

The Talentum Learning Trust

Trustees' Report and Financial Statements

For the Year Ended 31 August 2019

The Talentum Learning Trust
(A Company Limited by Guarantee)

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The Talentum Learning Trust
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Reference and Administrative Details

Members	C Mitchell M Smith C Shaw H Parr
Trustees	A Shaw, Accounting Officer and Chief Executive Officer ¹ C Mitchell, Chair of trustees ¹ J Johnson A Wolvers (appointed 12 April 2019) G Edwards (appointed 1 September 2018) C Patterson (appointed 13 December 2018) ¹ P Fisher (appointed 1 April 2019) ¹ ¹ Audit & Compliance Committee
Company registered number	09999238
Company name	The Talentum Learning Trust
Principal and registered office	Westwood College Westwood Park Drive Leek Staffordshire ST13 8NP
Company secretary	C Williams
Senior management team	A Shaw, Chief Executive Officer P Evans, Headteacher S Fryer, Headteacher R Hey, Headteacher until 31 August 2019 C Williams, Business Director until 25 October 2019 K Bailey, Chief Finance Officer from 1 April 2019 K Allbut, Headteacher from 1 April 2019 E Allbut, Headteacher from 1 April 2019 C Quinn, Headteacher from 1 June 2019 M Taylor, Headteacher from 1 September 2019 V Woollacott, Headteacher from 1 April 2019 S Cockersole, Headteacher from 1 April 2019
Independent auditors	Dains LLP Statutory Auditor Suite 2, Albion House 2 Etruria Office Village Forge Lane Etruria Stoke on Trent ST1 5RQ

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Reference and Administrative Details (continued)
For the Year Ended 31 August 2019

Bankers	Barclays Bank PLC 83 Haywood Street Leek Staffordshire ST13 5JN
Solicitors	Wrigley's Solicitors LLP 19 Cookridge Street Leeds West Yorkshire LS2 3AG

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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 auditors' 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.

The academy trust operates a group of academies for pupils aged 3 to 19 serving a catchment area in the Staffordshire Moorlands centred around Leek. There are two High Schools with a combined Sixth Form, a Middle School and five First Schools. Its academies have a combined pupil capacity of 2,889 and had a roll of 2,423 in the school census in May 2019.

On 31 August 2019 the trust had eight academies in the Multi Academy Trust (MAT). They were:

- All Saints' CE First School: a 3-9 first school with 202 pupils on roll as at the May 2019 census date
- Beresford Memorial CE First School: a 3-9 first school with 146 pupils on roll as at the May 2019 census date.
- Leek First School: a 3-9 first school with 153 pupils on roll as at the May 2019 census date
- Rushton CE Primary School: a 3-9 first school with 51 pupils on roll as at the May 2019 census date
- Westwood First School: a 3-9 first school with 287 pupils on roll as at the May 2019 census date
- Churnet View Middle School: a 9-13 middle school (deemed secondary) with 441 pupils on roll as at the May 2019 census date
- Leek High School Specialist Technology College: an 11-18 secondary school with 367 pupils on roll as at the May 2019 census date.
- Westwood College: an 11-18 secondary school with 776 pupils on roll as at the May 2019 census date.

The area operates a three tier system with approximately 19 feeder First Schools.

Structure, governance and management

a. Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Trustees of The Talentum Learning Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Talentum Learning Trust.

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

Members' liability

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

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

Trustees' indemnities

The Talentum Learning Trust had in force Trustees' Liability Insurance with Zurich Municipal until the current policy expiry on 31 August 2019. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period 1 September 2018 to 31 August 2019 was £278.

Method of recruitment and appointment or election of Trustees

Eligibility to act as a Trustee of The Talentum Learning Trust is within the constitutional framework and clauses as outlined in the Articles of Association. Trustees are appointed by ordinary resolution of the Members.

Members of the Local Governing Bodies are sought via election from the parent body, staff body and co opted from the local community, dependent on the skills required to ensure a balanced and efficient group.

Policies adopted for the induction and training of Trustees

The academy trust identifies training needs of the Trustees and the Local Governing Bodies and accesses appropriate resources. Some training utilises the expertise held within the Trust's senior staff but opportunities to attend events such as Local Authority briefings and appropriate national training courses are offered to Trustees and Governors.

It is expected that only a very small number of new Trustees will be appointed each year. Any induction will be carried out informally and will be tailored to the specific individual.

An external advisor supports the Directors in moderating and setting performance targets at Executive Team level.

The Local Governing Bodies have bespoke governor development plans.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

Organisational structure

There is an Executive Leadership Team of Chief Executive Officer (Accounting Officer), Chief Finance Officer, and a Headteacher per academy.

The Trust Board and Local Governing Bodies are responsible for setting strategic direction and general policy. They adopt the annual development plans of each academy and budget and monitor the developments through these. They make decisions about the direction of the Academies, capital expenditure and this is validated by the CEO and reflects the ethos and aims of the academy trust "Excellence for all". Responsibility for the day to day operation of the academies is delegated to the CEO.

The Academy Trust Board has an Audit and Compliance Committee and a new Achievement and Progress Committee that are focused around the Directors of the Academy Trust.

The Local Governing Bodies monitor the effectiveness of the academies through half-termly meetings with agendas that include the review of Student Welfare, Standards (Performance) and Resources (Finance).

The organisational structure of the Trust changed on 1 September 2018 in anticipation of new academies joining the Academy Trust during the year. At the point of the new academies joining in April 2019 there was an additional:

- School Representatives Group which consists of the Chairs of Governors from each Academy. This Group reports to the Trust Board.
- An Audit and Compliance Committee which was formed from the Trustees, one of whom is an auditor.
- An Achievement and Progress Committee which will be formed from the Trustees.

Arrangements for setting pay and remuneration of key management personnel

The work of the CEO and Chief Finance Officer is monitored, challenged and reviewed by a panel of the Directors who are responsible for setting pay and remuneration. Additionally, through this process all the Senior Leadership Team posts across the academies are reviewed with a particular focus on the Headteacher Performance Management. All teaching and support staff have a robust PMR cycle with appropriate and monitored targets.

Pay decisions for all staff across the academies are moderated and monitored by the CEO and there is a moderation meeting of multiple academy Headteachers where a range of decisions are calibrated against each other to ensure fairness, parity and clarity.

The academies adopted the STPCD, the National Joint Council for Local Government Services (referred to as the "Green Book"), and County Council conditions on TUPE.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the academy trust had more than 49 full time equivalent employees throughout any 7 months within the reporting period. The following information included in Schedule 2 of the Regulations is as follows:

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

Trade union facility time (continued)

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
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Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Related parties and other connected charities and organisations

The academies are part of a formal "soft" relationship called The Leek Education Partnership which is a group of First, Middle and High Schools centred around the Leek area which meet regularly to discuss local and national issues, coordinate intra school/academy activities and maintain a focus on the children in the area.

Objectives and activities

Objects and aims

The academy trust exists to promote the education, health and wellbeing of all children in the care of the academies. This will be regardless of background, ability, gender, ethnicity, sexuality or faith and will focus on "Excellence for all". Given the rural nature of the area, the Trust will support the academies in challenging young people, opening up the doors and windows to the world and prepare them as best as possible for their futures as global citizens.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Objectives and activities (continued)

Objectives, strategies and activities

All the academies have development plans that share the key areas of:

- Raising attainment and achievement
- Keeping children safe
- Developing young people and improving their life chances.

