

Company Registration Number: 04798185 (England & Wales)

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

F K J Jackson
SM Williamson (appointed 1 April 2019)
G Ruoss
Sir M Wakeford
T R Last

Trustees

RJ Harrison OBE, Chairman
JF Bowater
PWS Brewis
VJ Evans
R Taylor
C E Tonks
EE Tutchener-Ellis (appointed 11 October 2018)
CH Whittington
SM Williamson (resigned 4 March 2019)

Company registered number

04798185

Company name

Thomas Telford Multi Academy Trust

Registered office

Thomas Telford School
Old Park
Telford
Shropshire
TF3 4NW

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Advisers (continued)

Senior management team

Sir Kevin Satchwell
M Davies
S Topper
S Turton FCA

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

HSBC Bank PLC
Town Centre
Telford
Shropshire
TF3 4AN

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

Investment manager

Brewin Dolphin Limited
4th Floor
9 Colmore Row
Birmingham
B2 2BJ

THOMAS TELFORD MULTI ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Trust is a Charitable Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum of Association is the primary governing document of the academy trust. The Trustees of Thomas Telford Multi Academy Trust are also the directors of the Charitable Company for the purposes of company law.

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

The principal object of the Charitable Company is to maintain academies in West Midlands and Shropshire areas currently including Sandwell Academy, Walsall Academy, Madeley Academy and Redhill Primary Academy.

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

In accordance with normal commercial practice the Charitable Company has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The cost for the year ended 31 August 2019 was £1,045 (2018: This amount could not be quantified within the overall cost of the RPA scheme in place in 2018).

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Articles of Association ("Articles") require the appointment of up to nine Trustees who are appointed by the Members, by ordinary resolution. The Articles also afford Trustees the ability to appoint Co-opted Trustees, if required.

The Trustees who served during the year and subsequently, to the date of this report except where indicated, were:

RJ Harrison OBE, Chairman
JF Bowater
PWS Brewis
VJ Evans
R Taylor
C E Tonks
EE Tutchener-Ellis (appointed 11 October 2018)
CH Whittington
SM Williamson (resigned 4 March 2019)

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The day-to-day running of the Charitable Company is carried out by the Executive Advisor and the senior management team.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Charitable Company was controlled by the trust board ("the board"). From 1 September 2017 revised appointment procedures apply in line with DfE approved Articles of Association for a multi academy trust.

The induction and training provided for new Trustees will depend on their existing experience. All of the Trustees have many years of experience on other school governing boards and in the sphere of education generally. Where necessary, training will be provided on charity, educational, legal and financial matters. It is expected that the turnover in the composition of the board will be low which will enable induction to be carried out informally and tailored specifically to each individual. All new Trustees will be encouraged and assisted to familiarise themselves with the academies and will meet with staff, students and parents of students. All Trustees are provided with copies of the Trusts and the academies constitutional and policy documents. In addition, they are routinely involved with meetings, accounts, reports, budgets, plans and other information necessary to enable them to carry out their roles effectively. All Trustees will undertake appropriate training in the area of safeguarding to ensure that the students in their care are properly protected.

ORGANISATIONAL STRUCTURE

The management structure is on three levels: the Trustees, the local governing boards and the Senior Managers. The Senior Managers comprise persons who are qualified and experienced in their individual fields. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. Each local governing board operates under Terms of Reference and a Scheme of Delegation, which provide the structure under which it is required to manage its responsibilities.

The Trustees are responsible for setting general policy, adopting annual plans, budgets and targets, and monitoring the performance of the academies against the aims established. They make all major decisions about the direction and policies of the academies, including capital expenditure in accordance with the Scheme of Delegation.

At academy level the senior management teams consists of the Headteacher and the Deputy Heads. These managers control the academy at an executive level, implementing the policies established by the Governors and reporting back to them at the local governing board meetings.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

It is the responsibility of the local governing boards to approve annual pay increases. Teachers will be paid at a rate that is comparable to other employers of teachers. The Headteachers will recommend individual pay increases each year. Prior to the start of each academic year, teachers will receive notification in writing of their pay including any increases and a copy of their post description.

At the discretion of the Headteachers additional payments will be made to teachers for the following types of activities:

- Covering lessons for absent colleagues
- Timetabled teaching commitments above 80%
- Exceptional time commitments to extra curricula activities in sport, performing arts and outdoor activities etc.
- Performance related pay (subject to approval by the remuneration committee and the local governing boards)

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FOR THE YEAR ENDED 31 AUGUST 2019

Annual pay reviews are linked to performance, with appropriate incremental progression and 'cost of living' increases. In very rare cases, increases will be withheld, where the performance of the teacher in terms of standards of teaching and student progress and attainment are unsatisfactory.

The Trustees are responsible for approving the annual pay awards recommended by the remuneration committees and approved by local governing boards.

TRADE UNION FACILITY TIME

The academies have no union officials and therefore had no time or costs spent on union activities during the year.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Charitable Company continues to work in partnership with Telford City Technology College Trust Limited (known as Thomas Telford School).

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Charitable Company's objects are generally to advance for the public benefit education in the West Midlands and Telford by establishing, maintaining, managing and developing primary and secondary academies offering a broad curriculum with a strong emphasis on business and sport.

The main objectives of the Charitable Company are summarised as being to:

- raise the standard of educational achievement of all students;
- ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- improve the effectiveness of the Charitable Company by keeping the curriculum and organisational structure under continuous review;
- provide value for money for the funds expended;
- comply with all statutory and national curriculum requirements; and to
- maintain close links with industry, commerce and further education providers.

OBJECTIVES, STRATEGIES, ACTIVITIES AND PUBLIC BENEFIT

The Charitable Company's main strategy is encompassed in its mission statement which is 'The general aim of the academies is to maximise students' performance'. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students; and
- a careers advisory service to help students obtain employment or move on to higher education.

