

Company Registration No. 08320065 (England and Wales)

TRANSFORM TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

TRANSFORM TRUST

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TRANSFORM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

P Munro (Chair)
R Meredith (Accounting officer)
A Day
R Periam #
Prof T Greany #
Prof Q Gu
V Lloyd #

- Members of audit and finance committee.

Members

P Munro
Venerable D Picken
Southwell and Nottingham Diocese Educational Trust

Senior management team

- Chief Executive Officer R Meredith
- Teaching School Director S Heesom
- Chief Finance Officer S Cox
- Project Director J Wilkinson (appointed 1 September 2017)
- Headteacher J Fordham
- Headteacher A Grant-Thomas
- Headteacher H Tarrant
- Headteacher D Farthing
- Headteacher S Farrington
- Headteacher S O'Connor
- Headteacher G Civil
- Headteacher R Blurton (resigned 31 August 2017)
- Headteacher A Sharp (appointed 1 September 2017)
- Headteacher K Coker
- Headteacher S Mason
- Headteacher K Lee
- Headteacher L Noble
- Headteacher C Paparozzi

Company secretary S Cox

Company registration number 08320065 (England and Wales)

Registered office

Unit 11
Castlebridge Office Village
Kirtley Drive
Nottingham
NG7 1LD

TRANSFORM TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	UHY Hacker Young 14 Park Row Nottingham NG1 6GR
Bankers	Lloyds Bank Old Market Square Nottingham NG1 6FD
Solicitors	Browne Jacobson Mowbray House Castle Meadow Road Nottingham NG2 1BJ

TRANSFORM TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust's principal object and activity has been to manage the provision of education to primary school pupils in schools within Nottingham and Derby. As at August 2017, the capacity of the Trust is 5,170 places and there are 4,882 children on roll.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and 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 published on September 2015 (FRS102).

Structure, governance and management

Constitution

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

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

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

Members' liability

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

Trustees' indemnities

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

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Method of recruitment and appointment or election of trustees

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

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

Terms of office

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

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new Trustees depends on their previous experience. All Trustees are provided with previous minutes and face to face inductions with the Company Secretary/Chief Finance Officer, plus provided copies of documents that they will need to undertake their role as Trustees. The annual strategic planning day for Trustees was held on 4th February 2017 to review and update the strategic plan, to review the ethos and vision for the Trust, and to ensure the resource plans are enablers for the plan. No new Trustees were appointed during the financial year, and all named Trustees served for the full financial period.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

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

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

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

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

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

Arrangements for setting pay and remuneration of key management personnel

The Chief Executive Officer is the only Trustee who receives remuneration from the Trust. They are subject to a performance management process managed by 2 Trustees. In 2016/17, this was Chair and vice-Chair of the Trust Board. Trustees consider performance of the Trust, individual performance of the CEO and market rate benchmarking to ensure the CEO salary award is appropriate. A recommendation is made to the wider Trust Board who vote on the matter. The CEO carries no Trustee vote in this matter.

Related parties and other connected charities and organisations

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

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

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

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

During 2016/17, the principal activity of the charitable company was the operation of 8 primary academies in Nottingham and Derby. In the final quarter of the year, 1 junior and 4 further primary academies joined the Trust (1st June 2017 & 1st July 2017) and this is recognised within the Balance Sheet, although for just 2 or 3 months in the Trading Statements. The schools vary in size from single form to 3 form entry.

Directors believe the sustainability of Transform Trust has been further enhanced in the growth to 13 schools. New schools range in Ofsted ratings from “Good” (x2), “Requires Improvement (x1) and Inadequate (x2). 2 established Trust Schools have also been subject of Ofsted Inspection during the year, with both Schools receiving a “Good” rating. Trustees are satisfied that external validation is showing all Trust schools are moving forwards, and that additional Trust school improvement capacity is being generated within these improving schools.

It remains a core principle that Transform Trust’s children remain central to all Trust endeavours. In 2016/17 Transform launched the first Children’s Awards attended by nominees from each Trust school, parents and Governors. Transform also launched its first Performing Arts festival for all Trust schools, held its first Transform Parliament where children representing each School Council come together to share views, and in the Autumn Transform will launch its first joint Sports event.

Trustees also recognise the success of the Trust lies with staff, and in 2016/17 launched the first Annual Staff Survey. Staff satisfaction (a metric devised by Trustees) measured 82.5% for the whole Trust, with a spread across Trust schools from 63% to 94%. Feedback from staff has helped inform an action plan which has been implemented by the Executive team in 2016/17. The next Annual Staff Survey will highlight to Trustees whether this has been successful. The Trustees also recognise that equal opportunities for staff should be an integral part of good practice within the workplace. The Trust aims to promote equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. The policy of Transform Trust continues to support recruitment and retention of children and employees with disabilities. Transform Trust does this by adapting the physical environment and by making support resources available.

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

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Public benefit

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

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

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

Strategic report

Achievements and performance

2 Ofsted Inspections have been held this year, both attaining "Good" judgements.

Unvalidated data headlines (comments relate to 8 schools held by Trust for the full year 2016/17):

- 7 out of 8 Trust schools have had GLD% increase every year for the last 4 years
- 7 out of 8 schools' phonics pass % at Year 1 increased on the previous year
- 4 schools were at above national average for phonics
- 6 out of 8 schools demonstrated an improvement in KS1 outcomes
- 5 schools at or within 4% of KS2 Combined national average
- At KS2, Allenton and Brocklewood have improved in the majority of areas at KS2, while Bulwell St Mary's and Rosslyn Park have improved in all areas
- Sneinton remains above national at KS2 for Reading, Writing & Maths as well as Combined
- Edale Rise has maintained its "Good" Ofsted, while Highbank has improved from "Requires Improvement" to "Good" in its latest Ofsted inspection

We continue to subject our schools to external scrutiny by both an independent HMI as well as Challenge Partners, and also to peer review within Transform Teaching School. We have also appointed new Chairs of Governors at Robert Shaw, Edale Rise and Allenton Community Primaries, and have appointed substantive Headteachers at Rosslyn Park and Pear Tree Junior.

