383 that were transferred as cash.

22. 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.

Contributions amounting to £132,764 were payable to the schemes at 31 August 2018 (2017 - Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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 £786,000 (2017 - £847,000).

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).

22. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £408,000 (2017 - £317,000), of which employer's contributions totalled £321,000 (2017 - £245,000) and employees' contributions totalled £87,000 (2017 - £72,000). The agreed contribution rates for future years are 19.5 - 20.5% plus £39,000 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.90 %	3.00 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.5 years	22.5 years
Females	24.7 years	24.7 years
Retiring in 20 years		
Males	24.3 years	24.3 years
Females	26.7 years	26.7 years

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	(185,000)	(156,000)
Discount rate -0.1%	185,000	156,000
Salary increase rate +0.1%	34,000	31,000
Salary increase rate -0.1%	(34,000)	(31,000)
Pension increase rate +0.1%	148,000	122,000
Pension increase rate -0.1%	(148,000)	(122,000)

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

22. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,525,000	1,839,500
Bonds	882,000	622,600
Property	481,000	311,300
Cash	120,000	56,600
	<u>4,008,000</u>	<u>2,830,000</u>
Total market value of assets	<u>4,008,000</u>	<u>2,830,000</u>

The actual return on scheme assets was £165,000 (2017 - £273,000).

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

	2018 £	2017 £
Current service cost	(629,000)	(467,000)
Interest income	92,000	51,000
Interest cost	(173,000)	(125,000)
	<u>(710,000)</u>	<u>(541,000)</u>
Total	<u>(710,000)</u>	<u>(541,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	5,583,000	5,727,000
Upon conversion	1,011,000	-
Current service cost	629,000	467,000
Interest cost	173,000	125,000
Employee contributions	87,000	72,000
Actuarial gains	(711,000)	(765,000)
Benefits paid	(52,000)	(43,000)
	<u>6,720,000</u>	<u>5,583,000</u>
Closing defined benefit obligation	<u>6,720,000</u>	<u>5,583,000</u>

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

22. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,830,000	2,283,000
Upon conversion	657,000	-
Interest income	92,000	51,000
Actuarial gains	73,000	222,000
Employer contributions	321,000	245,000
Employee contributions	87,000	72,000
Benefits paid	(52,000)	(43,000)
	<u>4,008,000</u>	<u>2,830,000</u>
Closing fair value of scheme assets		

23. Operating lease commitments

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

	2018 £	2017 £
Group and Academy		
Amounts payable:		
Within 1 year	8,499	16,503
Between 1 and 5 years	11,011	18,548
After more than 5 years	8,253	1,277
	<u>27,763</u>	<u>36,328</u>
Total		

24. 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 10.

Transforming Lives Educational Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

25. 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 2018	£ -
Total liabilities as at 31 August 2018	£ -
Total equity as at 31 August 2018	£ -
Turnover for the year ended 31 August 2018	£ 167,163
Expenditure for the year ended 31 August 2018	£ (167,163)
Result for the year ended 31 August 2018	£ -

26. Members' liability

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

Transforming Lives Educational Trust

(A company limited by guarantee)

**Notes to the financial statements
For the year ended 31 August 2018**

27. Teaching school trading account

	2018 £	2018 £	2017 £	2017 £
Income				
Direct income				
DfE/ESFA grants	111,250		63,756	
Other government grants	36,656		7,233	
Other income	19,257		14,900	
Total Direct income	<u>167,163</u>		<u>85,889</u>	
Total income		167,163		85,889
Expenditure				
Direct expenditure				
Direct staff costs	125,020		60,292	
Curriculum supplies and equipment	1,477		850	
Staff training costs	675		9,250	
Total Direct expenditure	<u>127,172</u>		<u>70,392</u>	
Other expenditure				
Other staff costs	10,532		6,721	
Other depreciation	4,131		-	
Administrative supplies and equipment	8,825		1,172	
Catering costs	214		86	
Legal and professional fees	16,289		1,569	
Staff expenses	-		45	
Total Other expenditure	<u>39,991</u>		<u>9,593</u>	
Total expenditure		167,163		79,985
Surplus from all sources		<u>-</u>		<u>5,904</u>
Teaching school balances at 1 September		<u>-</u>		<u>(5,904)</u>