Throughout the Trust, the member academies work in collaboration wherever possible. This enables resources to be shared and for collective expertise to be used to assist each other to raise standards and prepare students for the next stage of their lives.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

To ensure that standards are continually raised both in the short term and long term, the academies operate a programme of observation of lessons, are visited by inspectors and undertake a comparison of results from entry to Key Stage 3, from thence to GCSE examinations; and from GCSE to A level, to assess the added value.

MAIN ACTIVITIES UNDERTAKEN TO FURTHER THE CHARITY'S PURPOSES FOR PUBLIC BENEFIT

In setting the objectives and planning activities, the Trustees have given careful consideration to the Charity Commission's agreed guidance on public benefit.

EQUAL OPPORTUNITIES & DISABLED PERSONS

Trustees recognise that equal opportunities should be an integral part of good practice within the workplace and that a working environment which fosters the contribution and needs of all people is valued.

All academies support the employment of disabled persons in both recruitment and retention of employees who may become disabled whilst employed, as well as through training and career progression. Buildings are constructed to enable wheelchair access to the main entrance of each academy where access to lifts and disabled toilet facilities are available.

There are a number of policies which all academies adopt in relation to aspects of human resource management including, Equal Opportunities, Volunteers and Health & Safety policies.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

GCSE results in 2019 were good with 60% of students achieving a grade 4 or above in English and maths and 35% a grade 5 or above. Whilst these outcomes are marginally below expected national averages this broadly reflects the ability on intake with the value added progress 8 measure scoring an estimated -0.04. Other headline measures including an Attainment 8 score of 46.3 and an Average Ebacc Points Score of 3.88 compare well with national averages and schools with similar intakes. A level results were impressive with an Average A level Grade C and an Average Applied Grade at Distinction.

Our only Primary School, Redhill Primary Academy, performed significantly above national averages with their 2019 Key Stage 2 outcomes. 78% of students achieved the expected standard in reading, writing and maths and 20% achieved the higher standard, both outcomes significantly above the national average of 64% and 7% respectively.

Strong budgetary controls are exercised as part of a culture of disciplined financial management, achieving optimum value for money. The annual programme of repairs together with the refurbishment of several areas during the summer holidays has resulted in the fabric of the buildings being maintained to a high standard.

Trustees have continued with apprenticeship initiatives launched as part of the government's commitment to increasing opportunities for students and have supported how the academies have actively communicated this route to employment through a range of channels.

In line with wider trends, the increased number of more vulnerable students, particularly those suffering with mental health difficulties, has received considerable attention again in the year, alongside an assessment of the internal and external provisions in place to give effective and timely support for individuals affected. Following scrutiny over how Pupil Premium has been allocated during the year to provide a range of intervention strategies, Trustees are satisfied that this supplementary income has been effectively used to support disadvantaged students to make progress at least fairly comparable to the levels being achieved by their peers and that results

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TRUSTEES' REPORT (continued)
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support the efficacy of the actions taken.

The Trustees believe that the academies should provide a caring, positive, safe and stimulating environment for students, where students' moral, social and physical development is promoted and protected. The Trustees aim to create an environment where students feel comfortable and able to confide in any of the members of staff at the academies.

Against a backdrop where the recruitment of suitably qualified and experienced teachers in some subjects has continued to present difficulties, staffing levels have generally been sufficiently maintained and turnover effectively managed. Trustees have supported the Heads in their efforts in this regard through the continuation of professional development opportunities, the effective use of a performance management system, anticipatory succession planning and collaboration within the trust. Nevertheless, with employment costs continuing to be the most significant element of the academies' annual expenditure, economies, where appropriate, have been achieved to ensure that these costs have not exceeded the budgetary provision for the year.

The trust board composition has continued to be appropriately sustained with a wide range of experience in the fields of education, commerce, legal profession and industry amongst its members. These attributes have contributed to effective control, strong challenge and positive ambition of and for the academies, their students, their staff and the communities which they serve.

EQUALITY ACT COMPLIANCE AND OBJECTIVES

As an educational establishment, the Charitable Company is in a strong position to effectively perform its statutory duties under the Equality Act 2010 in relation to both its staff and its students. The Charitable Company is committed to advancing equality of opportunity, fostering good relations and tackling discrimination against individuals and groups irrespective of gender, disability and ethnicity.

GOING CONCERN

After making appropriate enquiries, the trust board has a reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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TRUSTEES' REPORT (continued)
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FINANCIAL REVIEW

Most of the Charitable Company's income is obtained from the Department for Education ("DfE") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

At 1 September 2018 the assets and liabilities of Redhill Primary School were transferred to the trust.

The academies also receive grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful lives of the assets concerned.

During the year ended 31 August 2019, total expenditure of £27,090,114 (2018: £25,165,819) was fully covered by recurrent grant funding from the DfE together with other incoming resources. Before taking into account the movement on the pension provision the excess of income over expenditure for the year was £1,523,325 (2018: deficit £40,863,414).

At 31 August 2019 the net book value of fixed assets was £65,513,823 (2018: £62,120,691) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academies.

RESERVES POLICY

The Trustees continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and the nature of reserves. The Trustees have determined that the level of reserves, which are not invested in fixed assets at the year end, of £7,205,093 (2018: £8,006,150), is adequate for its immediate needs. The currently perceived needs of the Trust are considered to be around 100% of grant income in order to cover operating expenditure to complete an academic year. Operating expenditure for this purpose is defined as total resources expended excluding depreciation. The investment funds retained by the academies are also intended to ensure its ability to maintain and develop the fabric of the academy buildings and to continue to provide students with state of the art facilities in the longer term.

As well as being able to operate the academies through to the end of an academic year, which over a 12 month period would cost £21 million, the academies are also accumulating reserves to enable them to construct additional buildings as part of their student numbers expansion programme.