In the final quarter of the year, we welcomed Pear Tree Junior and Robert Shaw, William Booth, Breadsall Hill Top and Whitegate Primaries to the Trust.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

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

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

Going concern

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

Financial review

Most of the Academy's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy's total funds at the end of the period are £30,484,105, of which £40,272,247 is in the restricted fixed asset fund, leaving a total deficit reserve balance of both general restricted and unrestricted funds of £9,788,142; this is due to the LGPS deficit of £13,198,000. However, the LGPS liability will not materialise in the near future and actual reserve funding available to the academy excluding the LGPS liability is £3,409,858, of which £452,503 is restricted funding and £2,957,355 is unrestricted funding.

At 31 August 2017, the net book value of fixed assets was £40,272,247 and movements in tangible fixed assets are shown in note 12 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

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

The Trustees have determined that the appropriate level of free reserves should be equivalent to one month's cost, approximately £2.2m. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

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

As at 31 August 2017 the Trust has 'free' reserves i.e. those reserves that are freely available for general purposes of the Trust total £2,957,355. The restricted fixed asset fund totals £40,272,247 which can only be realised by disposing of tangible fixed assets. Restricted reserves total (£12,745,497) of which (£13,198,000) relates to Local Government Pension Fund deficit which is due to be repaid in line with the agreed terms of the Fund. The remainder of the restricted reserves, £452,503, must only be spent as intended, the majority of which relates to grant funding from government sources to support delivery of education across the Trust.

The pension reserve held within restricted funds was in deficit by £13,198,000 at 31 August 2017. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

Investment policy and powers

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Principal risks and uncertainties

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

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

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

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

The current portfolio of schools has the following Ofsted judgements: Sneinton – Outstanding; Edale Rise – Good; Highbank – Good; Brocklewood – Good (Sept 2017); Allenton – Good (October 2017); Rosslyn Park – Good (November 2017); Bulwell St Mary's – Good; Burford – Good. The new schools joining the Trust: Robert Shaw – Requires Improvement; William Booth – Good; Pear Tree Junior – Special Measures; Breadsall Hill Top – Special Measures; Whitegate – Requires Improvement.

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

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

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Risk Management

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

Financial and risk management objectives and policies

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

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

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

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

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

Plans for future periods

Transform Trust is currently in a legal conversion process for a further Nottingham City primary school to join Transform Trust. It is a founder member of the Transform Teaching School Alliance.

Funds held as custodian trustee on behalf of others

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

TRANSFORM TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Auditor

In so far as the trustees are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 15 December 2017 and signed on its behalf by:

P Munro
Chair

R Meredith
Accounting officer

TRANSFORM TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

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

Governance

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

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

Trustees	Meetings attended	Out of possible
P Munro (Chair)	5	6
R Meredith (Accounting officer)	6	6
A Day	2	6
R Periam #	3	6
Prof T Greany #	5	6
Prof Q Gu	5	6
V Lloyd #	5	6

Peter Munro has been elected to continue as Chair of Trust Board with effect from 1st September 2017. There were no changes to the Trust Board during the year.

- Member of audit and finance committee.

Governance review

Directors conduct a continual review of governance across the Trust, both at Trustee and Local Governing Body level. It is a standing agenda item at all regular Board Meetings. Schemes of Delegation for all schools were reviewed and signed off in March 2017 and will be reviewed again to time annually with the new school year. Terms of Reference setting out the roles and responsibilities of Trustees, Executive Team, Local Governing Body & Headteacher were reviewed and signed off in March 2017 and will be reviewed again in March 2018. The Audit & Finance Committee held 3 meetings in the year, and a further Trustee Vernon Lloyd has joined the Committee for 2017/18.

TRANSFORM TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

Attendance at meetings in the year was as follows:

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

Review of value for money

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

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

- appointment of Purchase Ledger services at Trust Centre to deliver a bureau support service to Trust schools. The appointment has permitted a reduction in finance risk in schools and centralised around expertise in Trust Centre. This has resulted in saved money in each school taking the service.
- CFO or Management Accountant attending every local governor Finance Committee meeting – this has enabled a standard approach across schools, benchmarked practice, joint tendering (catering at Sneinton & Rosslyn) and led to balanced budgets through the year.
- moving Trust Head Office to bring team members and conference facilities together in one central location.
- all Trust schools have moved their broadband provision to a single Trust supplier – this has increased broadband speeds in each school and saved money by streamlining the supply base.

The purpose of the system of internal control

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

TRANSFORM TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

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

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

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

Review of effectiveness

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

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

TRANSFORM TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

Approved by order of the board of trustees on 15 December 2017 and signed on its behalf by:

P Munro
Chair

R Meredith
Accounting officer

TRANSFORM TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

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

- Local governance information for three schools which joined the Trust during the fourth quarter of the year was not recorded on Edubase within the time limits as required by the Academies Financial Handbook;
- There were several instances of failure to supply the required local governance website disclosures as detailed in the Academies Financial Handbook;
- On 1st June 2017, three of the thirteen schools in the Trust moved routine finance processing to Trust Centre following the departure of School Business Managers. For the period June – August 2017, there was an absence of a process for independent checking of financial controls, systems, transactions and risks as required by the Academies Financial Handbook. The central finance function did also have a process for independent checking of financial controls, systems, transactions and risks, however this ended in December 2016 and therefore eight months of the period ended 31 August 2017 also lacked the same process.