In the next three years:

- The academy trust may admit more academies if the ethos and values match, due diligence is positive and most importantly, that all children in the Trust would benefit
- The Trust will seek to increase and strengthen further the transitional links.

The trust will:

- Operate if needed the NSS and NLE support roles
- Make use of global technologies if appropriate
- Aim to be outstanding in all academies
- Be at the heart of the community

Public benefit

The academies will open their doors for community use and be centres for community events (such as Radio 4's Any Questions). The academies make their sports facilities available for hire out of hours to members of the public and community groups.

The Academy Trustees have complied with their duties to have due regard to the guidance on public benefit published by the Charity Commission in exercising powers or duties. This has been with particular reference to Principals 1 and 2 as found in "The Advancement of Education for the Public Benefit 2008".

Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report

Achievements and Performance

The academic year saw the introduction of realigned headline accountability measures in primary, secondary and post 16 education. These changes are seen to be a change in the benchmark and thresholds for grades at all ages and stages.

Leek High School Specialist Technology College shows a small drift in overall attainment although confidence limits are still at this moment not available. It should be noted that Leek High retained its good Ofsted rating in the academic year.

Westwood College initial indications show at least average performance against national standards at Key Stage 4 and Key Stage 5. Again, Westwood College retained its good Ofsted rating this academic year.

Churnet View again showed progress at Key Stage 2 compared to national standards with positive results for whole school progress. Churnet View was inspected in this academic year and was given a good rating by Ofsted.

The First Schools that have joined the trust have all performed as expected. Some variation in writing scores across the schools are a priority and are a shared "project" within the academy trust to improve in this area. The First Schools are all rated good or outstanding by Ofsted and individually and combined, from an attainment view this seems to still be the case.

In a year where data interpretation is still in flux and with another year of assessment change to embed, accurate measures are difficult, but benchmarking suggests good performance across all the schools.

Other contextual factors such as the number of care facilities in the area are considerable (27 care/residential sites for LAC children recognised by LA and Ofsted).

The academy trust has been successful in engaging with a trailblazer project that provides mental health workers for all schools. This is a new NHS funded initiative that only a few schools nationally are involved with at the moment.

Key performance indicators

All schools' data is available via the ".gov" site and details are available for individual schools via the trust or the schools themselves.

Performance data at the moment is still provisional for most schools particularly at GCSE and post 16.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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)
For the Year Ended 31 August 2019

Strategic report (continued)

Financial review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

For the year ended 31 August 2019 total incoming resources of £13,866,134 and total expenditure of £11,049,867 resulted in a surplus of £2,816,267 before actuarial adjustments.

At 31 August 2019 the net book value of fixed assets totalled £26,603,655. This included £26,531,417 for the land & buildings and building improvements, £26,828 for computer equipment, £11,598 for motor vehicles and £33,812 for furniture & equipment.

The cash flow statement shows net funds of £2,574,751 at 31 August 2019.

Reserves policy

The Trustees have determined that the Trust should carry forward a prudent level of resources designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE. The aim to have a minimum of 5% of the General Annual Grant (GAG) held in reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, to aid cash flows, curriculum investment and expansion, make provisions for future uncertainties in income and expenditure and provide a cushion to deal with unexpected emergencies, urgent maintenance and capital projects.

However, during the Trust's years of operation GAG Funding levels created little opportunity to achieve a surplus. The academies have been closely managing their budgets and implementing cost efficiencies wherever possible to enable the 5% reserve to be accumulated.

This aim has been hindered by the reducing income to the academies in real terms along with increasing costs; the schools are having to utilise or deplete their reserves to set balanced budgets for 2019/20.

At 31 August 2019 unrestricted general funds amounted to £861,005 and restricted funds not available for general purposes of £565,596.

At 31 August 2019 the Restricted Fixed Asset fund amounted to £27,114,116 which included the net book value of £26,603,655 and £510,461 of unspent grants.

Principal risks and uncertainties

The Academy Trust has continued to undertake work during the year to further embed the internal control systems, including financial, operational and risk management which is designed to protect the Trust's assets and reputation. The Trust has a very comprehensive Finance Manual.

The purpose of the financial regulation system of The Talentum Learning Trust is to ensure that the Academy Trust maintains and develops systems of financial control that will comply with requirements, both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the funding agreement with the Department for Education.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report (continued)

Financial review (continued)

The Board and Executive Leadership Team undertook a comprehensive review of the risks to which the Academies are exposed during the Autumn Term 2018. They identified systems and procedures, including specific actions which should mitigate any potential impact on the Academies. The additional internal controls were implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Board and Executive Leadership Team will also consider any risks which may arise as a result of any new area of work being undertaken by the Academy Trust.

The Academy Trust complies with the principles of financial control outlined in the Academies Guidance published by the Department for Education. The Financial Regulations will provide detailed information on the Academy Trust's accounting procedures.

The Academy Trust Board is responsible for ensuring that adequate internal controls are in place. Some of these controls are undertaken by the Board itself. In practice, these are applied through the Academy Trust Executive team, sub committees to the Board, Headteachers and the Local Governing Bodies to ensure that the risks of error or fraudulent activity are minimised.

To ensure this the Trust Board considers:

- Staff expertise
- Segregation of duties
- Documentation
- Register of business interests
- Financial Accounting systems and records.

The Finance manual is read by all staff involved with financial systems, being:

1. Directors
2. Chief Executive Officer
3. Headteachers
4. Assistant Headteachers
5. Chief Finance Officer/Chief Operating Officer
6. Support Services Managers
7. Finance Support staff
8. The Chair of the Local Governing Bodies

The Local Governing Bodies under the guidance of Academy Trust Board will provide a framework of accountability for within the Academies.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report (continued)

Financial review (continued)

The principal uncertainty for all of the academy trust continues to be the funding of the academies. Leek High School had an in year deficit. The coming financial year will remain challenging for the academy and significant in year savings must continue to be made.

Schools and academies nationally are struggling to maintain their provision with the limited resources available despite best value, economies of scale and efficiencies continuing to be made wherever possible. We are awaiting confirmation of the hard implementation of the National Funding Formula however, transitional arrangements have shown that we will not see any material increase in funding for our academies or for Staffordshire as a whole.

Investment policy

The trust does not hold any investments at present. The Trustees undertook the annual review of, and approved, an investment policy at their meeting on 13 December 2018.

Fundraising

The Trustees have overall responsibility and accountability for the trust's charitable status and this includes its fundraising. They recognise that they have a key role to play in setting the trust's approach to raising funds, in making sure that it is followed in practice and that it reflects the trust's values.

The Trustees' oversight of its charitable fundraising is designed to protect the Trust's reputation and to encourage public trust and confidence. This includes following the law and recognised standards, protecting the Trust from undue risk, and showing respect for donors, supporters and the public.