INVESTMENT POLICY

Excess funds are invested in a manner commensurate with the perceived need. Short term investments are made in interest bearing cash accounts and other liquid forms. Funds set aside to meet longer term needs are invested in a portfolio managed by Brewin Dolphin Limited.

The investments have generally performed in line with the Trustees' expectations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have a comprehensive risk management process in place to identify and monitor the risks faced by the academies. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, progress, attendance, behaviour, health and safety, organisation, operations, safeguarding,

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reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards identified higher risk areas.

RISK MANAGEMENT

The Trustees confirm that all material risks to which the Charitable Company is exposed are continually reviewed and systems have been established to manage and mitigate the risks identified. Further details can be found within the governance statement.

FUNDRAISING

The Charitable Company had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

PLANS FOR FUTURE PERIODS

The academies will continue to strive to improve the levels of performance of their students at all levels and will continue their efforts to ensure that students secure employment or places in higher education when they leave.

Looking forward to 2019/20 and beyond, the academies will continue to ensure consistently high standards in education for the students. In furtherance of the academies strategies and in order to aid the delivery of the charitable objectives, the academies will continue to:

- review the operational and governance structures to ensure that they operate in the most efficient and cost effective way; and
- invest in facilities and equipment to improve the fabric of the buildings and to provide an environment conducive to learning.

It is the intention to incorporate additional schools into the trust when opportunities arise both in the primary and secondary sectors, there is no set time frame for the expansion. Any prospective schools will have to fit the criteria and pass the due diligence tests required by the trust.

FUNDS HELD AS CUSTODIAN

The Charitable Company acts as an agent in distributing bursary funds and grants from the ESFA. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a proportion of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

AUDITOR

The appointment of the current auditors, Crowe U.K. LLP, will be continued in accordance with Section 487 (2) of the Companies Act 2006.

The Trustees' Report, incorporating a strategic report, was approved by order of the trust board, as the company directors, on 3 December 2019 and signed on its behalf by:



RJ Harrison OBE
Chairman

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Thomas Telford Multi Academy 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 trust board has delegated the day-to-day responsibility to the Executive Advisor, 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 Thomas Telford Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the trust board 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 trust board has formally met three times during the year. Attendance during the year at meetings of the trust board was as follows:

Trustee	Meetings attended	Out of a possible
RJ Harrison OBE	3	3
JF Bowater	3	3
PWS Brewis	2	3
CH Whittington	3	3
VJ Evans	3	3
R Taylor	1	3
C E Tonks	3	3
EE Tutchener-Ellis	2	3
SM Williamson	0	1

The Trust Board has determined that it is able to convene on a termly basis and maintain effective oversight, particularly as the Chair of the Board meets regularly with the Executive Advisor to monitor progress and to be updated on any pertinent matters which may arise from time to time. In accordance with the Trust's Articles of Association, the Trustees have appointed committees for each of the academies which are known as Local Governing Boards ("LGBs"). The LGBs operate under the Terms of Reference and Scheme of Delegation, as agreed by the Trust Board, and also meet termly to monitor progress and hold senior leaders to account. Trustees receive monthly reports which are prepared to confirm the financial position of the academies and, additionally, are provided with periodic reports in relation to matters such as the progress being made towards various strategic objectives. Email communications have, therefore, continued to be an effective way in which the Board can remain informed between meetings, although the option of convening of any additional meetings during the year always remains available, if required.

During the year, there was a change in membership of the Trust Board. Mrs S Williamson resigned as a Trustee on 4 March 2019 and was appointed on 1 April 2019 to satisfy a vacancy which existed at the Members' level. The process of recruiting a further Trustee is underway, with the expectation that this will be completed during the 2019-2020 academic year.

The trust board, during the course of the year, has managed many aspects of running the multi academy trust, the students' performance being their main priority although alongside this other issues such as student mental health, improving the performance of curriculum departments where required, managing the physical security of the site along with cyber security and balancing annual income to expenditure have provided challenges during the course of the year.

The evaluation of the actions taken in relation to the challenges and the wellbeing and results of the student's bear testament to the fact that the actions taken by the trust board have been effective.

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GOVERNANCE STATEMENT (continued)

As set out under the organisational information, the Trustees delegate a number of functions to the local governing board of each academy. Each local governing board meets a minimum of three times throughout the year to govern the affairs of the individual academies. This includes scrutinising examination outcomes, progress with improvement plans and financial planning for the year. Routine skills audits are completed, particularly where a vacancy arises to ensure that the membership of each local governing board remains balanced with a broad range of knowledge and expertise amongst the members.

GOVERNANCE REVIEW

At the June 2017 trust board meeting, the results of a detailed review were discussed. The review was undertaken to ensure that the board was meeting its obligations as set out in the most recent edition of the DfE's Trustees' Handbook. The board was satisfied that it was meeting its core obligations and had used educational performance and financial data as part of its process of exercising proper control, judgement and challenge. A number of fringe issues were also discussed, with required actions or agreements being made. Trustees have an ongoing brief to identify and satisfy any specific areas for improvement in the normal course of their role.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Advisor 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 trust board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

Improving educational results. The Trustees believe that the most effective demonstration of value for money is in the educational achievements of the academies students.

Ensuring that standards of teaching and learning are continually improved, the academies operate a programme of observation of lessons, is visited by inspectors, and undertakes a comparison of results from entry to Key Stage 3 and from there to GCSE, to assess the added value.

Governance and oversight of academy trust finances. The academies benefit from the provision of a suitably qualified and independent audit check. The independent auditor reviews key financial policies, systems and procedures, including the use of tenders and presents reports on compliance to the trust board termly.