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

R Meredith
Accounting Officer

15 December 2017

TRANSFORM TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

In preparing these accounts, the trustees are required to:

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

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

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

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

Approved by order of the board of trustees on 15 December 2017 and signed on its behalf by:

P Munro
Chair

R Meredith
Accounting officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSFORM TRUST

Opinion

We have audited the accounts of Transform Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

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

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

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

Responsibilities of trustees

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

In preparing the accounts, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Chartered Accountants

Statutory Auditor

14 Park Row

Nottingham

NG1 6GR

Dated: 15 December 2017

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

In accordance with the terms of our engagement letter dated 14 May 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Transform Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Transform Trust's funding agreement with the Secretary of State for Education dated 29 May 2012 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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

- Local governance information for three schools which joined the Trust during the fourth quarter of the year was not recorded on Edubase within the time limits as required by the Academies Financial Handbook;
- There were several instances of failure to supply the required local governance website disclosures as detailed in the Academies Financial Handbook;
- On 1st June 2017, three of the thirteen schools in the Trust moved routine finance processing to Trust Centre following the departure of School Business Managers. For the period June – August 2017, there was an absence of a process for independent checking of financial controls, systems, transactions and risks as required by the Academies Financial Handbook. The central finance function did also have a process for independent checking of financial controls, systems, transactions and risks, however this ended in December 2016 and therefore eight months of the period ended 31 August 2017 also lacked the same process.

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

Dated: 15 December 2017

TRANSFORM TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £		Total 2017 £	Total 2016 as restated £
Income and endowments from:						
Donations and capital grants	3	1,412	-	106,426	107,838	96,930
Donations - transfer from local authority on conversion	24	1,098,868	(3,591,000)	22,337,000	19,844,868	7,709,631
Charitable activities:						
- Funding for educational operations	5	-	18,188,465	-	18,188,465	13,092,854
Other trading activities	4	306,918	170,573	-	477,491	359,289
Investments	6	1,540	-	-	1,540	1,695
Total income and endowments		<u>1,408,738</u>	<u>14,768,038</u>	<u>22,443,426</u>	<u>38,620,202</u>	<u>21,260,399</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	165,905	18,733,654	532,479	19,432,038	13,954,545
Total expenditure	7	<u>165,905</u>	<u>18,733,654</u>	<u>532,479</u>	<u>19,432,038</u>	<u>13,954,545</u>
Net income/(expenditure)		1,242,833	(3,965,616)	21,910,947	19,188,164	7,305,854
Transfers between funds		-	(487,185)	(4,201,707)	(4,688,892)	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	303,000	-	303,000	(3,710,000)
Net movement in funds		<u>1,242,833</u>	<u>(4,149,801)</u>	<u>17,709,240</u>	<u>14,802,272</u>	<u>3,595,854</u>
Reconciliation of funds						
Total funds brought forward		<u>1,714,522</u>	<u>(8,595,696)</u>	<u>22,563,007</u>	<u>15,681,833</u>	<u>12,085,979</u>
Total funds carried forward		<u>2,957,355</u>	<u>(12,745,497)</u>	<u>40,272,247</u>	<u>30,484,105</u>	<u>15,681,833</u>

TRANSFORM TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016 As restated	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Income and endowments from:					
Donations and capital grants	3	3,030	-	93,900	96,930
Donations - transfer from local authority on conversion	24	516,164	(1,170,000)	8,363,467	7,709,631
Charitable activities:					
- Funding for educational operations	5	-	13,092,854	-	13,092,854
Other trading activities	4	229,042	130,247	-	359,289
Investments	6	1,695	-	-	1,695
Total income and endowments		<u>749,931</u>	<u>12,053,101</u>	<u>8,457,367</u>	<u>21,260,399</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	229,042	13,360,353	365,150	13,954,545
Total expenditure	7	<u>229,042</u>	<u>13,360,353</u>	<u>365,150</u>	<u>13,954,545</u>
Net income/(expenditure)		520,889	(1,307,252)	8,092,217	7,305,854
Transfers between funds		-	(128,480)	128,480	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(3,710,000)	-	(3,710,000)
Net movement in funds		520,889	(5,145,732)	8,220,697	3,595,854
Reconciliation of funds					
Total funds brought forward		1,193,633	(3,449,964)	14,342,310	12,085,979
Total funds carried forward		<u>1,714,522</u>	<u>(8,595,696)</u>	<u>22,563,007</u>	<u>15,681,833</u>

TRANSFORM TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		40,272,247		22,563,007
Current assets					
Stocks	13	31,184		13,759	
Debtors	14	2,331,071		1,247,103	
Cash at bank and in hand		2,547,233		1,475,287	
		<u>4,909,488</u>		<u>2,736,149</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,499,630)		(760,323)	
Net current assets			<u>3,409,858</u>		<u>1,975,826</u>
Net assets excluding pension liability			<u>43,682,105</u>		<u>24,538,833</u>
Defined benefit pension liability	19	(13,198,000)		(8,857,000)	
Net assets			<u><u>30,484,105</u></u>		<u><u>15,681,833</u></u>
Funds of the trust:					
Restricted funds	17				
- Fixed asset funds			40,272,247		22,563,007
- Restricted income funds			452,503		261,304
- Pension reserve			(13,198,000)		(8,857,000)
Total restricted funds			<u>27,526,750</u>		<u>13,967,311</u>
Unrestricted income funds	17		<u>2,957,355</u>		<u>1,714,522</u>
Total funds			<u><u>30,484,105</u></u>		<u><u>15,681,833</u></u>

