

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

**CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)**

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CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr Mike Baker Mrs Alison Fiala Mr Philip Heady Mr Allan John (appointed 1 September 2018) Mr Bruce Hanley
Trustees	Mr Stuart Ellis Mr Bruce Hanley Mrs Cris Edwards (resigned 19 September 2018) Mrs Sarah Garner Mr Scott Bradbrook (appointed 13 February 2019) Mrs Elizabeth Gask (resigned 19 September 2018) Mr Robin Whitworth Mr Jonathan Dancy (appointed 1 September 2018, resigned 27 August 2019) Mr James Saunders Mr Steven Vanderheide (resigned 8 July 2019) Mr Paul Heavers
Company registered number	08182064
Company name	CHANGE Schools Partnership
Principal and registered office	CHANGE Schools Partnership Blickling Road Great Notley Braintree Essex CM77 7ZJ
Executive Leadership Team	Mr Stuart Ellis, CEO Mrs Sarah Crookes, Director of Teaching, Learning and Assessment Miss Claire Russell, Executive Head Teacher for Notley Green and Cann Hall Mrs Karen Harrison, Headteacher (John Ray Juniors) Mrs Louise Venables, Head of School (Shalford) Mr Justin Wrench, Headteacher (Cann Hall) (resigned 22/04/2019) Mrs Cris Edwards, Chief Operating Officer (resigned 31/10/2018) Ms Joanne Olley, Director of Finance and Operations (appointed 25/02/2019) Mrs Emma Sayward, Acting Head of School (Notley Green) (appointed 11/02/2019)
Independent Auditors	Price Bailey LLP Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

CHANGE SCHOOLS PARTNERSHIP
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers

Lloyds Bank Plc
2/4 Bank Street
Braintree
Essex
CM7 1UN

Barclays Bank PLC
27 Station Road
Clacton on Sea
CO15 1TD

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of CHANGE Schools Partnership (the Charitable Company or the Trust) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates three primary school academies and one junior school academy ('the Schools' or 'the Academies') serving catchment areas of Braintree District and Clacton-on Sea in Essex. The Academies have a combined capacity of 1455 and had a roll of 1297 in the October 2019 census.

Structure, Governance and Management

The Charitable Company is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents. The Trustees are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Notley Green Primary School, John Ray Junior School, Cann Hall Primary School and Shalford Primary School.

Details of the Trustees who served throughout the year and to the date these financial statements are approved are included in the Reference and Administrative Details on page 1. Within this Report the term 'Trustee' refers to a member of the Board of Trustees (the Board) and the term 'Governor' to a member of a Local Governing Body (LGB).

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover on any one claim and details of the costs are disclosed in Note 13 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements for recruitment and election of Trustees are as set out in the Articles of Association and Funding Agreement.

Trustees are elected for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the Board. The Chief Operating Officer (COO) was also an ex officio member of the Board until 19 September 2018. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for up to 9 Trustees with no more than one third being executive employees.

The Trust's CEO is the Accounting Officer.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust links with a number of local training providers. New Trustees and Governors are required to undergo an induction and training programme. The induction programme involves a tour of the relevant Academy, meeting with pupils and staff together with the provision of policy and procedures documents that are appropriate to the role they undertake, with particular emphasis on the committee work that they will undertake. Training of newly appointed Trustees and Governors is carried out by a recognised professional body, usually the Local Authority - Essex.

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

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board meets on 6 occasions per year and sub committees: Finance and Audit; and Standards being two, at least 3 times per year. The Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust and making key decisions about the direction of the Trust and senior staff appointments. The Governors within the LGBs are responsible for implementing strategic policy, reviewing and monitoring pupil outcomes.

The Executive Leadership Team (ELT) looks across the Trust and aligns local Senior Leadership Team (SLT) and LGB activity with the strategic aims of the Trust as a whole.

The Trust Leadership Team (TLT) provides continuity, consistency and direction across the teaching, learning and assessment of pupil outcomes across all Academies within the Trust.

The SLTs, including the Head Teacher/Head of School, are responsible for the leadership and direction of their Academy implementing policies, procedures and reporting to their LGB. Each SLT is responsible for the day-to-day operation of their Academy, in particular organising staff, resources and pupils. The Headteacher has authorisation of spending within agreed local budgets and for the appointment of staff following vetting and safeguarding recruitment processes undertaken by the central business services team.

The Trust operates a central Finance and Business Services structure. This team, led by the Director of Finance and Operations, provides a streamline approach to all Finance, HR, Catering, Administration and Premises Management. Operating in this way, ensures consistency of procedures, compliant finance and HR processes and economies of scale.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board.

Trade union facilities

The Trust had no relevant union officials working in their Schools during the year.

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

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. The Trustees and Governors complete a Declaration of Business Interests form and there is a requirement at every meeting for all Trustees/Governors to declare any interest they may have in any item on the agenda.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Compass Partnership
- Compass Academy Trust
- Notley Family of Schools
- South Tendring Primary Partnership
- Professional Learning Network (Teaching School Alliance)
- Edison Learning

The Trust does not have a formal sponsor although the Trust was originally set up as a sponsor led Trust, with the sponsor being Notley Green Primary School.

Objectives and Activities

Objectives, Strategies and Activities

The Trust aims to build a group of like-minded academies in the Braintree and Clacton/Colchester areas that can maximise the effective use of their collective skills and resources to benefit the outcomes of its pupils. In short, the Trust aims to provide a supportive and collaborative context in which our academies can continue to thrive into the future.