The trust board reviews and challenges the budget each year and is mindful of the need to balance expenditure against income to ensure that the academy trust remains a 'going concern', when assessed by reference to strict accounting standards. The trust board reviews the Annual Accounts and the External Auditors' Management Report in detail each year.

The trust board also receives termly budget monitoring reports and investigates deviations from the plan.

The academies take a prudent approach to expenditure generally. As some 70% of each academy's income is expended on staffing, the staffing structure and composition is reviewed regularly by the trust board to ensure that it is fit for purpose and can adapt and respond to support the successful attainment of the objectives agreed in the academies Development Plan.

The senior management team monitor and review as necessary expenditure within each budget category and make adjustments based on the effectiveness of strategies introduced in previous years, changes in the curriculum offer and any new strategies identified in the academies' Development Plans.

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GOVERNANCE STATEMENT (continued)

The academies regularly benchmark their financial performance against other schools and academy trusts to demonstrate comparatively that the academies provide good value for money.

Tender exercises are periodically undertaken to ensure that high value contracts in particular are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive.

The academies collaborate with a number of other schools and academy trusts to achieve best value, notably by way of bulk purchasing economies. Departmental budget holders are continuously looking for the most competitive deals using various procurement tools such as internet shopping, advice from other academies and economies of scale. They ensure that suppliers compete on the grounds of cost, quality, suitability, product and after sales support.

The senior management team apply principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the academies;
- the targeting of resources to best improve standards and the quality of education provision;
- the use of resources to best support the various educational needs of all students; and
- long term planning for future maintenance and capital spend requirements.

The academies have developed procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures in place include:

- competitive tendering procedures;
- procedures for accepting "best value" quotes, which may not necessarily be the cheapest (e.g. suitability for purpose and quality and durability of product); and
- internal project management of major new buildings and equipment installations.
- reviewing controls and managing risks.

The academies' systems 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.

Monthly budget monitoring reports are produced and reviewed by the Director of Finance and the Accounting Officer and any necessary remedial actions taken to address any significant variances that may have an impact on the financial performance for the year or in the longer term.

The academies ensure that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential.

A separate investment fund for longer term needs is managed by specialist advisors at Brewin Dolphin Limited. Targets are set for capital growth and income generation and performance is regularly reviewed by the Trustees, including through meetings with the managers.

Insurance levels are reviewed annually and used cost effectively to manage risks.

The Trustees continually monitor the reserves of the academy trust as detailed in the Trustees' Report above.

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Thomas Telford Multi Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The trust board 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 trust board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trust board.

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 trust board;
- regular reviews by the trust board 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 trust board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Crowe U.K. LLP, the external auditor, to perform additional checks.

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

- Detailed payroll checks.
- Review of board minutes.
- Review of budgets and management accounts.
- Sample testing of accounting systems.

On a termly basis, the external auditor reports to the trust board through the trust board on the operation of the systems of control and on the discharge of the trust board' financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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GOVERNANCE STATEMENT (continued)

The Trustees can report that the internal audit function has been fully exercised during the year under review and no material control deficiencies were found and therefore no remedial action has been required.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the trust board and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the trust board on 3 December 2019 and signed on their behalf, by:



RJ Harrison OBE
Chairman



Sir Kevin Satchwell
Accounting Officer

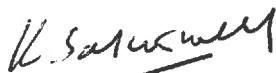
THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Sir Kevin Satchwell
Accounting Officer

Date: 3 December 2019

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the trust board and signed on its behalf by:



R.J. Harrison OBE
Chairman

Date: 3 December 2019

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THOMAS
TELFORD MULTI ACADEMY TRUST**

OPINION

We have audited the financial statements of Thomas Telford Multi Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THOMAS
TELFORD MULTI ACADEMY TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THOMAS
TELFORD MULTI ACADEMY TRUST**

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 academy or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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


Helen Drew (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 5-12-19

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THOMAS TELFORD MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 May 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Thomas Telford Multi Academy Trust during the year 1 September 2018 to 31 August 2019 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 Thomas Telford Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Thomas Telford Multi Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Thomas Telford Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THOMAS TELFORD MULTI ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Thomas Telford Multi Academy Trust's funding agreement with the Secretary of State for Education dated December 2014, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

The work undertaken to draw our conclusion includes a review of the design and implementation of the Charitable Company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Charitable Company and specific transactions identified from our review.

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THOMAS
TELFORD MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe UK LLP
Crowe U.K. LLP

Reporting Accountant

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 5-12-19

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations & capital grants:						
Transfer on business combinations	2	130,690	(954,000)	3,580,000	2,756,690	43,746,345
Other donations and capital grants	2	-	1,035,647	270,723	1,306,370	483,856
Charitable activities	4	1,988,258	22,150,216	-	24,138,474	21,511,105
Investments	3	334,969	-	-	334,969	372,077
TOTAL INCOME		2,453,917	22,231,863	3,850,723	28,536,503	66,113,383
EXPENDITURE ON:						
Raising funds		31,704	-	-	31,704	35,469
Charitable activities		1,589,396	23,487,175	1,981,839	27,058,410	25,130,350
TOTAL EXPENDITURE	5	1,621,100	23,487,175	1,981,839	27,090,114	25,165,819
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)						
Net gains/(losses) on investments	14	832,817	(1,255,312)	1,868,884	1,446,389	40,947,564
		76,936	-	-	76,936	(84,150)
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		909,753	(1,255,312)	1,868,884	1,523,325	40,863,414
Transfers between Funds	18	(1,710,810)	186,562	1,524,248	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(801,057)	(1,068,750)	3,393,132	1,523,325	40,863,414
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,718,000)	-	(1,718,000)	1,417,000
NET MOVEMENT IN FUNDS		(801,057)	(2,786,750)	3,393,132	(194,675)	42,280,414
RECONCILIATION OF FUNDS:						
Total funds brought forward		8,006,150	(2,276,786)	62,120,691	67,850,055	25,569,641
TOTAL FUNDS CARRIED FORWARD		7,205,093	(5,063,536)	65,513,823	67,655,380	67,850,055

The notes on pages 26 to 50 form part of these financial statements.