The accounts set out on pages 25 to 62 were approved by the board of trustees and authorised for issue on 15 December 2017 and are signed on its behalf by:

P Munro
Chair

R Meredith
Accounting officer

Company Number 08320065

TRANSFORM TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	20		458,723		(386,143)
Cash funds transferred on conversion	24		1,098,868		516,164
			<u>1,557,591</u>		<u>130,021</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		1,540		1,695	
Capital grants from DfE and ESFA		106,426		93,900	
Payments to acquire tangible fixed assets		(593,611)		(222,380)	
		<u>(485,645)</u>		<u>(126,785)</u>	
Change in cash and cash equivalents in the reporting period			1,071,946		3,236
Cash and cash equivalents at 1 September 2016			1,475,287		1,472,051
Cash and cash equivalents at 31 August 2017			<u>2,547,233</u>		<u>1,475,287</u>
Relating to:					
Cash in hand and at bank			<u>2,547,233</u>		<u>1,475,287</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from the predecessor schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 24.

1.4 Income

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

Grants receivable

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.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

Employee benefits

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

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

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

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

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

Two academies operate from land and buildings which are owned by the Diocese of Southwell and Nottingham (the "Diocese"). The academies occupy the properties under the terms of a Church Supplemental Agreement with the freehold owners. In considering the accounting treatment for these properties the trustees have referred to the provisions of the Academies Accounts Direction 2016 to 2017 (AAD). Until this year the trust has recognised the land and buildings on its Balance Sheet, at valuation, but guidance in the AAD has now clarified that where a Supplemental Agreement is in place then the trust does not have full rights or control such that any asset should be recognised in the Balance Sheet. As a result of this change in guidance, the value of the land and buildings has not been recognised by the trust and consequently the net book value of the land and buildings has been removed from tangible fixed assets and the fixed asset restricted fund.

Per the AAD the rolling right to occupy the building could be recognised in the financial statements via a notional donation (since it pays no actual rent) with a corresponding notional rental expense for its use of the premises. The value of the donation would be the amount that the academy trust would otherwise have had to pay to secure premises, however since the trustees feel that this cannot be reliably measured, and in accordance with the AAD, no donation or rental expenses have been recognised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, other than land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold land & buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.7 Liabilities

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

1.8 Leasing and hire purchase commitments

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

1.9 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.10 Stock

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

1.11 Taxation

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

1.12 Pensions benefits

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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 are 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.

1.13 Fund accounting

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

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

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	106,426	106,426	93,900
Other donations	1,412	-	1,412	3,030
	<u>1,412</u>	<u>106,426</u>	<u>107,838</u>	<u>96,930</u>

The income from donations and capital grants was £107,838 (2016: £96,930) of which £1,412 was unrestricted (2016: £3,030) and £106,426 was restricted fixed assets (2016: £93,900).

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Other income	141,012	22,060	163,072	102,241
Catering income	-	82,385	82,385	66,352
Staff recharges	165,906	-	165,906	142,362
Trip income	-	66,128	66,128	48,334
	<u>306,918</u>	<u>170,573</u>	<u>477,491</u>	<u>359,289</u>

The income from other trading activities was £477,491 (2016: £359,289) of which £306,918 was unrestricted (2016: £229,042) and £170,573 was restricted (2016: £130,247).

5 Funding for the trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	13,917,019	13,917,019	10,110,916
Other DfE / ESFA grants	-	2,988,719	2,988,719	2,008,688
	<u>-</u>	<u>16,905,738</u>	<u>16,905,738</u>	<u>12,119,604</u>
Other government grants				
Special educational projects	-	1,282,727	1,282,727	973,250
	<u>-</u>	<u>1,282,727</u>	<u>1,282,727</u>	<u>973,250</u>
Total funding	<u>-</u>	<u>18,188,465</u>	<u>18,188,465</u>	<u>13,092,854</u>

The income from funding for educational operations was £18,188,465 (2016: £13,092,854) of which £18,188,465 was restricted (2016: £13,092,854).

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	1,540	-	1,540	1,695
	<u>1,540</u>	<u>-</u>	<u>1,540</u>	<u>1,695</u>

The income from funding for investment income was £1,540 (2016: £1,695) of which £1,540 was unrestricted (2016: £1,695).

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	11,898,449	-	1,116,510	13,014,959	9,577,682
- Allocated support costs	3,009,997	1,514,213	1,892,869	6,417,079	4,376,863
	<u>14,908,446</u>	<u>1,514,213</u>	<u>3,009,379</u>	<u>19,432,038</u>	<u>13,954,545</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	33,500	21,300
- Other services	-	3,200
Operating lease rentals	25,878	22,973
Depreciation of tangible fixed assets	532,479	365,150
Net interest on defined benefit pension liability	214,000	136,000
	<u>214,000</u>	<u>136,000</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

(Continued)

Central services

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

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

The trust charges for these services on the following basis:

- flat percentage of income (5%);

The amounts charged during the year were as follows:

	2017	2016
	£	£
Sneinton St Stephen's CoE Primary School	60,252	59,066
Edale Rise Primary and Nursery School	75,385	77,901
Highbank Primary and Nursery School	71,106	69,136
Brocklewood Primary School	156,181	151,031
Rosslyn Park Primary School	173,758	170,639
Allenton Community Primary School	100,893	100,345
Bulwell St Mary's CoE Primary School	87,933	6,635
Burford Primary and Nursery School	64,089	4,831
William Booth Primary and Nursery School	16,775	-
Robert Shaw Primary and Nursery School	26,531	-
Whitegate Primary and Nursery School	16,452	-
Pear Tree Community Junior School	16,033	-
Breadsall Hill Top Primary School	15,653	-
	<u>881,041</u>	<u>639,584</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	165,905	12,849,054	13,014,959	9,577,682
Support costs - educational operations	-	6,417,079	6,417,079	4,376,863
	<u>165,905</u>	<u>19,266,133</u>	<u>19,432,038</u>	<u>13,954,545</u>

The expenditure on educational operations was £19,432,038 (2016: £13,954,545) of which £165,905 was unrestricted (2016: £229,042), £18,733,654 was restricted (2016: £13,360,353) and £532,479 was restricted fixed assets (2016: £365,150).

	2017 £	2016 £
Analysis of support costs		
Support staff costs	3,009,997	1,914,015
Depreciation and amortisation	532,479	365,150
Technology costs	215,716	135,813
Premises costs	861,146	695,328
Other support costs	1,538,720	1,067,736
Governance costs	259,021	198,821
	<u>6,417,079</u>	<u>4,376,863</u>

9 Staff costs

	2017 £	2016 £
Wages and salaries	10,734,870	7,985,178
Social security costs	951,517	602,705
Operating costs of defined benefit pension schemes	2,565,489	1,461,702
Apprenticeship levy	19,312	-
Staff costs	<u>14,271,188</u>	<u>10,049,585</u>
Supply staff costs	430,551	468,566
Staff restructuring costs	49,529	-
Staff development and other staff costs	157,178	129,209
Total staff expenditure	<u>14,908,446</u>	<u>10,647,360</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Staff restructuring costs includes a severance payment of £47,639 (2016: £nil) and a redundancy payment of £1,890 (2016: £nil), both of which are either contractual or statutory payments.

The employment cost of several members of staff is recharged to Transform Teaching School Alliance Limited, which is a subsidiary of this company, and to other schools. The total salary costs recharged to other entities in the year to 31 August 2017 was £165,905 (2016: £142,362).

Staff numbers

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

	2017 Number	2016 Number
Teachers	256	161
Administration and support	521	315
	<u>777</u>	<u>476</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,000 - £70,000	4	7
£70,000 - £80,000	3	1
£90,000 - £100,000	1	1
£110,000 - £120,000	-	1
£120,000 - £130,000	1	-
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £1,039,309 (2016: £310,251).

During the period ended 31 August 2017 the trust decided that Headteachers should also fall within the key management personnel disclosure. Due to this change, the total amount of employee benefit received by key management personnel in the year ended 31 August 2017 is higher than in the prior year.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Trustees' remuneration and expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £93 (2016: £65) were reimbursed to 1 trustee (2016: 1 trustees).

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

R Meredith(Chief Executive Officer)

Remuneration £120,000 - £125,000 (2016: £110,000 - £115,000)

Employer's pension contributions £20,000 - £25,000 (2016: £15,000 - £20,000)

Q Gu £0 - £5,000 (2016: £nil) for the provision of services to Transform Teaching School Alliance Limited.

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

11 Trustees and officers insurance

In the period ended 31 August 2017 the trust joined the Education and Skills Funding Agency's Risk Protection scheme to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. This scheme provides unlimited cover. As the cover for the trustees and officers is part of the policy, the cost cannot be determined.

In the period ended 31 August 2016, the trust purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. The insurance provided cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £679.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

	Long leasehold land & buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2016	22,843,075	205,714	237,033	23,285,822
Transfer on conversion	22,337,000	-	-	22,337,000
Additions	81,505	94,518	417,588	593,611
Transfer out of land and buildings	(4,790,414)	-	-	(4,790,414)
At 31 August 2017	<u>40,471,166</u>	<u>300,232</u>	<u>654,621</u>	<u>41,426,019</u>
Depreciation				
At 1 September 2016	557,513	114,843	50,459	722,815
On transfer out of land and buildings	(101,522)	-	-	(101,522)
Charge for the year	397,590	64,193	70,696	532,479
At 31 August 2017	<u>853,581</u>	<u>179,036</u>	<u>121,155</u>	<u>1,153,772</u>
Net book value				
At 31 August 2017	<u>39,617,585</u>	<u>121,196</u>	<u>533,466</u>	<u>40,272,247</u>
At 31 August 2016	<u>22,285,562</u>	<u>90,871</u>	<u>186,574</u>	<u>22,563,007</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

(Continued)

Two schools joined the Trust on 1 June 2017 and their land and buildings were donated to the Trust by Nottingham City Council ("NCC") at their depreciated replacement cost of £6,373,000.

A further three schools joined the Trust on 1 July 2017 and their land and buildings were donated to the Trust by Nottingham City Council ("NCC") and Derby City Council ("DCC") at their depreciated replacement costs of £5,414,000 and £10,550,000 respectively.

At 31 August 2017 the Trust holds eleven properties under 125-year leases from NCC and DCC. These properties are included at their depreciated replacement cost at the date of conversion to academy status.

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

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

The Diocese of Southwell and Nottingham own the legal title of the land and freehold where the Academies are situated, there is no formal lease in place and the Diocese do not charge any rent for the use of the property. The Academy Trust has a licence to occupy only and, given the terms set out in the Church Supplemental Agreements, the trustees have concluded that the trust does not have control over the premises. Until this year the trust had recognised the land and buildings on its Balance Sheet at valuation, but guidance in the Academies Accounts Direction has now clarified that where a Supplemental Agreement is in place and the trust does not have full rights or control, any such asset should not be recognised in the Balance Sheet.