The Trust Board delegates day-to-day activities, and their management, to the Headteachers of the trust's academies. They do not delegate their ultimate responsibility. The systems and processes in place allow the Trustees:

- to hold the Academy Headteachers to account for how they carry out their role
- access to the right information and advice, to the appropriate level of detail, and in the best format
- to be assured that fundraising is compliant with the fundraising approach that the trust has set, meeting the standards required by the Trustee's duties, and wider law and best practice
- to ensure that delegation is clearly documented, understood and implemented
- to be assured that clear reporting procedures are in place
- to ensure that there are checks that the delegated authority is exercised properly

The work of the fundraising volunteers is overseen by the Academy Headteachers. This is so that they:

- are clear about what they are supposed to do
- are aware of the rules and boundaries within which they must work
- work safely
- know what to do if there's a problem
- know what they need to report and who they report to

The Trustees recognise that they have a duty to manage and protect the academy trust's reputation and other assets from undue risk. There are effective systems in place to identify the reputational risks that the Trust may face in its fundraising and to plan for their management.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Plans for future periods

The academy trust is committed to "Excellence for all". To further the attainment and achievement of all pupils in all academies the leadership and staff are focusing on:

- Tracking and monitoring pupils using new data and measures which will facilitate better advice and guidance in the "next steps" to success for the pupils.
- Developing broad focus and concentration on literacy abilities, reading capability and writing confidence for all ages.
- Developing the pastoral structures through year leadership and progressive assembly/tutorial daily periods.
- Increasing take up at post 16 which caters for all abilities where possible and working hard to offer a broad curriculum offer within the limit of resources.
- Where possible and viable, extending the Academy Trust to include more academies of varying types and phase which will add expertise, variety in discussion, challenge and a view of our educational effect from Early Years to adulthood.
- Taking the "all through" view as a known factor in raising achievement and creating a "whole" education for each child and reducing the transition effects.
- Resources will be monitored and financial resources will reflect each academies allocated funds from the ESFA, pupil numbers and development plans.
- The Academy Trust will look at developing in house professional development – creating a new level of focus on teaching and learning in and beyond the academies communities; developing research opportunities; training new teachers and creating a high quality recruitment pool; leading on leadership training at all levels.
- Applying for capital grants as a Trust to maintain, improve and develop the building stock, thereby supporting the teaching and learning environment.
- Raising expectations in the parent community by increasing engagement and educating parents around the new performance measures.

All of the academies have individual development plans with a synchronised format and the Academy Trust has a complete and regularly reviewed strategic plan.

On 1 October 2019, Blackshaw Moor CofE First School joined the academy trust.

Funds held as custodian on behalf of others

As at 31 August 2019, the Academy Trust held £9,615 on behalf of the Leek Education Partnership. This soft federation of 19 schools/academies had previously agreed to contribute £3 per pupil on roll in September of each academic year to a central fund held by the Academy Trust which is used for the benefit of pupils within the schools and academies. This may take the form of extra curricular events, the provision of training for staff and funds to cover supply cover where necessary to enable staff to meet to conduct moderation of pupil work and assessments. Due to accumulated funds the LEP schools did not make these contributions for the 14/15, 15/16 and 16/17 academic years.

The £4,391 was allocated during the current period and due to current financial pressures in all schools, there is no current intention to re-start contributions. The 19 schools continue to meet and work together for the benefit of the pupils within these schools and academies.

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Trustees' Report (continued)
For the Year Ended 31 August 2019

Employee involvement and employment of the disabled

The Academy Trust is committed to ensuring that disabled people are afforded equality of opportunity in respect of entering and continuing employment with us. By 'employment', we mean all stages from recruitment and selection, terms and conditions of employment, access to training and career development, and, eventually, exit.

As part of continuing development of good practice, we will take reasonable steps to ensure that our employment policies, procedures, and working environments are as inclusive and accessible as possible. We also recognise that our ability to respond to specific requirements depends on two way communication. For that reason, disabled applicants and employees are actively encouraged to advise us of any special requirements they may have.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12 December 2019 and signed on its behalf by:



C Mitchell
Chair of Trustees

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Governance Statement

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year, and has maintained effective oversight through the work of the Audit and Compliance Committee as well as through regular informed oversight.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Shaw, Accounting Officer and Chief Executive Officer	4	4
C Mitchell, Chair of trustees	3	4
J Johnson	3	4
A Wolvers	0	2
G Edwards	0	4
C Patterson	3	4
P Fisher	3	3

There is a Governor Development plan in place and the Governance is regularly assessed and reviewed. In particular, under the due diligence processes for new joiners to the trust, the capacity of existing Governors and Trustees is assessed as well as potential new Governors and Trustees from the applicant establishment.

The Academy Trust is required to carry out a review of governance annually and this took place in the summer term 2019 in addition to the Trustee and Governor skills audits which take place annually. The review noted that:

- The individual Local Governing Bodies for each school had been successful in enabling more time at Governing Body level for the in-depth scrutiny desired for monitoring of both standards and financial performance.
- The skills audit of both Local Governors and Directors showed a broad range of skills and experience available.
- During the application process for the additional First Schools to join the Trust, the RSC approved the applications with the following conditions:
 - That the majority of the MAT Board be comprised of directors external to any of the schools.
 - That a separate audit committee be introduced.

Although these were not requirements of the Academies Financial Handbook the Academy Trust's Members took the decision to restructure the governance accordingly and this was implemented successfully.

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Governance Statement (continued)

Governance (continued)

Vacancies still exist for further Diocese of Lichfield Directors and these will be appointed as soon as possible once nominations are received from the Diocese.

The responsibility for monitoring of the budget and proposing the annual budgets for the academies was delegated to the Local Governing Bodies. The academy trust financial and audit responsibilities were overseen by the new Audit and Compliance Committee of the Board where reports from the Local Governing Bodies and internal and external auditors were considered and reviewed.

The Audit and Compliance Committee is a sub-committee of the main Board of Trustees and has delegated responsibility for two key purposes:

1. As a Finance Committee to ensure sound management of the academy trust's finances and resources, including proper planning, monitoring and probity in line with the ESFA guidelines, the Financial Handbook and Accounts Direction documents.
2. As an Audit Committee to maintain an oversight of the academy trust's governance, risk management, internal control and value for money framework.

It reports its findings regularly to the Academy Trust Board as a critical element of the Trust's annual reporting requirements.

The Audit and Compliance Committee has no executive powers or operational duties.

The duties of the committee include:

1. Finance

- To consider and monitor regularly the Academy Trust and individual schools' short term and long term revenue and capital budget and financial planning to ensure long term sustainability.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the Academy Trust and individual schools, and with the financial regulations of the ESFA, drawing any matters of concern to the attention of the Academy Trust Board.
- To consider the individual schools' indicative funding, notified annually by the ESFA and to assess implications for the school in advance for the financial year.
- To consider and recommend approval/non-approval of the Academy Trust and individual school budgets to the Academy Trust Board.
- To receive and consider the broad budget headings and areas of expenditure to be adopted each year, including the level and use of contingency funds or reserve balances.
- To review and approve any virements and other transactions in accordance with the Financial Scheme of Delegation.
- To review and update all financial policies in accordance with the policy review schedule.

2. Audit

- To appoint internal auditors on behalf of the Academy Trust Board.
- To receive, consider and respond to reports from internal and external audit on the effectiveness of the internal controls.
- Agree an action plan to address the findings of the internal audit reports, and to monitor the action plan to closure.
- To review on at least an annual basis, the risks faced by the schools and to challenge and approve the associated risk management plans.
- To recommend to the Academy Trust Board the appointment or reappointment of the external auditors.
- To review the findings of the external auditors and agree any action plan from it.