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 04798185

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	13		65,513,823		62,120,691
Investments	14		8,800,466		9,746,791
			<u>74,314,289</u>		<u>71,867,482</u>
CURRENT ASSETS					
Debtors	15	612,306		497,058	
Cash at bank and in hand		<u>2,755,977</u>		<u>1,437,266</u>	
		3,368,283		1,934,324	
CREDITORS: amounts falling due within one year	16		<u>(2,799,192)</u>		<u>(2,119,751)</u>
NET CURRENT ASSETS/(LIABILITIES)			<u>569,091</u>		<u>(185,427)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>74,883,380</u>		<u>71,682,055</u>
Defined benefit pension scheme liability	24		<u>(7,228,000)</u>		<u>(3,832,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>67,655,380</u>		<u>67,850,055</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	2,164,464		1,555,214	
Pension reserve	18	(7,228,000)		(3,832,000)	
Restricted fixed asset funds	18	<u>65,513,823</u>		<u>62,120,691</u>	
Total restricted income funds			<u>60,450,287</u>		<u>59,843,905</u>
Unrestricted income funds	18		<u>7,205,093</u>		<u>8,006,150</u>
TOTAL FUNDS			<u>67,655,380</u>		<u>67,850,055</u>

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue, on 3 December 2019 and are signed on their behalf, by:


RJ Harrison OBE
 Chairman

The notes on pages 26 to 50 form part of these financial statements.

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>1,192,720</u>	<u>(498,912)</u>
Cash flows from investing activities:			
Dividends and interest from investments		334,781	372,077
Proceeds from the sale of tangible fixed assets		21,000	-
Purchase of tangible fixed assets		(1,691,559)	(749,774)
Capital grants from DfE Group		270,724	76,727
Proceeds from the sale of investments		1,618,819	790,185
Purchase of investments		(694,812)	(366,177)
Cash transferred from business combinations		167,784	1,704,242
Net cash provided by investing activities		<u>26,737</u>	<u>1,827,280</u>
Change in cash and cash equivalents in the year		<u>1,219,457</u>	<u>1,328,368</u>
Cash and cash equivalents brought forward		<u>1,821,040</u>	<u>492,672</u>
Cash and cash equivalents carried forward	21	<u><u>3,040,497</u></u>	<u><u>1,821,040</u></u>

The notes on pages 26 to 50 form part of these financial statements.

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Thomas Telford Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The academy is a company limited by guarantee, incorporated in England & Wales, registered number 04798185. The registered office is Thomas Telford School, Old Park, Telford, Shropshire, TF3 4NW. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Going concern

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

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

Donated services are recognised when the Trust has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Trust of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services are recognised on the basis of the value of the gift to the Trust which is the amount the Trust would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt..

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within Income and donations and capital grants.

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 allocated on the portion of the asset's use.

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

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

1.6 Tangible fixed assets and depreciation

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

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

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

L/Term Leasehold Property	-	50 years
Fixtures and fittings	-	7 years
Motor vehicles	-	4 years
Computer equipment	-	4 years
Other fixed assets	-	10 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.

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.7 Investments

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 Taxation

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

THOMAS TELFORD MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Recognition of liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

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1. ACCOUNTING POLICIES (continued)

1.16 Agency arrangements

The academy trust acts as an agent in distributing bursary funds and grants from the EFA. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a proportion of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 17.

1.17 Business combinations

The transfer into the Trust of Redhill Primary Academy involves the transfer of identifiable assets and liabilities and the operation of the academies for £NIL consideration and have been accounted for under the acquisition accounting method.

The assets and liabilities transferred from academies have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Thomas Telford Multi Academy Trust Limited. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 28.

1.18 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2019. 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.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Transfer on business combinations	130,690	(954,000)	3,580,000	2,756,690	43,746,345
The Mercers' Company	-	712,289	-	712,289	96,089
Donations	-	323,358	-	323,358	311,040
Capital grants	-	-	270,723	270,723	76,727
Subtotal	-	1,035,647	270,723	1,306,370	483,856
	130,690	81,647	3,850,723	4,063,060	44,230,201
<i>Total 2018</i>	<i>4,045,729</i>	<i>510,763</i>	<i>39,673,709</i>	<i>44,230,201</i>	

3. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest receivable	188	188	4,052
Investment income	334,781	334,781	368,025
	334,969	334,969	372,077
<i>Total 2018</i>	<i>372,077</i>	<i>372,077</i>	

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4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants				
General annual grant (GAG)	-	20,222,218	20,222,218	18,568,243
Other DfE/ESFA grants	-	1,595,009	1,595,009	1,152,235
	-	21,817,227	21,817,227	19,720,478
Other government grants				
Local Authority grants	-	332,989	332,989	202,097
	-	332,989	332,989	202,097
Other income from the academy trust's educational operations				
Catering income	924,722	-	924,722	878,443
Transport income	94,092	-	94,092	337,725
Other incoming resources	969,444	-	969,444	372,362
	1,988,258	-	1,988,258	1,588,530
	1,988,258	22,150,216	24,138,474	21,511,105
<i>Total 2018</i>	1,588,530	19,922,575	21,511,105	

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NOTES TO THE FINANCIAL STATEMENTS
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5. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on investment management	-	-	31,704	31,704	35,469
Provision of education:					
Direct costs	13,917,495	2,471,777	2,908,391	19,297,663	18,172,210
Support costs	5,813,245	1,295,393	652,109	7,760,747	6,958,140
	<u>19,730,740</u>	<u>3,767,170</u>	<u>3,592,204</u>	<u>27,090,114</u>	<u>25,165,819</u>
<i>Total 2018</i>	<u>18,160,202</u>	<u>3,398,994</u>	<u>3,606,623</u>	<u>25,165,819</u>	

6. SUPPORT COSTS

	Provision of education £	Total 2019 £	Total 2018 £
Premises costs	609,114	609,114	421,541
Other support costs	893,686	893,686	759,786
Governance costs	11,423	11,423	20,000
Wages and salaries	5,560,245	5,560,245	5,160,734
Depreciation	686,279	686,279	596,079
	<u>7,760,747</u>	<u>7,760,747</u>	<u>6,958,140</u>
<i>Total 2018</i>	<u>6,958,140</u>	<u>6,958,140</u>	

Included within wages and salaries above is £13,342 (2018: £13,090) of staff costs related to governance. Governance costs total £24,765 (2018: £33,090).