As a result of this change in guidance, the value of the land and buildings has been de-recognised by the Academy Trust and consequently the net book value of the land and buildings has been removed from the trust's Balance Sheet and Restricted Fixed Asset Fund. The impact of this adjustment is to reduce the Restricted Fixed Asset Fund by £4,688,892.

Land and buildings includes land valued at £6,491,486 which is not subject to depreciation.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13	Stocks	2017	2016
		£	£
	Stock	31,184	13,759
		<u> </u>	<u> </u>
14	Debtors	2017	2016
		£	£
	Trade debtors	26,595	21,187
	VAT recoverable	220,298	153,831
	Other debtors	1,345	2,032
	Prepayments and accrued income	2,082,833	1,070,053
		<u> </u>	<u> </u>
		2,331,071	1,247,103
		<u> </u>	<u> </u>
15	Creditors: amounts falling due within one year	2017	2016
		£	£
	Trade creditors	578,411	294,132
	Amounts owed to group undertakings	17,129	9,625
	Other creditors	2,896	3,284
	Accruals and deferred income	901,194	453,282
		<u> </u>	<u> </u>
		1,499,630	760,323
		<u> </u>	<u> </u>
16	Deferred income	2017	2016
		£	£
	Deferred income is included within:		
	Creditors due within one year	475,831	304,589
		<u> </u>	<u> </u>
	Deferred income at 1 September 2016	304,589	277,193
	Released from previous years	(304,589)	(277,193)
	Amounts deferred in the year	475,831	304,589
		<u> </u>	<u> </u>
	Deferred income at 31 August 2017	475,831	304,589
		<u> </u>	<u> </u>

At the balance sheet date the trust had received various grants in advance for expenditure which will be incurred in the period to 31 August 2018.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

The £4,688,892 transfer out of the fixed asset fund represents the land and buildings owned by the Diocese of Southwell and Nottingham which no longer meet the definition of tangible fixed assets due to a change in the Academies Accounts Direction guidance in 2016/2017.

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

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

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

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

The pension reserve held within restricted funds was in deficit by £13,198,000 at 31 August 2017. This does not mean that an immediate liability for this amount crystallises. The deficit position will result in a cash flow effect for the academy trust in the form of employer's pension contributions as assessed by the actuary.

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	206,036	10,110,916	(9,927,168)	(128,480)	261,304
Other DfE / ESFA grants	-	2,008,688	(2,008,688)	-	-
Other government grants	-	973,250	(973,250)	-	-
Other restricted funds	-	130,247	(130,247)	-	-
	<u>206,036</u>	<u>13,223,101</u>	<u>(13,039,353)</u>	<u>(128,480)</u>	<u>261,304</u>
Funds excluding pensions	206,036	13,223,101	(13,039,353)	(128,480)	261,304
Pension reserve	(3,656,000)	(1,170,000)	(321,000)	(3,710,000)	(8,857,000)
	<u>(3,449,964)</u>	<u>12,053,101</u>	<u>(13,360,353)</u>	<u>(3,838,480)</u>	<u>(8,595,696)</u>
Restricted fixed asset funds					
Transferred on conversion	12,555,185	8,363,467	(280,275)	-	20,638,377
DfE / ESFA capital grants	1,787,125	93,900	(84,875)	128,480	1,924,630
	<u>14,342,310</u>	<u>8,457,367</u>	<u>(365,150)</u>	<u>128,480</u>	<u>22,563,007</u>
Total restricted funds	<u>10,892,346</u>	<u>20,510,468</u>	<u>(13,725,503)</u>	<u>(3,710,000)</u>	<u>13,967,311</u>
Unrestricted funds					
General funds	<u>1,193,633</u>	<u>749,931</u>	<u>(229,042)</u>	<u>-</u>	<u>1,714,522</u>
Total funds	<u>12,085,979</u>	<u>21,260,399</u>	<u>(13,954,545)</u>	<u>(3,710,000)</u>	<u>15,681,833</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total funds analysis by academy

	Total
	£
Fund balances at 31 August 2017 were allocated as follows:	
Sneinton St Stephen's CoE Primary School	175,484
Edale Rise Primary and Nursery School	322,937
Highbank Primary and Nursery School	96,732
Brocklewood Primary School	119,368
Rosslyn Park Primary and Nursery School	301,558
Allenton Community Primary School	256,561
Bulwell St Mary's CoE Primary School	396,988
Burford Primary and Nursery School	126,803
William Booth Primary and Nursery School	25,307
Robert Shaw Primary and Nursery School	141,420
Whitegate Primary and Nursery School	589,486
Pear Tree Community Junior School	362,626
Breadsall Hill Top Primary School	94,678
Transform Trust	399,910
	<hr/>
Total before fixed assets fund and pension reserve	3,409,858
Restricted fixed asset fund	40,272,247
Pension reserve	(13,198,000)
	<hr/>
Total funds	30,484,105
	<hr/> <hr/>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Funds analysis by academy - previous year