The Trust sums up its mission and objective through its strapline of 'Aiming High; Changing Lives'.

The success criteria are

- All Academies will be evaluated as 'good' or 'outstanding' by Ofsted criteria within 2-3 years of joining the Trust.
- All Academies will be intentional and aspirational in working towards being 'outstanding' so that pupils achieve excellent outcomes.
- All teaching within our Academies will be judged good or outstanding. All teachers will be expected to aspire to teaching that is outstanding.
- For good and outstanding Academies, progress and attainment will compare favourably with national data including that for vulnerable groups, including those entitled to the Pupil Premium, Looked After Children and those with SEND.
- For Academies not yet good, a sharply rising trajectory of improvement will be evident through progress and attainment measures.
- Our Academies will display and effect inspirational leadership at all levels (including governance), which will reflect the One Learning Community culture.
- Our Academies will be able to accurately self-evaluate and will have a high culture of continued improvement and high aspiration.
- High quality bespoke professional development, coaching and career development (based upon the Trust's CPD Curriculum Policy) will mean that the Trust attracts and retains the very best teachers and leaders.

**CHANGE SCHOOLS PARTNERSHIP
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trust Objectives 2018-19

1. Corporate Governance
 - Recruit additional Trustees and succession plan for Chair of Board
 - Review Scheme of Delegation
 - Instigate Standards Committee
 - Embed risk management processes so that risk is identified generically at Trust Board level and contextually at local school level

2. School Improvement – Teaching & Learning; Quality Assurance; Pupil Outcomes
 - Ensure all current Schools deliver the highest quality curriculum across all subject areas that meets the standards of the Trust Curriculum Statement. The development of Subject Leadership will be integral to this.
 - Deliver the ICT Strategy across the Trust via Microsoft so that children have a technology rich enabled learning experience
 - Improve the outside provision for EYFS pupils
 - Ensure that teacher's work/life balance is well supported
 - Deliver the Nursery Project at Cann Hall, the Trust's first Nursery provision
 - To strive to improve pupil outcomes at KS2 for Schools where progress and/or attainment is below the national averages so that all Schools meet this benchmark.
 - To utilise researched strategies to support the achievement of vulnerable groups, making the most of targeted funding.
 - Produce a Quality Assurance Framework that identifies clear processes for quality assurance and criteria for intervention that embeds existing processes within a coherent model.

3. Growth

Developing the growth of the Trust through the Board's proactive engagement with:

 - Producing and utilising a comprehensive marketing plan
 - Actively engaging with suitable schools in the Braintree/Tendring/Colchester Districts to seek formalised collaboration where a period of due diligence can be undertaken
 - Seeking out opportunity for free school application in Tendring and other areas as suitable opportunities arise

4. Integrated Finance & Business Services

Increase capacity within current team by:

 - Upskilling local business teams
 - Recruiting Director of Finance & Operations (following retirement of COO)
 - Appointing part time HR Manager and Governance Manager
 - Developing strategic 3-year finance plan to ensure budgets can be balanced and sustainability assured
 - Future proofing ICT through moving toward cloud based platforms for all systems that also enables mobile working.
 - Maximising income generation through wider use of assets (e.g. lettings); contracting staff out to other organisations

Public Benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit (Pb1) in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

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

Strategic Report

Achievements and Performance

- In governance we have recruited new Governors and Trustees, implemented a Standards Committee and reviewed the Scheme of Delegation
- Notley Green Primary School was subject to an Ofsted inspection in January 2019. The inspection found that the school continues to offer a 'Good' standard of education as monitored by the Ofsted framework. The School also maintained good results against national data for progress and attainment between KS1 and 2
- Shalford Primary School was subject to an Ofsted inspection under the new Ofsted framework in September 2019. This was the first inspection since becoming an Academy (previously rated Inadequate) and the School was rated as 'Good' across all areas. The School made a huge improvement in results for attainment and progress between KS1 and KS2 in the 2018/19 academic year.
- The Trust's Teaching for Learning Team has supported the delivery of a consistent teaching and learning handbook
- EYFS outdoor areas have been improved using the additional capital money provided
- The Trust has looked in depth at the two Schools where outcomes were not at a national level and has implemented strategies to support pupil outcomes into the next academic year.
- A new Director of Finance and Operations was recruited
- A three-year budget plan has been determined to plan for financial stability and a restructure program is under way to support future budget pressures.
- All the business team are gradually moving to cloud based systems using Outlook 365

Key Academic Performance Indicators:

- Progress from Key Stage 1 to Key Stage 2
- % of pupils achieving expected standard in Reading, Writing and Mathematics
- % of pupils achieving the higher (greater depth) standard in Reading Writing and Mathematics

Progress

National = 0

	Reading		Writing		Maths	
	2019	2018	2019	2018	2019	2018
Notley Green Primary School	0.36	(0.2)	-0.34	(0.1)	0.24	(-1.3)
Cann Hall Primary School	- 2.70	(-0.1)	-2.70	(-1.1)	-5.4	(-1.4)
Shalford Primary School	-1.27	(-3.4)	1.08	(0.2)	-0.29	(-1.3)
John Ray Junior School	- 5.10	(-1.1)	-2.50	(-5.3)	-4.10	(-2.5)

Attainment

Academy	Combined Reading, Expected Standard		Writing and Maths (%) Higher Standard	
	2019	2018	2019	2018
Notley Green Primary School	74	(69)	20	(10)
Cann Hall Primary School	39	(46)	2	(5)
Shalford Primary School	63	(38)	13	(13)
John Ray Junior School	39	(54)	2	(10)

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

Going Concern

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

Financial Review

The principal source of funding is mostly obtained from the Department for Education (DfE)/ Education and Skills Funding Agency (ESFA) in the form of the General Annual Grant (GAG), the use of which is restricted to the Trust's educational objectives. For the year ended 31 August 2019 the Trust received £6,756,097 (2018: £6,629,152) of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £6,555,992 (2018: £6,528,929) on general running costs (excl. depreciation) and transferred £70,484 (2018: £274,002) to support capital new build and improvement projects on the various Academy sites.