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with Trustees, the cost of any administrative support provided to the Trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

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7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	1,981,844	1,980,026
Operating lease rentals	90,594	61,578
	<u> </u>	<u> </u>

8. AUDITOR'S REMUNERATION

	2019	2018
	£	£
Fees payable to the academy's auditor for the audit of the academy's annual accounts	22,700	22,000
Fees payable to the academy's auditor in respect of:		
All other non-audit services not included above	6,500	6,300
	<u> </u>	<u> </u>

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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	15,138,590	13,827,079
Social security costs	1,338,818	1,360,691
Other pension costs	3,037,166	2,727,816
	<u>19,514,574</u>	<u>17,915,586</u>
Agency staff costs	216,166	182,065
Staff restructuring costs	-	62,551
	<u>19,730,740</u>	<u>18,160,202</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	-	37,551
Severance payments	-	25,000
	<u> </u>	<u>62,551</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2018: £25,000).

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9. STAFF COSTS (continued)

c. Staff numbers

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

	2019	2018
	No.	No.
Teachers	294	251
Administration and support	292	289
Management	4	4
	590	544

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	14	14
In the band £70,001 - £80,000	4	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	1
In the band £120,001 - £130,000	1	0
In the band £130,001 - £140,000	1	1

e. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £323,358 (2018: £311,040).

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10. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2018 - £NIL).
During the year, no Trustees received any benefits in kind (2018 - £NIL).
During the year ended 31 August 2019, expenses totalling £656 (2018 - £540) were reimbursed to 2 Trustees (2018 - 3).

11. CENTRAL SERVICES

No central services were provided by the academy to its academies during the year and no central charges arose.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The cost for the year ended 31 August 2019 was £1,045 (2018 - this amount could not be quantified within the overall cost of the RPA scheme in place in 2018).

13. TANGIBLE FIXED ASSETS

	L/Term Leasehold property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Other fixed assets £	Total £
Cost						
At 1 September 2018	68,523,516	1,409,708	1,177,759	90,559	161,312	71,362,854
Additions	1,265,083	129,138	425,020	-	-	1,819,241
Transfer on business combinations	3,580,000	-	-	-	-	3,580,000
Disposals	-	-	-	(29,865)	-	(29,865)
At 31 August 2019	<u>73,368,599</u>	<u>1,538,846</u>	<u>1,602,779</u>	<u>60,694</u>	<u>161,312</u>	<u>76,732,230</u>
Depreciation						
At 1 September 2018	7,438,727	1,280,535	448,723	41,916	32,262	9,242,163
Charge for the year	1,567,851	62,610	326,053	9,198	16,132	1,981,844
On disposals	-	-	-	(5,600)	-	(5,600)
At 31 August 2019	<u>9,006,578</u>	<u>1,343,145</u>	<u>774,776</u>	<u>45,514</u>	<u>48,394</u>	<u>11,218,407</u>
Net book value						
At 31 August 2019	<u>64,362,021</u>	<u>195,701</u>	<u>828,003</u>	<u>15,180</u>	<u>112,918</u>	<u>65,513,823</u>
At 31 August 2018	<u>61,084,789</u>	<u>129,173</u>	<u>729,036</u>	<u>48,643</u>	<u>129,050</u>	<u>62,120,691</u>

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14. FIXED ASSET INVESTMENTS

	Investment Portfolio £	Cash awaiting reinvestment £	Total £
Market value			
At 1 September 2018	9,363,517	383,274	9,746,791
Additions	694,812	(694,812)	-
Disposals	(1,619,319)	1,619,319	-
Investment income received	-	334,781	334,781
Unrealised gain on Investment	165,404	-	165,404
Investment manager's fees and other costs	-	(38,042)	(38,042)
Realised loss on disposal	(88,468)	-	(88,468)
Transfer out	-	(1,320,000)	(1,320,000)
	<u>8,515,946</u>	<u>284,520</u>	<u>8,800,466</u>
At 31 August 2019	<u>8,515,946</u>	<u>284,520</u>	<u>8,800,466</u>
Historical cost	<u>8,439,009</u>	<u>284,520</u>	<u>8,723,529</u>

Investments at market value comprise:

	2019 £	2018 £
Listed investments on the London Stock Exchange and other managed funds	2,097,375	2,171,633
Fixed interest investments	6,418,571	7,191,384
Cash awaiting reinvestment	284,520	383,774
	<u>8,800,466</u>	<u>9,746,791</u>
Total market value	<u>8,800,466</u>	<u>9,746,791</u>

Title to all the fixed asset investments is held in the UK.