	Total 2016 £
Fund balances at 31 August 2016 were allocated as follows:	
Sneinton St Stephen's CoE Academy	213,832
Edale Rise Primary and Nursery School	325,751
Highbank Primary and Nursery School	68,168
Brocklewood Primary School	110,349
Roslyn Park Primary and Nursery School	361,905
Allenton Community Primary School	259,721
Bulwell St Mary's CoE Primary School	462,565
Burford Primary and Nursery School	77,119
Transform Trust	96,416
	<hr/>
Total before fixed assets fund and pension reserve	1,975,826
Restricted fixed asset fund	22,563,007
Pension reserve	(8,857,000)
	<hr/>
Total funds	15,681,833
	<hr/> <hr/>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016
	£	£	£	£	£
Sneinton St Stephen's CoE Academy	853,555	136,314	106,744	239,300	1,335,913
Edale Rise Primary and Nursery School	960,057	153,573	100,588	221,960	1,436,178
Highbank Primary and Nursery School	901,240	233,853	66,361	196,646	1,398,100
Brocklewood Primary School	2,009,531	538,440	228,525	382,439	3,158,935
Rosslyn Park Primary and Nursery School	2,194,310	394,462	292,987	527,579	3,409,338
Allenton Community Primary School	1,304,531	238,044	127,233	228,077	1,897,885
Bulwell St Mary's CoE Primary School	81,838	13,166	-	2,385	97,389
Burford Primary and Nursery School	64,283	12,487	-	3,154	79,924
Transform Trust	234,791	193,676	51,109	296,157	775,733
	<u>8,604,136</u>	<u>1,914,015</u>	<u>973,547</u>	<u>2,097,697</u>	<u>13,589,395</u>

18 Analysis of net assets between funds

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £
As restated				
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	22,563,007	22,563,007
Current assets	1,714,522	1,021,627	-	2,736,149
Creditors falling due within one year	-	(760,323)	-	(760,323)
Defined benefit pension liability	-	(8,857,000)	-	(8,857,000)
	<u>1,714,522</u>	<u>(8,595,696)</u>	<u>22,563,007</u>	<u>15,681,833</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to 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 (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The total pension costs paid to the TPS in the period amounted to £1,435,696 (2016: £1,070,222).

The employer's pension costs paid to TPS in the period amounted to £902,365 (2016: £686,716).

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

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

Local Government Pension Scheme

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

The LGPS obligation relates to the employees of the trust who were transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the trust at the balance sheet date.

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

The scheme is in deficit at 31 August 2017.

The deficit for one school, which is part of the Derby City Council Scheme, was being cleared by additional payments amounting to £2,084 per month. These payments ended in March 2017 as the LGPS contribution rates increased. The total amount of additional payments made in 2017 was £14,588.

Total contributions made	2017 £	2016 £
Employer's contributions	791,000	603,000
Employees' contributions	245,000	188,000
Total contributions	<u>1,036,000</u>	<u>791,000</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	3.9	3.9
Rate of increase for pensions in payment	2.6	2.3
Discount rate	2.6	2.2
Inflation assumption (CPI)	2.6	2.3
Commutation of pensions to lump sums	50.0	50.0
	<u> </u>	<u> </u>

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

	2017	2016
	Years	Years
Retiring today		
- Males	22.4	22.1
- Females	25.2	25.1
Retiring in 20 years		
- Males	24.6	24.4
- Females	27.6	27.5
	<u> </u>	<u> </u>

The sensitivity analysis for the comparative year has not been included due to the inclusion of prior year adjustments. The sensitivity analysis as calculated in 2016 would no longer be representative of the restated liabilities.

Changes to 2017 assumptions would have resulted in the following scheme liabilities:

	2017
	£'000
Discount rate - 0.1%	23,594
Salary increase rate + 0.1%	23,038
Pension increase rate + 0.1%	23,477
	<u> </u>

The principal actuarial assumptions and sensitivity analysis have been aggregated from 14 different actuarial valuations. Averages were used to produce the principal actuarial assumptions.

TRANSFORM TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2017****19 Pensions and similar obligations****(Continued)****The trust's share of the assets in the scheme**

	2017	2016
	Fair value	Fair value as
		restated
	£	£
Equities	6,485,000	3,770,000
Bonds	1,312,000	467,000
Gilts	247,000	178,000
Cash	280,000	249,000
Property	1,043,000	634,000
Other assets	376,000	195,000
	<u>9,743,000</u>	<u>5,493,000</u>
	<u>233,000</u>	<u>568,000</u>

Amounts recognised in the statement of financial activities

	2017	2016
	£	£
Current service cost	1,630,000	788,000
Interest income	(153,000)	(149,000)
Interest cost	367,000	285,000
	<u>1,844,000</u>	<u>924,000</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2017	2016 as restated
	£	£
Obligations at 1 September 2016	14,350,000	7,038,000
Obligations acquired on conversion	6,695,000	1,964,000
Current service cost	1,630,000	788,000
Interest cost	367,000	285,000
Employee contributions	245,000	188,000
Actuarial (gain)/loss	(223,000)	4,129,000
Benefits paid	(123,000)	(42,000)
	<u>22,941,000</u>	<u>14,350,000</u>
At 31 August 2017	<u>22,941,000</u>	<u>14,350,000</u>
Changes in the fair value of the trust's share of scheme assets	2017	2016 as restated
	£	£
Assets at 1 September 2016	5,493,000	3,382,000
Assets acquired on conversion	3,104,000	794,000
Interest income	153,000	149,000
Actuarial gain	80,000	419,000
Employer contributions	791,000	603,000
Employee contributions	245,000	188,000
Benefits paid	(123,000)	(42,000)
	<u>9,743,000</u>	<u>5,493,000</u>
At 31 August 2017	<u>9,743,000</u>	<u>5,493,000</u>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017	2016
	£	£
Net income for the reporting period	19,188,164	7,305,854
Adjusted for:		
Net surplus on conversion to academy	(19,844,868)	(7,709,631)
Capital grants from DfE/ESFA and other capital income	(106,426)	(93,900)
Investment income receivable	(1,540)	(1,695)
Defined benefit pension costs less contributions payable	839,000	185,000
Defined benefit pension net finance cost	214,000	136,000
Depreciation of tangible fixed assets	532,479	365,150
(Increase)/decrease in stocks	(17,425)	5,004
(Increase) in debtors	(1,083,968)	(263,926)
Increase/(decrease) in creditors	739,307	(313,999)
Net cash provided by operating activities	458,723	(386,143)