The Statement of Financial Activities shows a deficit of £825,979 (2018:£573,370 surplus). This includes a significant deficit on the defined benefit pension scheme of £660,000 (2018: £820,00 surplus). This significant change is due to valuation changes in the year.

The Trust brought forward from 17/18, £540,341 restricted funds and £432,605 unrestricted funding. The carry forward for 18/19 is £468,862 restricted funding and £447,028 unrestricted funding.

The Trust secured Capital Improvement Funding (CIF) of £566,677 (2018: £797,224) to support capital improvement projects across the Academies.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £4,160,000 (2018: £3,120,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Other Financial Key Performance Indicators

As funding is based on pupil numbers, this is a key performance indicator. Total pupil numbers funded for 2018/19: 1308 (2017/18: 1343) against a combined capacity of 1455.

The Finance and Audit committee and the Chair of the Board receive management accounts on a monthly basis which include the following KPI elements:

- Teachers as a % of core funding (GAG)
- Core funding per pupil
- Staffing cost as a % of total income
- Teaching staff costs as a % of total staff costs

The Finance and Audit Committee also monitor actual year to date figures and forecast figures.

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

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Director of Finance and Operations. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (Unrestricted Reserve) is £447,028 (2018: £432,605).

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds as at 31 August 2019 was £915,890 (2018: £972,946).

The cash balance of the Trust has been healthy all year, ending the year with a balance of £1,226,660 (2018: £1,707,421). A significant proportion of this cash is held against the final payments due for CIF projects and is not available to meet normal recurring expenditure.

Investment Policy

The Trustees invest funds for future year in short term cash deposits.

Principal Risks and Uncertainties

The Trust maintains, and regularly reviews, a central risk register identifying the major risks, to which the Trust and each Academy is exposed, together with identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Trust via the Finance and Audit Committee with a copy of the register available at every Board Meeting.

The internal control systems are audited by an external provider - SBM Services, which is reported to the Finance and Audit Committee and the exposure to identified risks are monitored on behalf of the Trustees at each Finance and Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

The Trust recognise its risks and uncertainties under the main headings of:

Sustainability

- Funding uncertainty
- Pupil numbers
- The current restructure being undertaken
- Overall academic achievement and Ofsted rating

Compliance

- Financial Compliance
- Fraud and Data Security
- Health & Safety
- Safeguarding

Educational Impact

- Governance including the regular review of skills
- Ofsted outcomes
- Meeting the changing curriculum needs

Fundraising

The Trust does not use any professional external fundraiser. All fundraising undertaken during the year was monitored by the Trustees.

**CHANGE SCHOOLS PARTNERSHIP
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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Plans for Future Periods

Aims and Future Objectives 2019/20

1 Corporate Governance

- Recruit additional Trustees and Governors
- Adoption of the new Scheme of Delegation
- Implement Chairs Forum and establish link Trustee to each LGB/school
- Embed risk management processes so that risk is identified generically at Board level and contextually at School level
- Ensure all the requirements of the Academies Financial Handbook are met
- Ensure Governors at all levels are familiar with new Ofsted Framework and develop appropriate KPIs.

2 Quality of Education

- Ensure all current Schools deliver the highest quality curriculum across all subject areas that meet the standards of the Trust Curriculum Statement
- Deliver the ICT Strategy across the Trust via Microsoft so that children have a technology rich enabled learning experience
- Agree and deliver the nursery provision at Cann Hall

3 Inclusion

- Investigate and undertake a feasibility plan to provide sustainable alternative provision for the Trust that is self-funding, particularly in relation to SEMH (Social Emotional Mental Health) needs
- Deliver the Equality Objectives for each School

4 Financial Sustainability

- Deliver the agreed staffing restructure for support/PPA staff across the Trust
- Promote the Core Offer of the Trust to generate income further
- Develop strategic finance plan that incorporates cost reduction and income generation so that budgets balance in 2020/21 and show sustainability in a 3-year model
- Investigate other means of sustainability including mergers

Auditor

The Trustees have confirmed that as far as they are aware, there is no relevant audit information of which the Auditor is unaware, and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

The Trustees' Report, incorporating a Strategic Report, was approved by the board of Trustees, on 18 December 2019 and signed on its behalf by:

Mr Bruce Hanley
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP
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GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that CHANGE Schools Partnership 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 CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between CHANGE Schools Partnership 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 9 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mr Scott Bradbrook	4	7
Mr Jonathan Dancy	7	9
Mr Stuart Ellis	9	9
Mrs Cris Edwards	0	0
Mrs Sarah Garner	9	9
Mrs Elizabeth Gask	1	1
Mr Bruce Hanley	9	9
Mr Paul Heavers	9	9
Mr James Saunders	5	9
Mr Steven Vanderheide	1	6
Mr Robin Whitworth	6	9

The Board composition and governance is regularly reviewed at meetings. It currently seeks an additional Trustee with independent educational expertise. The recruitment of Trustees remains quite difficult, however the current Trustees have a broad skill set and have added additional meetings during the year to make sure that it fulfils its remit in holding the executive to account for financial and academic outcomes.