15. DEBTORS

	2019 £	2018 £
Trade debtors	19,792	37,004
Other debtors	174,554	181,783
Prepayments and accrued income	417,960	278,271
	<u>612,306</u>	<u>497,058</u>
	<u>612,306</u>	<u>497,058</u>

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16. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	526,592	347,193
Other taxation and social security	332,084	313,255
Capital creditors	312,233	184,551
Other creditors	279,267	207,045
Accruals and deferred income	1,349,016	1,067,707
	2,799,192	2,119,751
	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	264,757	448,504
Transfer of business combinations	37,094	91,515
Resources deferred during the year	101,910	264,757
Amounts released from previous years	(53,127)	(540,019)
Deferred income at 31 August 2019	350,634	264,757

Deferred income relates to monies received for trips and other activities relating to the next academic year, and grant income received in advance.

17. AGENCY ARRANGEMENTS

The academy distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the trust received £101,883 (2018: £108,264) and disbursed £96,546 (2018: £100,365) from the fund. An amount of £39,070 (2018: £33,733) is included in accruals and deferred income relating to undistributed funds.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds	8,006,150	2,453,917	(1,621,100)	(1,710,810)	76,936	7,205,093
Restricted funds						
General Annual Grant (GAG)	1,555,214	20,222,217	(20,299,529)	186,562	-	1,664,464
Other ESFA grants	-	1,595,008	(1,595,008)	-	-	-
Local Authority grants	-	332,988	(332,988)	-	-	-
Pension reserve	(3,832,000)	(954,000)	(724,000)	-	(1,718,000)	(7,228,000)
Donations	-	1,035,650	(535,650)	-	-	500,000
	<u>(2,276,786)</u>	<u>22,231,863</u>	<u>(23,487,175)</u>	<u>186,562</u>	<u>(1,718,000)</u>	<u>(5,063,536)</u>
Restricted fixed asset funds						
ESFA capital grants	51,704,295	270,723	(324,188)	3,580,000	-	55,230,830
Capital expenditure from GAG	4,078,143	-	(1,657,651)	1,524,248	-	3,944,740
Private sector	6,338,253	-	-	-	-	6,338,253
Transfer on business combinations	-	3,580,000	-	(3,580,000)	-	-
	<u>62,120,691</u>	<u>3,850,723</u>	<u>(1,981,839)</u>	<u>1,524,248</u>	<u>-</u>	<u>65,513,823</u>
Total restricted funds	<u>59,843,905</u>	<u>26,082,586</u>	<u>(25,469,014)</u>	<u>1,710,810</u>	<u>(1,718,000)</u>	<u>60,450,287</u>
Total of funds	<u>67,850,055</u>	<u>28,536,503</u>	<u>(27,090,114)</u>	<u>-</u>	<u>(1,641,064)</u>	<u>67,655,380</u>

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

The Government capital grant funds are provided by the Government for specific capital projects. Such funds continue to be treated as restricted due to ongoing restrictions imposed by the DfE and sponsors over the use and disposal of the related assets.

Transfers represent the capital expenditure purchased from GAG and to support a deficit on restricted funds.

The unrestricted funds are available for use at the discretion of the Trustees.

The restricted income fund relates to Government funding for the provision of education by the Charitable Company.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

amount of GAG that it could carry forward at 31 August 2019.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019	<i>Total 2018</i>
	£	£
Sandwell Academy	2,839,488	3,929,702
Walsall Academy	1,332,347	638,524
Madeley Academy	5,125,293	4,993,138
Redhill Academy	72,429	-
Total before fixed asset fund and pension reserve	9,369,557	9,561,364
Restricted fixed asset fund	65,513,823	62,120,691
Pension reserve	(7,228,000)	(3,832,000)
Total	67,655,380	67,850,055

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	<i>Total 2018</i>
	£	£	£	£	£	£
Sandwell Academy	4,416,853	2,149,524	859,089	1,182,713	8,608,179	8,718,225
Walsall Academy	4,298,011	1,823,819	813,417	821,045	7,756,292	7,702,090
Madeley Academy	3,952,456	1,479,045	469,925	785,640	6,687,066	6,765,478
Redhill Acaemy	1,006,659	604,373	180,414	265,287	2,056,733	-
	13,673,979	6,056,761	2,322,845	3,054,685	25,108,270	23,185,793

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18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
Unrestricted funds	4,461,238	6,006,336	(1,265,429)	(1,111,845)	(84,150)	8,006,150
Restricted funds						
General Annual Grant (GAG)	-	18,568,243	(17,267,270)	254,241	-	1,555,214
Other ESFA grants	-	1,152,235	(1,152,235)	-	-	-
Local Authority grants	-	202,097	(202,097)	-	-	-
Transfer on business combinations	-	2,246,634	(2,246,634)	-	-	-
Pension reserve	(2,461,000)	(2,143,000)	(645,000)	-	1,417,000	(3,832,000)
Donations	-	407,129	(407,129)	-	-	-
	<u>(2,461,000)</u>	<u>20,433,338</u>	<u>(21,920,365)</u>	<u>254,241</u>	<u>1,417,000</u>	<u>(2,276,786)</u>
Restricted fixed asset funds						
ESFA capital grants	18,341,017	76,727	(1,606,736)	34,893,287	-	51,704,295
Capital expenditure from GAG	3,427,151	-	(206,612)	857,604	-	4,078,143
Private sector	1,801,235	-	(166,677)	4,703,695	-	6,338,253
Transfer on business combinations	-	39,596,982	-	(39,596,982)	-	-
	<u>23,569,403</u>	<u>39,673,709</u>	<u>(1,980,025)</u>	<u>857,604</u>	<u>-</u>	<u>62,120,691</u>
Total restricted funds	<u>21,108,403</u>	<u>60,107,047</u>	<u>(23,900,390)</u>	<u>1,111,845</u>	<u>1,417,000</u>	<u>59,843,905</u>
Total of funds	<u>25,569,641</u>	<u>66,113,383</u>	<u>(25,165,819)</u>	<u>-</u>	<u>1,332,850</u>	<u>67,850,055</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	65,513,823	65,513,823
Fixed asset investments	7,205,093	1,595,373	-	8,800,466
Current assets	-	3,368,283	-	3,368,283
Creditors due within one year	-	(2,799,192)	-	(2,799,192)
Provisions for liabilities and charges	-	(7,228,000)	-	(7,228,000)
	<u>7,205,093</u>	<u>(5,063,536)</u>	<u>65,513,823</u>	<u>67,655,380</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	62,120,691	62,120,691
Fixed asset investments	8,006,150	1,740,641	-	9,746,791
Current assets	-	1,934,324	-	1,934,324
Creditors due within one year	-	(2,119,751)	-	(2,119,751)
Provisions for liabilities and charges	-	(3,832,000)	-	(3,832,000)
	<u>8,006,150</u>	<u>(2,276,786)</u>	<u>62,120,691</u>	<u>67,850,055</u>