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Governance Statement (continued)

Governance (continued)

- To review and consider the auditor's management letter in order to ensure it is based on a good understanding of the Academy Trust business and to establish whether any recommendations have been acted upon.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
C Mitchell, Chair	2	2
C Patterson	2	2
P Fisher	2	2
A Shaw, Accounting Officer and Chief Executive Officer	2	2

Review of value for money

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

- Ensuring that the Academy Trust continues to scrutinise and manage the resource use at an academy level. With the pressures of reduced funding and increased costs, the pragmatism and conservative approaches that have been in place will continue to be prevalent in budget planning and discussions. Thresholds for course viability will be further tightened to ensure that value for money can be seen in course delivery and fairness in resource allocation across subjects is noted.
- Linked to performance, results and class size/group sizes will be analysed and a view taken on outcomes. This is being done over a reasonable period of time to note variance in cohorts and popularity changes in subject but will be a discussion point at Executive Leadership Team level and where relevant, reported to Local Governing Bodies for discussion.
- Benchmarking data for academy examination performance is used and reported on.
- Benchmarking data for costings against staffing, administration, and other costs is used in comparison to similar schools where possible. The audit and accounts process will support this.
- The analysis of ring fenced funding such as pupil premium, Year 7 Catch Up and Sports Premium monies are reported on within statutory requirements and regularly monitored by link Governors.
- The academies and Academy Trust will continue to strive to make savings without losing the quality of products and services; negotiate the best rates in all contract negotiations; and use the buying power of a larger and possibly growing organisation to drive down costs and increase value for money.

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Governance Statement (continued)

Review of value for money (continued)

In addition, we are seeking to effect Value for Money by:

- Utilising the potential to offer joint appointments across the MAT
- Achieving economies of scale in purchasing policy, for example, ICT procurement, HR advice and legal support, administrative supplies, maintenance work
- Achieving savings in planning and administrative time, and developing the potential for MAT administrative staff who can work with each academy
- Enhancing strategic planning across all phases and academies
- Joining together to access extended services

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 The Talentum Learning 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 Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy 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 board of Trustees.

An appropriate Risk register was presented to the Board for review and approval on 13 December 2018 that is reviewed annually and/or on new joiners to the trust arriving (schools/academies).

The risk and control framework

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

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

The Talentum Learning Trust
(A Company Limited by Guarantee)

Governance Statement (continued)

The risk and control framework (continued)

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of income systems
- testing of accounting systems
- testing of VAT treatment and systems

On a termly basis, Dains the auditors report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

During the period, Dains has provided three reports on the above additional checks to the Board of Trustees. There were no material control issues identified and best practice recommendations have been implemented.

Review of effectiveness

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

- the work of the external auditors;
- the work of the Chief Finance Officer and Chief Operating Officer;
- the work of the executive managers within the Academy 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 resources committee being the Trust Board, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees and signed on their behalf by:



C Mitchell
Chair of Trustees
Date: 12 December 2019



A Shaw
Accounting Officer

The Talentum Learning Trust
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of The Talentum Learning Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the 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 2018.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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



A Shaw
Accounting Officer
Date: 12 December 2019

The Talentum Learning 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 Academies Accounts Direction published 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 2018 to 2019;
- 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 board of Trustees and signed on its behalf by:



A Shaw
Accounting Officer
Date: 12 December 2019

The Talentum Learning Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Talentum Learning Trust

Opinion

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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 trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Talentum Learning Trust
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Independent Auditors' Report on the financial statements to the Members of The Talentum Learning Trust (continued)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report 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 trust 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.

The Talentum Learning Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of The Talentum Learning Trust (continued)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Simon Hawkins (Senior Statutory Auditor)
for and on behalf of

Dains LLP
Statutory Auditor
Chartered Accountants
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

12 December 2019

The Talentum Learning Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to The Talentum Learning Trust
and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 21 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Talentum Learning 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 The Talentum Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Talentum Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Talentum Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Talentum Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Talentum Learning Trust's funding agreement with the Secretary of State for Education dated 31 March 2016 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 2018 to 2019. 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The Talentum Learning Trust
(A Company Limited by Guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to The Talentum Learning Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

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

Dains LLP

Dains LLP
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 12 December 2019

The Talentum Learning 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 and capital grants:	3					
Transferred on conversion		281,835	(1,529,436)	3,882,822	2,635,221	-
Other donations and capital grants		40,476	-	944,237	984,713	274,650
Charitable activities	4	-	10,171,096	-	10,171,096	8,545,124
Other trading activities	5	75,104	-	-	75,104	53,973
Total income		397,415	8,641,660	4,827,059	13,866,134	8,873,747
Expenditure on:						
Raising funds	6	2,882	-	-	2,882	4,923
Charitable activities	7	8,638	10,465,716	572,631	11,046,985	9,125,058
Total expenditure		11,520	10,465,716	572,631	11,049,867	9,129,981
Net movement in funds before other recognised gains/(losses)		385,895	(1,824,056)	4,254,428	2,816,267	(256,234)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(1,667,000)	-	(1,667,000)	729,000
Net movement in funds		385,895	(3,491,056)	4,254,428	1,149,267	472,766
Reconciliation of funds:						
Total funds brought forward		609,546	(2,668,784)	22,859,688	20,800,450	20,327,684
Net movement in funds		385,895	(3,491,056)	4,254,428	1,149,267	472,766
Total funds carried forward		995,441	(6,159,840)	27,114,116	21,949,717	20,800,450

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 30 to 72 form part of these financial statements.

The Talentum Learning Trust
(A Company Limited by Guarantee)

Balance Sheet
As at 31 August 2019
Registered number: 09999238

		2019 £	2018 £
Fixed assets			
Intangible assets	13	-	4,056
Tangible assets	14	26,603,655	22,646,096
		<u>26,603,655</u>	<u>22,650,152</u>
Current assets			
Debtors	15	874,672	239,529
Cash at bank and in hand		2,574,751	1,876,275
		<u>3,449,423</u>	<u>2,115,804</u>
Creditors: amounts falling due within one year	16	(1,326,691)	(645,653)
Net current assets		<u>2,122,732</u>	<u>1,470,151</u>
Total assets less current liabilities		<u>28,726,387</u>	<u>24,120,303</u>
Creditors: amounts falling due after more than one year	17	(185,670)	(122,853)
Net assets excluding pension liability		<u>28,540,717</u>	<u>23,997,450</u>
Defined benefit pension scheme liability	26	(6,591,000)	(3,197,000)
Total net assets		<u><u>21,949,717</u></u>	<u><u>20,800,450</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	27,114,116	22,859,688
Restricted income funds	18	431,160	528,216
		<u>27,545,276</u>	<u>23,387,904</u>
Restricted funds excluding pension asset	18	27,545,276	23,387,904
Pension reserve	18	(6,591,000)	(3,197,000)
Total restricted funds	18	<u>20,954,276</u>	<u>20,190,904</u>
Unrestricted income funds	18	<u>995,441</u>	<u>609,546</u>
Total funds		<u><u>21,949,717</u></u>	<u><u>20,800,450</u></u>

The Talentum Learning Trust
(A Company Limited by Guarantee)

Balance Sheet (continued)
As at 31 August 2019
Registered number: 09999238

The financial statements on pages 26 to 72 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:

C Mitchell
Chair of Trustees



The notes on pages 30 to 72 form part of these financial statements.