The Trustees have a clear and strategic input into the Trust's vision and business planning. Particular challenges within the year have included the appointment of a Director of Finance and Operations and following on from that, the Trusts ability to produce a budget that meets the needs of the pupils in our Schools while taking into account reduced funding and reducing rolls.

Board meetings are regularly attended by executive staff and a Standards Committee was set up during the year to support additional academic scrutiny. The Committee is also attended by the Director of Teaching, Learning & Assessment.

The Finance and General Purposes Committee is a sub-committee of the Board of Trustees. It is responsible for matters of funding; budgeting; monitoring; financial procedures; health and safety; asset management and the scrutiny of operational procedures through external and internal audit.

CHANGE SCHOOLS PARTNERSHIP
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Scott Bradbrook	3	4
Mr Jonathan Dancy	4	6
Mr Stuart Ellis	6	5
Mrs Sarah Garner	6	6
Mr Paul Heavers	5	6
Mr James Saunders	1	3
Mr Steven Vanderheide	1	6
Mrs Joanne Olley	5	5
Mrs Michelle Glover	1	1

Review of value for money

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

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

- Collaborative working across the Schools in the trust
- Strong implementation of financial regulation that requires all items above £2,000 to have three quotes
- The use of IT framework agreements to support planning of a cross trust IT project
- Income generation through supporting another Trust

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CHANGE Schools Partnership 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 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.

CHANGE SCHOOLS PARTNERSHIP
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Audit Committee 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; and
- delegation of authority and segregation of duties.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint SBM Services Limited as Internal Auditor.

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

- Review of governance and financial management.
- Review of banking.
- Review of payroll and expenses.
- Review of fixed assets.
- Review of income and expenditure.

On an annual basis, the Internal Auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Internal Auditor delivered their schedule of work as planned and no material control issues were identified.

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control.

During the year in question the review has been informed by:

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

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

Approved by the Board of Trustees on 18 December 2019 and signed on their behalf by:

Mr Bruce Hanley
Chair of Trustees

Mr Stuart Ellis
CEO and Accounting Officer

**CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of CHANGE Schools Partnership I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

Mr Stuart Ellis
Accounting Officer
Date: 18 December 2019

CHANGE SCHOOLS PARTNERSHIP
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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; and
- 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 the Board of Trustees on 18 December 2019 and signed on its behalf by:

Mr Bruce Hanley
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHANGE SCHOOLS PARTNERSHIP**

Opinion

We have audited the financial statements of CHANGE Schools Partnership (the '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 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 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 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.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHANGE SCHOOLS PARTNERSHIP (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. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. 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 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.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHANGE SCHOOLS PARTNERSHIP (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP

Date: 19 December 2019

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

19 December 2019

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHANGE SCHOOLS PARTNERSHIP AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter 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 CHANGE Schools Partnership 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 CHANGE Schools Partnership and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to CHANGE Schools Partnership 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 CHANGE Schools Partnership and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of CHANGE Schools Partnership's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of CHANGE Schools Partnership's funding agreement with the Secretary of State for Education dated 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

**CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHANGE
SCHOOLS PARTNERSHIP 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.

Reporting Accountant

Price Bailey LLP

Date: 19 December 2019

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

	Note	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds Restated 2018 £
Income from:						
Donations and capital grants	3	37,357	566,677	602	604,636	843,388
Charitable activities	4	5,861,039	-	93,382	5,954,421	5,644,243
Other trading activities	5	26,485	-	169,725	196,210	140,512
Investments	6	-	-	830	830	1,009
Total income		<u>5,924,881</u>	<u>566,677</u>	<u>264,539</u>	<u>6,756,097</u>	<u>6,629,152</u>
Expenditure on:						
Charitable activities	7	6,305,876	366,084	250,116	6,922,076	6,875,782
Total expenditure		<u>6,305,876</u>	<u>366,084</u>	<u>250,116</u>	<u>6,922,076</u>	<u>6,875,782</u>
Net (expenditure)/ income		<u>(380,995)</u>	<u>200,593</u>	<u>14,423</u>	<u>(165,979)</u>	<u>(246,630)</u>
Transfers between funds	20	(70,484)	70,484	-	-	-
Net movement in funds before other recognised gains/(losses)		<u>(451,479)</u>	<u>271,077</u>	<u>14,423</u>	<u>(165,979)</u>	<u>(246,630)</u>
Other recognised gains/(losses):						
Actuarial (losses)/profits on defined benefit pension schemes	25	(660,000)	-	-	(660,000)	820,000
Net movement in funds		<u>(1,111,479)</u>	<u>271,077</u>	<u>14,423</u>	<u>(825,979)</u>	<u>573,370</u>
Reconciliation of funds:						
Total funds brought forward		(2,579,659)	14,975,277	432,605	12,828,223	12,254,853
Net movement in funds		(1,111,479)	271,077	14,423	(825,979)	573,370
Total funds carried forward		<u>(3,691,138)</u>	<u>15,246,354</u>	<u>447,028</u>	<u>12,002,244</u>	<u>12,828,223</u>

The notes on pages 24 to 49 form part of these financial statements.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08182064