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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	1,523,325	40,863,414
Adjustment for:		
(Gains)/losses on investments	(76,936)	84,150
Dividends and interest from investments	(334,781)	(372,077)
Depreciation charges	1,981,844	1,980,026
(Increase)/decrease in debtors	(115,248)	114,219
Increase/(decrease) in creditors	514,664	9,428
Capital grants from DfE and other capital income	(270,724)	(76,727)
Defined benefit pension scheme cost less contributions payable	604,000	532,000
Defined benefit pension scheme finance cost	120,000	113,000
Defined benefit pension scheme obligation inherited	954,000	2,143,000
Net gain on assets and liabilities from business combinations	(3,710,690)	(45,889,345)
(Profit)/loss on sale of fixed assets	3,266	-
Net cash provided by/(used in) operating activities	1,192,720	(498,912)

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank	2,755,977	1,437,266
Cash awaiting reinvestment	284,520	383,774
Total	3,040,497	1,821,040

22. CONTINGENT LIABILITIES

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". According to HM Treasury, any impact of GMPs is unlikely to be material to the pension valuation and therefore no allowance for GMP equalisation has been made in the FRS102 LGPS pension liability of this year. Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

23. CAPITAL COMMITMENTS

At 31 August 2019 the academy had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	1,250,834	-

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,591,497 (2018 - £1,456,672).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS.

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24. PENSION COMMITMENTS (continued)

Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £964,000 (2018 - £759,000), of which employer's contributions totalled £647,000 (2018 - £586,000) and employees' contributions totalled £190,000 (2018 - £173,000). The agreed contribution rates for future years are 16.1% for employers and 5.5% to 12.5% for employees.

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

As the scheme is in a deficit position the Trust is making additional contributions. The agreed rate for the year ended 31 August 2020 is £76,000 and for the year ended 31 August 2021 is £28,300. The Trust has not been advised of how many years, nor at what level, this contribution will continue in future years.

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	2.16 %	2.75 %
Rate of increase for pensions in payment / inflation	2.34 %	2.27 %
Inflation assumption (CPI)	3.79 %	3.80 %

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

	2019	2018
Retiring today		
Males	22.05	22.30
Females	24.80	25.00
Retiring in 20 years		
Males	24.00	24.50
Females	26.85	27.30

	At 31 August 2019 £'000	At 31 August 2018 £'000
Sensitivity analysis		
Discount rate +0.1%	15,288	11,169
Discount rate -0.1%	16,165	11,817
Mortality assumption - 1 year increase	16,336	11,929
Mortality assumption - 1 year decrease	15,129	11,063

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2019	<i>Fair value at 31 August 2018</i>
	£	£
Equities	6,954,000	6,425,000
Government bonds	805,000	551,000
Other bonds	1,089,000	977,000
Property	867,000	777,000
Cash and other liquid assets	373,000	362,000
Other	2,096,000	1,675,000
	<u>12,184,000</u>	<u>10,767,000</u>

The actual return on scheme assets was £616,000 (2018 - £335,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2019	<i>2018</i>
	£	£
Current service cost	416,000	524,000
Interest on obligation	120,000	113,000
Admin expenses	11,000	8,000
Past Service cost	177,000	-
	<u>724,000</u>	<u>645,000</u>
Actual return on scheme assets	<u>616,000</u>	<u>335,000</u>

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

	2019	<i>2018</i>
	£	£
Opening defined benefit obligation	14,599,000	5,245,000
Transferred in on existing academies joining the trust	1,164,000	9,195,000
Employee contributions	190,000	173,000
Actuarial losses/(gains)	2,035,000	(1,349,000)
Benefits paid	(234,000)	(154,000)
Current service cost	1,063,000	1,110,000
Interest cost	418,000	379,000
Past service cost	177,000	-
	<u>19,412,000</u>	<u>14,599,000</u>

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24. PENSION COMMITMENTS (continued)

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

	2019 £	2018 £
Opening fair value of scheme assets	10,767,000	2,784,000
Transferred in on existing academies joining the trust	210,000	7,052,000
Actuarial gains	317,000	68,000
Contributions by employer	647,000	586,000
Employee contributions	190,000	173,000
Benefits paid	(234,000)	(154,000)
Interest on assets	298,000	266,000
Administration expenses	(11,000)	(8,000)
	<u>12,184,000</u>	<u>10,767,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	81,080	60,717
Between 1 and 5 years	94,357	68,950
	<u>175,437</u>	<u>129,667</u>

26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

27. 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 he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

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28. TRANSFER OF EXISTING ACADEMIES INTO THE TRUST

Redhill Primary Academy

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Tangible fixed assets			
Freehold property	3,580,000	-	3,580,000
Cash in bank and in hand	167,784	-	167,784
Liabilities			
Creditors due within one year	(37,094)	-	(37,094)
Pensions			
Pensions - pension scheme assets	210,000	-	210,000
Pensions - pension scheme liabilities	(1,164,000)	-	(1,164,000)
Net assets	<u>2,756,690</u>	<u>-</u>	<u>2,756,690</u>