The Talentum Learning 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 operating activities	20	458,264	64,153
Cash flows from investing activities	22	309,110	(119,699)
Cash flows from financing activities	21	(68,898)	(65,936)
		<u> </u>	<u> </u>
Change in cash and cash equivalents in the year		698,476	(121,482)
Cash and cash equivalents at the beginning of the year		1,876,275	1,997,757
Cash and cash equivalents at the end of the year	23	<u><u>2,574,751</u></u>	<u><u>1,876,275</u></u>

The notes on pages 30 to 72 form part of these financial statements

The Talentum Learning 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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Talentum Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

The Talentum Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the academy 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 risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1.4 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.

The Talentum Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.7 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Software	- 33 % straight line
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The Talentum Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.8 Tangible fixed assets

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

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The freehold property in the accounts relates to the academy trust premises which were donated to the academy trust on conversion from Staffordshire County Council and the Leek Federation Learning Trust Limited. The freehold property was valued using the ESFA valuation. These are being depreciated in accordance with the depreciation policies set out below.

The leasehold property in the accounts relates to the academy trust premises which were donated to the academy trust on conversion from Staffordshire County Council. The leasehold property was valued using the ESFA valuation. These are being depreciated in accordance with the depreciation policies set out below.

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

Freehold and leasehold property-	2% straight line
Freehold land	- Not depreciated
Leasehold land	- straight line over 125 years
Building improvements	- 15% straight line
Furniture and equipment	- 25% straight line
Computer equipment	- 33% straight line
Motor vehicles	- 25% straight line

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

1.9 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.

The Talentum Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.10 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.

1.11 Liabilities

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

1.12 Financial instruments

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

1.13 Operating leases

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

The Talentum Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.14 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.15 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from All Saints CE First School, Beresford Memorial CE First School, Leek First School, Rushton CE Primary School and Westwood First School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Leasehold land and buildings

On the transfer dates on 1 April 2019 and 1 June 2019, the Academy Trust was gifted the schools sites at Leek First School and Westwood First School by Staffordshire County Council. For both schools, value is based upon valuations provided by Staffordshire County Council. The school site has been credited as a donation in the Restricted Fixed Asset Funds column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet.

In addition, playing fields and land have also been transferred on conversion for two of All Saints Church of England First School and Beresford Memorial Church of England First School, on a 125 year lease from Staffordshire County Council. The valuation is based upon estimates provided by management. These assets have been credited as a donation in the Restricted Fixed Asset Funds column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet.

Local Government Pension Scheme (LGPS) deficit

The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained schools were transferred to The Talentum Learning Trust on 1 April 2019 and 1 June 2019. The deficit on the Local Government Pension Scheme has been debited as a donation in the Restricted General Funds column of the Statement of Financial Activities and included within the LGPS liability on the balance sheet.

Cash

Cash balances at 1 April 2019 and 1 June 2019 in respect of the maintained schools and school funds were transferred to The Talentum Learning Trust. These cash balances have been credited as a donation in the Statement of Financial Activities under the Unrestricted Funds column and included within cash and bank balances on the balance sheet.

Loans

Loan balances at 1 April 2019 and 1 June 2019 in respect of the maintained schools and school funds were transferred to The Talentum Learning Trust. These loan balances have been debited as a donation in the Statement of Financial Activities under the Restricted Funds column and creditors on the balance sheet.

Further details of the transaction are set out in note 24.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.16 Fund accounting

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

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

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

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

2. 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.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

Freehold Property

The freehold property within the financial statements relates to academy premises which were donated to the academy on conversion from Staffordshire County Council and The Leek Federation Learning Trust Limited. The freehold property is valued using the ESFA valuation. These are being depreciated in line with the depreciation accounting policies set out in note 1.8.

Leasehold Property

The leasehold property within the financial statements relates to academy premises which were donated to the academy on conversion from Staffordshire County Council. The leasehold property are valued using the Staffordshire County Council valuation. These are being depreciated in line with the depreciation accounting policies set out in note 1.8.

Leasehold Land

The leasehold land within the financial statements relates to academy premises which were donated to the academy on conversion from Staffordshire County Council. The leasehold land is valued using management's estimates. These are being depreciated in line with the depreciation accounting policies set out in note 1.8.

2 year licence:

The academy trust company occupies:

(a) land provided to it by site trustees under a mere licence (also referred to as a Church Supplemental Agreement) which contains a two year notice period.

In respect of;

(b) Having considered the fact that the academy trust company occupies the land and such buildings as may be or may come to be erected on it by a mere licence that transfers to the academy no rights or control over the site save that of occupying it at the will of the site trustees under the terms of the relevant site trust, the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations					
Transferred from local authority on conversion	281,835	(1,529,436)	3,882,822	2,635,221	-
	281,835	(1,529,436)	3,882,822	2,635,221	-
Donations	40,476	-	-	40,476	34,297
Capital Grants	-	-	944,237	944,237	240,353
	40,476	-	944,237	984,713	274,650
	322,311	(1,529,436)	4,827,059	3,619,934	274,650
Total 2018	34,297	-	240,353	274,650	

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

4. Funding for the academy trust's educational operations

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	8,996,268	8,996,268	7,764,972
Other DfE/ESFA grants	691,569	691,569	384,045
Start up grants	150,000	150,000	-
	<hr/> 9,837,837	<hr/> 9,837,837	<hr/> 8,149,017
Other government grants			
Special educational needs	253,808	253,808	222,473
	<hr/> 253,808	<hr/> 253,808	<hr/> 222,473
Other funding			
Trip income	79,451	79,451	173,634
	<hr/> 10,171,096	<hr/> 10,171,096	<hr/> 8,545,124

In 2018, the allocation between funds was £8,545,124 to restricted income.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff insurance income	-	-	3,098
Other income	61,712	61,712	36,400
Lettings income	13,392	13,392	14,475
	<hr/> 75,104	<hr/> 75,104	<hr/> 53,973

In 2018, the allocation between funds was £53,973 to unrestricted income.

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:					
Direct costs	-	-	2,882	2,882	4,923
Expenditure on educational operations					
Direct costs	7,324,268	-	696,070	8,020,338	6,776,680
Allocated support costs	1,151,224	1,038,435	836,988	3,026,647	2,348,378
Total 2019	<u>8,475,492</u>	<u>1,038,435</u>	<u>1,535,940</u>	<u>11,049,867</u>	<u>9,129,981</u>
<i>Total 2018</i>	<u>7,030,451</u>	<u>728,451</u>	<u>1,371,079</u>	<u>9,129,981</u>	

7. Analysis of expenditure by activities

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £
Expenditure on educational operations	<u>8,020,338</u>	<u>3,026,647</u>	<u>11,046,985</u>

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	7,324,268	6,075,123
Depreciation	47,067	30,431
Technology costs	17,845	6,116
Educational supplies	76,652	63,138
Examination fees	177,919	166,908
Staff development	66,136	72,699
Education consultancy	182,510	148,629
Security and transport	127,941	213,636
	8,020,338	6,776,680

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Notes to the Financial Statements
For the Year Ended 31 August 2019

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
LGPS Adjustment	107,000	94,000
Staff costs	1,151,224	955,328
Depreciation	521,508	408,499
Technology costs	135,861	87,212
Staff development	4,377	2,290
Recruitment and support	10,019	4,137
Maintenance of premises	155,159	130,721
Cleaning	41,798	27,971
Rent and rates	84,692	68,352
Energy costs	235,580	169,585
Insurance	52,380	53,888
Start up costs	112,924	-
Catering	160,755	58,266
Other support costs	226,240	253,979
Amortisation	4,056	7,347
Governance costs	23,074	26,803
	3,026,647	2,348,378