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	Restated 2018 £
Fixed assets			
Tangible assets	14	15,198,002	14,102,446
Current assets			
Stocks	15	11,079	6,477
Debtors	16	330,979	350,456
Cash at bank and in hand		1,226,660	1,707,421
		1,568,718	2,064,354
Creditors: amounts falling due within one year	17	(572,526)	(178,793)
Net current assets		996,192	1,885,561
Total assets less current liabilities		16,194,194	15,988,007
Creditors: amounts falling due after more than one year	18	(31,950)	(39,784)
Net assets excluding pension liability		16,162,244	15,948,223
Defined benefit pension scheme liability	25	(4,160,000)	(3,120,000)
Total net assets		12,002,244	12,828,223
Funds of the Trust			
Restricted funds:			
Fixed asset funds	20	15,246,354	14,975,277
Restricted income funds	20	468,862	540,341
		15,715,216	15,515,618
Restricted funds excluding pension asset	20	15,715,216	15,515,618
Pension reserve	20	(4,160,000)	(3,120,000)
Total restricted funds	20	11,555,216	12,395,618
Unrestricted income funds	20	447,028	432,605
Total funds		12,002,244	12,828,223

The financial statements on pages 21 to 49 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:

Mr Bruce Hanley
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	Restated 2018 £
Cash flows from operating activities			
Net cash provided by operating activities	22	980,049	757,241
Cash flows from investing activities	23	(1,460,810)	(1,015,495)
Change in cash and cash equivalents in the Year		(480,761)	(258,254)
Cash and cash equivalents at the beginning of the Year		1,707,421	1,965,675
Cash and cash equivalents at the end of the Year	24	<u>1,226,660</u>	<u>1,707,421</u>

The notes on pages 24 to 49 form part of these financial statements

CHANGE SCHOOLS PARTNERSHIP
(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 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.

CHANGE Schools Partnership 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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Grants**

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 Trust has provided the goods or services.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

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

1.7 Taxation

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

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.8 Tangible fixed assets

Assets costing £2,500 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.

CHANGE SCHOOLS PARTNERSHIP
(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 (continued)

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

Long-term leasehold property	- 30-60 years straight line
Furniture and equipment	- 10% straight line
Computer equipment	- 20% 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 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

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

1.11 Cash at bank and in hand

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

1.12 Liabilities

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

1.13 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement 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 16. 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 17 and 18. 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.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.14 Operating leases

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

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.16 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

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

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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.

3. Donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds Restated 2018 £
Donations	37,357	-	602	37,959	46,164
Capital grants	-	566,677	-	566,677	797,224
Total 2019	<u>37,357</u>	<u>566,677</u>	<u>602</u>	<u>604,636</u>	<u>843,388</u>
Total 2018	<u>40,819</u>	<u>797,224</u>	<u>5,345</u>	<u>843,388</u>	

In 2018 income from donations was £46,164 of which £40,819 related to restricted funds and £5,345 related to unrestricted funds.

In 2018 income from capital grants was £797,224 and all of this income related to restricted fixed asset funds.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

4. Funding for the Trust's direct costs - activities

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	5,035,266	-	5,035,266	4,859,909
Other DfE/ESFA grants	349,322	-	349,322	240,120
Pupil Premium	349,085	-	349,085	354,991
	<u>5,733,673</u>	<u>-</u>	<u>5,733,673</u>	<u>5,455,020</u>
Other government grants				
SEN funding	127,366	-	127,366	101,851
	<u>127,366</u>	<u>-</u>	<u>127,366</u>	<u>101,851</u>
Other funding				
Catering income	-	93,382	93,382	87,372
Total 2019	<u><u>5,861,039</u></u>	<u><u>93,382</u></u>	<u><u>5,954,421</u></u>	<u><u>5,644,243</u></u>
Total 2018	<u><u>5,556,871</u></u>	<u><u>87,372</u></u>	<u><u>5,644,243</u></u>	

In 2018 all income was in relation to restricted funds except for £87,372 unrestricted catering income.

5. Income from trading activities

	Restricted funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings income	-	3,733	3,733	1,950
Music income	6,861	-	6,861	5,462
Uniform income	9,624	-	9,624	6,427
Staff consultancy income	10,000	51,269	61,269	6,602
Fundraising income	-	114,723	114,723	120,071
Total 2019	<u><u>26,485</u></u>	<u><u>169,725</u></u>	<u><u>196,210</u></u>	<u><u>140,512</u></u>
Total 2018	<u><u>17,234</u></u>	<u><u>123,278</u></u>	<u><u>140,512</u></u>	

All music and uniform income in 2018 was restricted and £5,045 of staff consultancy income was also restricted income. All other income from trading activities in 2018 was unrestricted income.

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	830	830	1,009
	830	830	1,009

All investment income in 2018 was unrestricted income.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total Restated 2018 £
Provision of education:					
Direct costs	4,139,184	-	348,047	4,487,231	4,352,101
Allocated support costs	1,183,443	405,200	846,202	2,434,845	2,523,681
Total 2019	5,322,627	405,200	1,194,249	6,922,076	6,875,782
Total 2018	5,103,743	425,533	1,346,506	6,875,782	

Of total expenditure, £250,116 (2018 - £593,561) related to unrestricted funds. £6,305,876 (2018 - restated £5,887,387) related to restricted funds and £366,084 (2018 - £394,834) related to restricted fixed asset funds.

In 2018, direct expenditure of £4,352,101 consisted of £3,874,734 staff costs and £477,367 other costs.

In 2018 support costs of £2,523,681 consisted of £1,229,009, £421,263 of premises costs and £873,409 other costs.