21 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017	2016
	£	£
Amounts due within one year	88,473	41,004
Amounts due in two and five years	204,147	80,308
	<u>292,620</u>	<u>121,312</u>

22 Capital commitments

	2017	2016
	£	£
Expenditure contracted for but not provided in the accounts	21,529	24,822

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

23 Related party transactions

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

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

Transform Teaching School Alliance Limited ("TTSA")

TTSA is wholly owned by the Trust. It provides membership and staff training and advice to the Educational Sector. During the year, the Trust recharged staff costs and other expenses totalling £141,687 (2016: £55,496) to TTSA. The Trust purchased services costing £149,789 (2016: £87,643) from TTSA and received a donation of £1,912 (2016: £2,965) from TTSA. The balance owed to TTSA by the Trust at 31 August 2017 was £17,129 (2016: £9,625).

During the year there were transactions with a family member of R Meredith, trustee, amounting to £nil (2016: £2,795) in relation to the provision of professional services.

During the year there were transactions between the close family member of a trustee and TTSA which related to professional services provided by the close family member of the trustee. These transactions amounted to £9,620 (2016: £10,803).

During the year there were transactions between a trustee and TTSA which related to support projects provided by the trustee. These transactions amounted to £4,200 (2016: £nil).

Bulwell St Mary's School

The Chief Executive Officer of the Trust was Executive Head at Bulwell St Mary's school. The Trust recharged staff costs to Bulwell St Mary's school in 2016 amounting to £42,978 and procured staff services from Bulwell St Mary's school amounting to £6,251. This school joined the trust from 1st August 2016 and the transactions disclosed here relate to the period before conversion.

South Wilford School

The Chief Executive Officer of the Trust was Executive Head at South Wilford school during part of the previous year and was subsequently replaced by another member of the senior management team who is also an Executive Head at another school within the Trust. The Trust recharged staff costs to South Wilford school amounting to £38,483 (2016: £28,806) and incurred costs of £1,201 (2016: £1,072). As at 31st August 2017 the Trust was owed £15,095 (2016: £9,632).

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

24 Conversion to an academy

On 1 June 2017 William Booth Primary and Nursery School and Robert Shaw Primary and Nursery School converted to academy trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to Transform Trust from the Nottinghamshire Local Authority for £nil consideration.

On 1 July 2017 Whitegate Primary and Nursery School, Pear Tree Community Junior School and Breadsall Hill Top Primary School converted to academy trust status under the Academies Act 2010. All the operations, assets and liabilities of Whitegate Primary and Nursery School were transferred to Transform Trust from the Nottinghamshire Local Authority for £nil consideration, whilst the operations, assets and liabilities of Pear Tree Community Junior School and Breadsall Hill Top Primary School were transferred to Transform Trust from the Derbyshire Local Authority for £nil consideration.

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

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

Academy	Location	Date of conversion	
William Booth Primary and Nursery School	Nottingham	1 June 2017	
Robert Shaw Primary and Nursery School	Nottingham	1 June 2017	
Whitegate Primary and Nursery School	Nottingham	1 July 2017	
Pear Tree Community Junior School	Derby	1 July 2017	
Breadsall Hill Top Primary School	Derby	1 July 2017	
			2017
Net assets transferred:			£
Leasehold land and buildings			22,337,000
Budget surplus on LA funds			1,098,868
LGPS pension surplus/(deficit)			(3,591,000)
			<hr/>
			19,844,868
			<hr/> <hr/>

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

24 Conversion to an academy

(Continued)

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2017
	£	£	£	£
Fixed assets funds	-	-	22,337,000	22,337,000
LA budget funds	1,098,868	-	-	1,098,868
LGPS pension funds	-	(3,591,000)	-	(3,591,000)
	<u>1,098,868</u>	<u>(3,591,000)</u>	<u>22,337,000</u>	<u>19,844,868</u>

25 Post balance sheet events

On 1 January 2018 South Wilford Endowed CE VA Primary School will convert to academy trust status and join Transform Trust.

26 Members' liability

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

TRANSFORM TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

27 Prior period adjustment

A prior period adjustment affected the figures reported for the comparative period for funds and net income or expenditure, as follows.

		1 September 2015	31 August 2016
	Notes	£	£
Reconciliation of funds			
Funds as previously reported		12,085,979	16,718,833
Adjustments arising:			
Adjustment to opening position of pension deficit	(i)	-	(1,037,000)
Funds as restated		<u>12,085,979</u>	<u>15,681,833</u>
Reconciliation of net income for the previous financial period			
	Notes		2016 £
Net income as previously reported			8,342,854
Adjustments arising:			
Adjustment to opening position of pension deficit	(i)		(1,037,000)
Net income as restated			<u>7,305,854</u>

Notes to restatement

(i) Adjustment to pension deficit

Additional information came to light during the period ended 31 August 2017 which showed that the transferred local government pension scheme deficits for both Bulwell St Mary's CoE Primary School and Burford Primary and Nursery School, upon conversion on 1 August 2016 had been understated by £1,037,000 by the actuary. A corrected actuarial valuation has been provided by the actuary and the adjustment has been made to the balances previously reported at 31 August 2016 by way of a prior period adjustment.