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	<i>2018 £</i>
Operating lease rentals	39,684	21,281
Depreciation of tangible fixed assets	568,576	438,930
Amortisation of intangible assets	4,056	7,347
Fees paid to auditors for:		
- audit	19,750	12,250
- other services	2,550	2,075

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Notes to the Financial Statements
For the Year Ended 31 August 2019

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	6,428,974	5,210,453
Social security costs	628,593	513,362
Pension costs	1,343,299	1,063,546
Pension costs	8,400,866	6,787,361
Agency staff costs	62,574	213,645
Staff restructuring costs	12,052	29,445
	8,475,492	7,030,451

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	12,052	29,445
	12,052	29,445

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	148	98
Administration and support	211	124
Management	3	5
	362	227

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Notes to the Financial Statements
For the Year Ended 31 August 2019

9. Staff costs (continued)

c. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	-	2
In the band £70,001 - £80,000	3	1
In the band £140,001 - £150,000	1	-
In the band £150,001 - £160,000	-	1
	<u> </u>	<u> </u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the trust was £549,788 (2018: £536,133).

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Central services

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

- Chief Executive Officer
- Financial Services
- Educational Support Services
- Human Resources
- Other as arising

The academy trust charges for these services on the following basis:

Top slicing contributions are charged by a flat rate percentage (3-4%) of General Annual Grant.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Westwood College	148,549	153,024
Leek High Specialist Technology College	56,056	81,094
Churnet View Middle School	74,583	76,025
All Saints' Church of England Primary School	9,644	-
Beresford Memorial Church of England First School	4,826	-
Leek First School	34,382	-
Rushton Church of England Primary School	3,118	-
Westwood First School	13,560	-
Total	344,718	310,143

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
A Shaw, Chief Executive Officer	Remuneration	145,000 - 150,000	150,000 - 155,000
	Pension contributions paid	15,000 - 20,000	20,000 - 25,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

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Notes to the Financial Statements
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12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £278 (2018 - £362). The cost of this insurance is included in the total insurance cost.

13. Intangible assets

	Software £
Cost	
At 1 September 2018	22,045
At 31 August 2019	22,045
Amortisation	
At 1 September 2018	17,989
Charge for the year	4,056
At 31 August 2019	22,045
Net book value	
At 31 August 2019	-
At 31 August 2018	4,056

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Notes to the Financial Statements
For the Year Ended 31 August 2019

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Building improvements £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation							
At 1 September 2018	22,542,959	-	911,732	50,256	72,006	25,793	23,602,746
Additions	-	-	626,022	17,291	-	-	643,313
Transferred on conversion	-	3,862,106	-	-	20,716	-	3,882,822
At 31 August 2019	22,542,959	3,862,106	1,537,754	67,547	92,722	25,793	28,128,881
Depreciation							
At 1 September 2018	832,492	-	57,401	19,312	39,698	7,747	956,650
Charge for the year	344,842	31,663	145,004	14,423	26,196	6,448	568,576
At 31 August 2019	1,177,334	31,663	202,405	33,735	65,894	14,195	1,525,226
Net book value							
At 31 August 2019	21,365,625	3,830,443	1,335,349	33,812	26,828	11,598	26,603,655
At 31 August 2018	21,710,467	-	854,331	30,944	32,308	18,046	22,646,096

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Notes to the Financial Statements
For the Year Ended 31 August 2019

14. Tangible fixed assets (continued)

At 31 August 2019, included within freehold property is land of £5,319,000 (2018: £5,319,000) which is not depreciated.

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	67,511	35,252
Other debtors	469	403
Prepayments and accrued income	666,931	136,202
VAT repayable	139,761	67,672
	<u>874,672</u>	<u>239,529</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	102,846	67,254
Trade creditors	227,755	120,789
Other taxation and social security	185,151	127,758
Other creditors	175,046	107,380
Accruals and deferred income	635,893	222,472
	<u>1,326,691</u>	<u>645,653</u>

	2019 £	2018 £
Deferred income at 1 September 2018	136,726	127,911
Resources deferred during the year	214,570	136,726
Amounts released from previous periods	(136,726)	(127,911)
	<u>214,570</u>	<u>136,726</u>

As at the balance sheet date the academy trust was holding funds relating to grants and trips relating to the 2019/20 academic year.

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Notes to the Financial Statements
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16. Creditors: Amounts falling due within one year (continued)

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £21,207. This loan is interest free. The first repayment date was due in October 2016 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £76,118. This loan is interest free. The first repayment date was due in October 2016 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £24,869. This loan is interest free. The first repayment date was due in October 2016 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £9,392. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fourth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £15,821. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the second anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £8,215. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fourth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £1,418. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £34,436. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fourth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £100,000. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

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Notes to the Financial Statements
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17. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	<u>185,670</u>	<u>122,853</u>

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £21,207. This loan is interest free. The first repayment date was due in October 2016 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £76,118. This loan is interest free. The first repayment date was due in October 2016 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £24,869. This loan is interest free. The first repayment date was due in October 2016 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £9,392. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fourth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £15,821. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the second anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £8,215. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fourth anniversary of the first repayment.

Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £1,418. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

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Included within other loans is a loan from the local authority inherited by the academy trust on conversion of £100,000. This loan bears interest at 0.5% above the Bank of England base rate. The first repayment date is due in January 2020 with payments due annually and the last payment to be on the fifth anniversary of the first repayment.

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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						
General funds	609,546	397,415	(11,520)	-	-	995,441
Restricted general funds						
General Annual Grant (GAG)	497,716	8,996,268	(9,018,775)	(134,436)	-	340,773
Other DfE/ESFA grants	1,074	691,569	(674,969)	(5,965)	-	11,709
Start up Grants	24,600	150,000	(112,924)	-	-	61,676
Other government grant	-	253,808	(236,806)	-	-	17,002
Other income	4,826	79,451	(90,242)	5,965	-	-
Deficit on conversion	-	(134,436)	-	134,436	-	-
Pension reserve	(3,197,000)	(1,395,000)	(332,000)	-	(1,667,000)	(6,591,000)
	<u>(2,668,784)</u>	<u>8,641,660</u>	<u>(10,465,716)</u>	<u>-</u>	<u>(1,667,000)</u>	<u>(6,159,840)</u>
Restricted fixed asset funds						
Assets transferred on conversion	21,724,093	3,882,822	(388,587)	-	-	25,218,328
Capital expenditure from start up grants	4,056	-	(4,056)	-	-	-
Capital expenditure from GAG	94,285	-	(28,174)	-	-	66,111
DfE/ESFA grants	124,059	162,538	(7,702)	-	-	278,895
Conditional improvement fund	913,195	781,699	(144,112)	-	-	1,550,782
	<u>22,859,688</u>	<u>4,827,059</u>	<u>(572,631)</u>	<u>-</u>	<u>-</u>	<u>27,114,116</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total Restricted funds	20,190,904	13,468,719	(11,038,347)	-	(1,667,000)	20,954,276
Total funds	20,800,450	13,866,134	(11,049,867)	-	(1,667,000)	21,949,717

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

Unrestricted General Funds

This fund represents those resources which may be used towards meeting any of the charitable objectives at the discretion of the Trustees.