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

8. Charitable activities

	2019 £	Restated 2018 £
Direct costs	4,487,231	4,352,101
Support costs	2,434,845	2,523,681
Total	6,922,076	6,875,782

	2019 £	Restated 2018 £
Analysis of support costs		
Support staff costs	1,183,433	1,229,009
Premises costs	405,200	421,263
Technology costs	22,541	23,163
Governance costs	77,260	102,400
Other support costs	380,327	405,017
Depreciation	366,084	342,829
	2,434,845	2,523,681

9. Net (expenditure)/income

Net (expenditure)/income for the Year includes:

	2019 £	2018 £
Operating lease rentals	39,491	26,470
Depreciation of tangible fixed assets	366,084	342,829
Fees paid to Auditors for:		
- audit	9,000	9,000
- other services	7,600	6,100
	7,600	6,100

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

10. Staff costs

a. Staff costs

Staff costs during the Year were as follows:

	2019 £	2018 £
Wages and salaries	3,984,487	3,799,336
Social security costs	319,942	288,670
Pension costs	996,651	982,328
	<u>5,301,080</u>	<u>5,070,334</u>
Agency staff costs	21,547	-
Staff restructuring costs	-	30,908
Apprenticeship levy	-	2,501
	<u><u>5,322,627</u></u>	<u><u>5,103,743</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u>-</u>	<u>30,908</u>
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b. Non-statutory/non-contractual staff severance payments

There were no non-statutory/non-contractual severance payments made in the year (2018 - payments totaling £30,908).

c. Staff numbers

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

	2019 No.	2018 No.
Teaching	63	58
Administration and support	148	157
Management	16	12
	<u>227</u>	<u>227</u>

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

10. Staff costs (continued)

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	-
In the band £80,001 - £90,000	1	1
	1	1

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £536,708 (2018: £514,937).

11. Central services

The Trust has provided the following central services to its Academies during the Year:

- Trust leadership
- Audit and accountancy services including Trust finance function
- Other professional services

The Trust charges for these services based upon a mixture of directly apportioned costs or on pupil numbers.

The actual amounts charged during the Year were as follows:

	2019	2018
	£	£
Cann Hall Primary School	171,763	177,792
Notley Green Primary School	157,482	149,893
Shalford Primary School	23,931	37,577
John Ray Junior School	151,692	146,189
Total	504,868	511,451

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

12. Trustees' remuneration and expenses

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

		2019	2018
		£	£
S Ellis	Remuneration	80,000 -	80,000 -
		85,000	85,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000
C Edwards	Remuneration	10,000 -	55,000 -
		15,000	60,000
	Pension contributions paid	0 - 5,000	10,000 -
			15,000

During the Year ended 31 August 2019, travel subsistence expenses totalling £4,264 were reimbursed or paid directly to 1 Trustee (2018 - £1,741 to 2 Trustees).

13. Trustees' and Officers' insurance

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

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	14,915,702	197,441	404,127	15,517,270
Additions	1,439,480	16,094	6,066	1,461,640
At 31 August 2019	<u>16,355,182</u>	<u>213,535</u>	<u>410,193</u>	<u>16,978,910</u>
Depreciation				
At 1 September 2018	1,012,258	153,862	248,704	1,414,824
Charge for the Year	293,948	20,363	51,773	366,084
At 31 August 2019	<u>1,306,206</u>	<u>174,225</u>	<u>300,477</u>	<u>1,780,908</u>
Net book value				
At 31 August 2019	<u>15,048,976</u>	<u>39,310</u>	<u>109,716</u>	<u>15,198,002</u>
At 31 August 2018	<u>13,903,444</u>	<u>43,579</u>	<u>155,423</u>	<u>14,102,446</u>

15. Stocks

	2019 £	2018 £
Uniform and catering stock	<u>11,079</u>	<u>6,477</u>

16. Debtors

	2019 £	2018 £
Trade debtors	5,898	-
Other debtors	82,152	196,788
Prepayments and accrued income	242,929	153,668
	<u>330,979</u>	<u>350,456</u>

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Creditors: Amounts falling due within one year

	2019	Restated 2018
	£	£
Other loans	6,052	4,270
Trade creditors	237,595	24,002
Other taxation and social security	78,575	72,006
Other creditors	2,560	-
Accruals and deferred income	247,744	78,515
	<u>572,526</u>	<u>178,793</u>
	<u>572,526</u>	<u>178,793</u>
	2019	2018
	£	£
Deferred income at 1 September 2018	78,515	84,525
Resources deferred during the Year	122,204	78,515
Amounts released from previous periods	(78,515)	(84,525)
	<u>122,204</u>	<u>78,515</u>
	<u>122,204</u>	<u>78,515</u>

At the balance sheet date the Trust was holding funds £122,204 (2018: £78,515) received in advance for future residential trips, Universal free school meals, rates and fundraising income carried forward.

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

	2019	Restated 2018
	£	£
Other loans	31,950	39,784
	<u>31,950</u>	<u>39,784</u>
	<u>31,950</u>	<u>39,784</u>

The Trust has three Salix loans included within other loans.

There is one Salix loan of £1,990 (2018 - £2,488) which commenced in March 2015 and is repayable over 16 installments of £249 ending September 2023. This loan is interest free.

There are two Salix loans totalling £36,012 (2018 - £41,566) which commenced in March 2018 and are repayable over 16 installments of £2,778 ending September 2026. These loans are interest free.

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

19. Prior Year adjustments

These accounts include prior year adjustments as noted below:

In previous reporting periods the Trust recognised Salix loan funding as income. Under FRS102 Salix loans are required to be accounted for as concessionary loans and therefore included within other loans on the Balance Sheet. The effect of the change has been to reduce income in the prior year by £48,324, increasing creditors on the Balance Sheet as at 31 August 2018 by £48,324. In addition, repayments of £4,270 have reduced the loan amount outstanding and increased the surplus for the year ended 31 August 2018. The overall effect on total funds carried forward as at 31 August 2018 is a reduction of £44,054.