Restricted General Funds

This fund represents grants received for the academy trust's operational activities and development.

Restricted Fixed Asset Fund

This fund relates to grant funding received from the ESFA to carry out works of a capital nature and the donation of freehold land and buildings from Staffordshire County Council and The Leek Federation Learning Trust Limited and a small amount of Capital from GAG.

The Conditional Improvement Fund relates to a grant received for roof repairs on Westwood College, Leek High School and Churnet View Middle School.

The Devolved Formula Capital relates to a grant received from the ESFA for works of a capital nature.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Westwood College	494,733	495,663
Leek High School Specialist Technology College	120,565	132,550
Churnet View Middle School	450,679	401,836
All Saints Church of England First School	26,430	-
Beresford Memorial Church of England First School	132,412	-
Leek First School	70,945	-
Rushton Church of England Primary School	8,883	-
Westwood First School	(77,694)	-
Central	199,648	107,713
Total before fixed asset funds and pension reserve	1,426,601	1,137,762
Restricted fixed asset fund	27,114,116	22,859,688
Pension reserve	(6,591,000)	(3,197,000)
Total	21,949,717	20,800,450

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
Westwood First School	(77,694)

Westwood First School's deficit of (£77,694) at the end of the financial year 2018/19 relates to Local Authority loans of £134,436, for prior redundancies and building works, novated to The Academy Trust upon conversion, netted off against activity from April 2019 to August 2019, values held in school fund and surplus from the LA.

The loans have been recognised in full as liabilities at the year end however, it is expected that the sum will be repaid over time via the payment plan agreed with Staffordshire County Council. The corresponding repayments are accounted for within the budget for 2019/20 and will be included in future budgets until the final repayment scheduled during 2023/24.

The acquisition of new converters, presents an opportunity to explore cost saving initiatives and rationalise expenditure in order to endeavour to set balanced budgets moving forwards. It is the intention of The Academy Trust to action these measures during the next financial year.

In the unlikely event full repayment of the loan is requested, currently there are sufficient funds within The Academy Trust reserves to repay.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Westwood College	2,669,824	463,117	31,963	695,291	3,860,195	3,878,110
Leek High School Specialist Technology College	1,590,760	150,858	10,123	494,303	2,246,044	2,121,229
Churnet View Middle School	1,501,596	295,778	6,755	244,277	2,048,406	2,100,288
All Saints Church of England First School	308,191	42,585	7,074	62,919	420,769	-
Beresford Memorial Church of England First School	157,326	16,648	595	48,837	223,406	-
Leek First School	212,571	23,924	10,284	48,592	295,371	-
Rushton Church of England Primary School	96,260	8,958	214	21,052	126,484	-
Westwood First School	367,956	52,701	1,006	78,029	499,692	-
Central services	194,784	96,660	-	137,481	428,925	306,077
Academy trust	7,099,268	1,151,229	68,014	1,830,781	10,149,292	8,405,704

The above table does not include any LGPS Pension adjustments included within the Statement of Financial Position.

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Notes to the Financial Statements
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18. Statement of funds (continued)

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

	<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						
General funds	538,506	88,270	(14,270)	(2,960)	-	609,546
Restricted general funds						
General Annual Grant (GAG)	451,098	7,764,972	(7,622,294)	(96,060)	-	497,716
Other DfE/ESFA grants	-	384,045	(377,859)	(5,112)	-	1,074
Start up Grants	24,600	-	-	-	-	24,600
Other government grant	-	222,473	(222,473)	-	-	-
Other income	-	173,634	(168,808)	-	-	4,826
Pension reserve	(3,648,000)	-	(278,000)	-	729,000	(3,197,000)
	<u>(3,172,302)</u>	<u>8,545,124</u>	<u>(8,669,434)</u>	<u>(101,172)</u>	<u>729,000</u>	<u>(2,668,784)</u>

The Talentum Learning Trust
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Notes to the Financial Statements
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18. Statement of funds (continued)

	<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>
Restricted fixed asset funds						
Assets transferred on conversion	22,083,094	-	(359,001)	-	-	21,724,093
Capital expenditure from start up grants	11,403	-	(7,347)	-	-	4,056
Capital expenditure from GAG	66,414	-	(22,279)	50,150	-	94,285
DfE/ESFA grants	69,723	52,762	(3,538)	5,112	-	124,059
Conditional improvement fund	730,846	187,591	(54,112)	48,870	-	913,195
	<u>22,961,480</u>	<u>240,353</u>	<u>(446,277)</u>	<u>104,132</u>	<u>-</u>	<u>22,859,688</u>
Total Restricted funds	<u>19,789,178</u>	<u>8,785,477</u>	<u>(9,115,711)</u>	<u>2,960</u>	<u>729,000</u>	<u>20,190,904</u>
Total funds	<u><u>20,327,684</u></u>	<u><u>8,873,747</u></u>	<u><u>(9,129,981)</u></u>	<u><u>-</u></u>	<u><u>729,000</u></u>	<u><u>20,800,450</u></u>

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Notes to the Financial Statements
For the Year Ended 31 August 2019

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset fund 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	26,603,655	26,603,655
Current assets	995,441	1,943,521	510,461	3,449,423
Creditors due within one year	-	(1,326,691)	-	(1,326,691)
Creditors due in more than one year	-	(185,670)	-	(185,670)
Provisions for liabilities and charges	-	(6,591,000)	-	(6,591,000)
Total	995,441	(6,159,840)	27,114,116	21,949,717

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	-	-	22,646,096	22,646,096
Intangible fixed assets	-	-	4,056	4,056
Current assets	609,546	1,296,722	209,536	2,115,804
Creditors due within one year	-	(645,653)	-	(645,653)
Creditors due in more than one year	-	(122,853)	-	(122,853)
Provisions for liabilities and charges	-	(3,197,000)	-	(3,197,000)
Total	609,546	(2,668,784)	22,859,688	20,800,450

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Notes to the Financial Statements
For the Year Ended 31 August 2019

20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,816,267	(256,234)
Adjustments for:		
Depreciation and amortisation	572,631	446,277
(Decrease)/increase in debtors	(172,635)	268,380
Increase/(decrease) in creditors	489,459	(431,917)
Capital grants from DfE and other capital income	(944,237)	(240,353)
Net (surplus) on assets and liabilities from local authority on conversion	(2,318,541)	-
Cash transferred on conversion to an academy trust	(316,680)	-
Defined benefit pension scheme cost less contributions payable	225,000	184,000
Defined benefit pension scheme finance cost	107,000	94,000
Net cash provided by operating activities	458,264	64,153

21. Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(68,898)	(65,936)
Net cash used in financing activities	(68,898)	(65,936)

22. Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(489,299)	(360,052)
Capital grants from DfE Group	672,113	240,353
Cash received from local authority on conversion	126,296	-
Net cash provided by/(used in) investing activities	309,110	(119,699)

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	2,574,751	1,876,275
Total cash and cash equivalents	<u>2,574,751</u>	<u>1,876,275</u>

The Talentum Learning Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

24. Conversion to an academy trust

On 1 April 2019, All Saints Church Of England Primary School, Leek First School, Rushton Church of England Primary School and Westwood First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

On 1 June 2019 Beresford Memorial Church of England First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	3,862,106	3,862,106
Other tangible fixed assets	-	-	20,716	20,716
Current assets				
Funds - representing budget surplus on LA funds	227,146	-	-	227,146
Funds - representing budget surplus on other school funds	89,534	-	-	89,534
Current liabilities				
Pension liability	-	(1,395,000)	-	(1,395,000)
Borrowing obligations	(34,845)	(134,436)	-	(169,281)
Net assets/(liabilities)	281,835	(1,529,436)	3,882,822	2,635,221

The LGPS pension deficit is not included in the table below as the amount transferred on conversion is shown above the Academy Trust.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

24. Conversion to an academy trust (continued)

All Saints' CE First School

On 1 April 2019 All Saints CE First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	21,127	21,127
Other tangible fixed assets	-	13,383	13,383
Current assets			
Funds - representing budget surplus on LA funds	24,280	-	24,280
Funds - representing budget surplus on other school funds	36,631	-	36,631
Current liabilities			
Borrowing obligations	(25,212)	-	(25,212)
Net assets	<u>35,699</u>	<u>34,510</u>	<u>70,209</u>

The above includes £60,911 that was transferred as cash.

The leasehold land and buildings at All Saint's CE First School relates to playing fields transferred from Staffordshire County Council for £nil consideration. That basis for this valuation is detailed in the accounting policies note 1.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

24. Conversion to an academy trust (continued)

Beresford Memorial Church of England First School

On 1 June 2019 Beresford Memorial Church of England First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	16,902	16,902
Other tangible fixed assets	-	7,333	7,333
Current assets			
Funds - representing budget surplus on LA funds	143,884	-	143,884
Funds - representing budget surplus on other school funds	82	-	82
Net assets	<u>143,966</u>	<u>24,235</u>	<u>168,201</u>

The above includes £143,966 that was transferred as cash.

The leasehold land and buildings at Beresford Memorial Church of England First School relates to playing fields transferred from Staffordshire County Council for £nil consideration. That basis for this valuation is detailed in the accounting policies note 1.

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Notes to the Financial Statements
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24. Conversion to an academy trust (continued)

Leek First School

On 1 April 2019 Leek First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	1,395,366	1,395,366
Current assets			
Funds - representing budget surplus on LA funds	47,549	-	47,549
Funds - representing budget surplus on other school funds	5,358	-	5,358
Current liabilities			
Borrowing obligations	(8,215)	-	(8,215)
Net assets	<u>44,692</u>	<u>1,395,366</u>	<u>1,440,058</u>

The above includes £52,907 that was transferred as cash.

The leasehold land and buildings at Leek First School relates to school land buildings transferred on a 125 year lease from Staffordshire County Council for £nil consideration. That basis for this valuation is detailed in the accounting policies note 1.

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Notes to the Financial Statements
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24. Conversion to an academy trust (continued)

Rushton CE First School

On 1 April 2019 Rushton CE First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Total funds £
Current assets		
Funds - representing budget surplus on LA funds	8,598	8,598
Funds - representing budget surplus on other school funds	1,344	1,344
Current liabilities		
Borrowing obligations	(1,418)	(1,418)
Net assets	<u>8,524</u>	<u>8,524</u>

The above includes £9,942 that was transferred as cash.

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Notes to the Financial Statements
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24. Conversion to an academy trust (continued)

Westwood First School

On 1 April 2019 Westwood First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Talentum Learning Trust from Staffordshire County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	2,428,711	2,428,711
Current assets				
Cash - representing budget surplus on LA funds	2,835	-	-	2,835
Cash - representing budget surplus on other school funds	46,119	-	-	46,119
Current liabilities				
Borrowing obligations	-	(134,436)	-	(134,436)
Net assets/(liabilities)	<u>48,954</u>	<u>(134,436)</u>	<u>2,428,711</u>	<u>2,343,229</u>

The above includes £48,954 that was transferred as cash.

The leasehold land and buildings at Westwood First School relates to school land buildings transferred on a 125 year lease from Staffordshire County Council for £nil consideration. That basis for this valuation is detailed in the accounting policies note 1.

25. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>241,408</u>	<u>84,901</u>

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Notes to the Financial Statements
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26. Pension commitments

The academy trust'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 Staffordshire County Council. Both are Multi-employer defined pension schemes.

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

Contributions amounting to £169,500 were payable to the schemes at 31 August 2019 (2018 - £107,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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Notes to the Financial Statements
For the Year Ended 31 August 2019

26. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the year amounted to £735,000 (2018 - £594,000).

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

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £455,000 (2018 - £363,000), of which employer's contributions totalled £364,000 (2018 - £288,000) and employees' contributions totalled £ 91,000 (2018 - £84,000). The agreed contribution rates for future years are 21.2 per cent for employers and 5.7 per cent for employees.

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

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Notes to the Financial Statements
For the Year Ended 31 August 2019

26. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.3	2.3
Communtation of pensions to lump sums - pre April 2008	50	50
Communtation of pensions to lump sums - post April 2018	75	75

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.1	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.2	24.1
Females	24.8	26.4

Sensitivity analysis

	2019	2018
	£	£
Discount rate +0.1%	(283,000)	(159,000)
Discount rate -0.1%	283,000	159,000
Pension increase rate +0.1%	230,000	108,000
Pension increase rate -0.1%	(230,000)	(108,000)
Salary rate +0.1%	47,000	48,000
Salary rate -0.1%	(47,000)	(48,000)

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Notes to the Financial Statements
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26. Pension commitments (continued)

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

	At 31 August 2019	<i>At 31 August 2018</i>
	£	£
Equities	3,160,000	1,746,000
Gilts	1,023,000	474,000
Property	372,000	200,000
Cash and other liquid assets	93,000	74,000
Total market value of assets	4,648,000	2,494,000

The actual return on scheme assets was £282,000 (2018 - £142,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019	<i>2018</i>
	£	£
Current service cost	(522,000)	(472,000)
Past service cost	(67,000)	-
Interest income	91,000	54,000
Interest cost	(198,000)	148,000
Total amount recognised in the Statement of Financial Activities	(300,000)	(566,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019	<i>2018</i>
	£	£
At 1 September	5,691,000	5,663,000
Transferred in on existing academies joining the trust	2,854,000	-
Current service cost	522,000	472,000
Interest cost	198,000	148,000
Employee contributions	91,000	75,000
Actuarial losses/(gains)	1,845,000	(637,000)
Benefits paid	(29,000)	(30,000)
Past service costs	67,000	-
At 31 August	11,239,000	5,691,000

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Notes to the Financial Statements
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26. Pension commitments (continued)

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,494,000	2,015,000
Transferred in on existing academies joining the trust	1,459,000	-
Interest income	91,000	54,000
Actuarial gains	178,000	92,000
Employer contributions	364,000	288,000
Employee contributions	91,000	75,000
Benefits paid	(29,000)	(30,000)
At 31 August	4,648,000	2,494,000

27. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	45,181	39,684
Later than 1 year and not later than 5 years	30,041	45,678
	75,222	85,362

28. Members' liability

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

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Notes to the Financial Statements
For the Year Ended 31 August 2019

29. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trusts financial regulations and normal procurement procedures relating to connected and related party transactions.

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

30. Post balance sheet events

On 1 October 2019, Blackshaw Moor CofE First School joined the Academy Trust.