The Trust has become aware of two bank accounts in the name of John Ray Junior and Shalford Primary Schools which were not included in the financial statements and the income transferred to the Trust on conversion. The effect of this adjustment has been to increase the bank balance and donation income by £45,434. The overall effect on total funds as at 1 September 2017 and 31 August 2018 was an increase of £45,434. The movement between these dates was immaterial.

Also included in prior year adjustments is a movement of £294,431 between restricted funds and restricted fixed asset funds. This did not affect the total funds carried forward as at 31 August 2018.

The overall effect of these adjustments has been an increase to total funds brought forward at 1 September 2018 of £1,381.

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

20. Statement of funds

	Restated Balance at 1 September 2018	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 August 2019
Unrestricted funds						
Unrestricted funds	432,605	264,539	(250,116)	-	-	447,028
Restricted general funds						
General Annual Grant (GAG)	540,341	5,035,266	(5,036,261)	(70,484)	-	468,862
Pupil Premium	-	351,185	(351,185)	-	-	-
SEN funding	-	125,266	(125,266)	-	-	-
Other DfE/ ESFA grants	-	349,322	(349,322)	-	-	-
Trip donations	-	37,357	(37,357)	-	-	-
Other restricted income	-	26,485	(26,485)	-	-	-
Pension reserve	(3,120,000)	-	(380,000)	-	(660,000)	(4,160,000)
	<u>(2,579,659)</u>	<u>5,924,881</u>	<u>(6,305,876)</u>	<u>(70,484)</u>	<u>(660,000)</u>	<u>(3,691,138)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	14,102,446	-	(366,084)	1,461,640	-	15,198,002
Condition Improvement Fund (CIF)	872,831	481,112	-	(1,314,851)	-	39,092
Devolved Formula Capital (DFC)	-	85,565	-	(76,305)	-	9,260
	<u>14,975,277</u>	<u>566,677</u>	<u>(366,084)</u>	<u>70,484</u>	<u>-</u>	<u>15,246,354</u>
Total Restricted funds	<u>12,395,618</u>	<u>6,491,558</u>	<u>(6,671,960)</u>	<u>-</u>	<u>(660,000)</u>	<u>11,555,216</u>
Total funds	<u>12,828,223</u>	<u>6,756,097</u>	<u>(6,922,076)</u>	<u>-</u>	<u>(660,000)</u>	<u>12,002,244</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the trust was no subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Pupil Premium

This funding is to be used to raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Special Educational Needs (SEN)

This represents allocated funding for special education needs pupils.

Other DfE and ESFA

This represents funding received towards specific purposes, including contributions towards school trips.

Trip Donations

This represents contributions made by parents to the running of educational visits for the pupils of the Schools and the associated costs of running the trips.

Other government grants

This represents various small grants from local and national government bodies for the provision of specific services to pupils of the Schools.

Pension reserve

This fund represents the Trusts share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from a state controlled school.

Restricted fixed asset fund

Restricted fixed asset fund are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a purpose. Additions acquired during the year have been transferred to this fund.

Devolved formula capital (DFC)

The trust is to use the DFC allocation to maintain and improve its buildings and facilities.

Condition Improvement Fund (CIF)

This represents grants received or receivable for building improvements.

Under the funding agreement with the Secretary of State, the 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

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	Restated 2018 £
Cann Hall Primary School	879,210	869,947
Notley Green Primary School	2,687	5,522
Shalford Primary School	(39,333)	(36,241)
John Ray Junior School	68,292	83,252
Central Fund	5,034	50,466
	915,890	972,946
Total before fixed asset funds and pension reserve	915,890	972,946
Restricted fixed asset fund	15,246,354	14,975,277
Pension reserve	(4,160,000)	(3,120,000)
	12,002,244	12,828,223
Total	12,002,244	12,828,223

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

	Deficit £
Shalford Primary School	(39,333)

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

Expenditure reduction in individual budgets by reducing staff costs.

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NOTES TO THE FINANCIAL STATEMENTS
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20. 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 Restated 2018 £
Cann Hall Primary School	1,219,480	353,676	84,217	244,681	1,902,054	1,909,566
Notley Green Primary School	1,030,577	386,665	89,509	201,331	1,708,082	1,902,403
Shalford Primary School	275,056	80,976	27,586	91,508	475,126	622,555
John Ray Junior School	1,435,683	119,547	111,179	206,868	1,873,277	1,963,717
Central Fund	178,388	242,579	35,646	140,840	597,453	130,688
Total	4,139,184	1,183,443	348,137	885,228	6,555,992	6,528,929

In 2018, teaching and educational support staff costs was £3,663,798 of which £1,072,827 was by spent by Cann Hall, £1,016,298 by Notley Green, £313,292 by Shalford, £1,261,381 by John Ray Junior and £nil by the central fund.

In 2018, other support staff costs was £1,032,781 of which £382,433 was by spent by Cann Hall, £372,316 by Notley Green, £75,485 by Shalford, £202,547 by John Ray Junior and £nil by the central fund.

In 2018, educational supplies was £402,478 of which £84,844 was by spent by Cann Hall, £144,319 by Notley Green, £46,222 by Shalford, £127,093 by John Ray Junior and £nil by the central fund.

In 2018, other costs excluding depreciation was £1,429,872 of which £369,462 was by spent by Cann Hall, £369,470 by Notley Green, £187,556 by Shalford, £372,696 by John Ray Junior and £130,688 by the central fund.

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

20. Statement of funds (continued)

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

	Restated Balance at 1 September 2017	As restated Income	As restated Expenditure	Transfers in/out	Gains/ (Losses)	Restated Balance at 31 August 2018
Unrestricted funds						
Unrestricted funds	547,062	217,004	(593,561)	262,100	-	432,605
	<u>547,062</u>	<u>217,004</u>	<u>(593,561)</u>	<u>262,100</u>	<u>-</u>	<u>432,605</u>
Restricted general funds						
General Annual Grant (GAG)	665,806	4,859,909	(4,690,704)	(294,670)	-	540,341
Pupil Premium	-	354,991	(354,991)	-	-	-
SEN funding	-	101,851	(101,851)	-	-	-
Other DfE/ ESFA grants	-	240,120	(260,788)	20,668	-	-
Trip donations	-	40,819	(40,819)	-	-	-
	-	17,234	(17,234)	-	-	-
Pension reserve	(3,519,000)	-	(421,000)	-	820,000	(3,120,000)
	<u>(2,853,194)</u>	<u>5,614,924</u>	<u>(5,887,387)</u>	<u>(274,002)</u>	<u>820,000</u>	<u>(2,579,659)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	13,428,773	-	(342,829)	1,016,502	-	14,102,446
Condition Improvement Fund (CIF)	1,127,166	761,886	-	(1,016,221)	-	872,831
Devolved Formula Capital (DFC)	5,046	35,338	(52,005)	11,621	-	-
	<u>14,560,985</u>	<u>797,224</u>	<u>(394,834)</u>	<u>11,902</u>	<u>-</u>	<u>14,975,277</u>
Total Restricted funds	<u>11,707,791</u>	<u>6,412,148</u>	<u>(6,282,221)</u>	<u>(262,100)</u>	<u>820,000</u>	<u>12,395,618</u>
Total funds	<u><u>12,254,853</u></u>	<u><u>6,629,152</u></u>	<u><u>(6,875,782)</u></u>	<u><u>-</u></u>	<u><u>820,000</u></u>	<u><u>12,828,223</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	15,246,354	(48,352)	15,198,002
Current assets	468,862	-	1,099,856	1,568,718
Creditors due within one year	-	-	(572,526)	(572,526)
Creditors due in more than one year	-	-	(31,950)	(31,950)
Provisions for liabilities and charges	(4,160,000)	-	-	(4,160,000)
Total	(3,691,138)	15,246,354	447,028	12,002,244

Analysis of net assets between funds - prior year

	Restated Restricted funds 2018 £	Restated Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	14,102,446	-	14,102,446
Current assets	708,387	916,885	439,082	2,064,354
Creditors due within one year	(168,046)	(4,270)	(6,477)	(178,793)
Creditors due in more than one year	-	(39,784)	-	(39,784)
Provisions for liabilities and charges	(3,120,000)	-	-	(3,120,000)
Total	(2,579,659)	14,975,277	432,605	12,828,223

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	Restated 2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(165,979)	(246,630)
Adjustments for:		
Depreciation	366,084	342,829
Interest receivable	(830)	(1,009)
Increase in stocks	(4,603)	(3,013)
Decrease/(increase) in debtors	19,478	(585,158)
Increase in creditors	385,899	829,222
Pension adjustment	380,000	421,000
Net cash provided by operating activities	<u>980,049</u>	<u>757,241</u>

23. Cash flows from investing activities

	2019 £	2018 £
Interest	830	1,009
Purchase of tangible fixed assets	(1,461,640)	(1,016,504)
Net cash used in investing activities	<u>(1,460,810)</u>	<u>(1,015,495)</u>

24. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,226,660	1,707,421
Total cash and cash equivalents	<u>1,226,660</u>	<u>1,707,421</u>

25. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' 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 Essex County Council. Both are multi-employer defined benefit schemes.

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

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

**CHANGE SCHOOLS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

25. Pension commitments (continued)

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.

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%.

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25. Pension commitments (continued)

The employer's pension costs paid to TPS in the Year amounted to £383,818 (2018 - £302,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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.

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 £415,000 (2018 - £385,000), of which employer's contributions totalled £332,000 (2018 - £302,000) and employees' contributions totalled £ 83,000 (2018 - £83,000). The agreed contribution rates for future years are 12.3 per cent for employers and 5.5-6.5 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.7	3.80
Rate of increase for pensions in payment/inflation	2.2	2.30
Discount rate for scheme liabilities	1.9	2.70

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

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25. Pension commitments (continued)

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.3	22.3
Females	23.6	24.8
<i>Retiring in 20 years</i>		
Males	23	24.5
Females	25.4	27.1

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(6,930)	(5,398)
Discount rate -0.1%	7,316	5,697
Mortality assumption - 1 year increase	6,862	5,723
Mortality assumption - 1 year decrease	(7,388)	(5,373)
CPI rate +0.1%	7,144	5,566
CPI rate -0.1%	(7,096)	(5,525)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,868,000	1,545,000
Gilts	163,000	129,000
Corporate bonds	166,000	142,000
Property	237,000	216,000
Cash and other liquid assets	86,000	82,000
Alternative assets	289,000	218,000
Other managed funds	151,000	93,000
Total market value of assets	2,960,000	2,425,000

The actual return on scheme assets was £213,000 (2018 - £130,000).

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NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(633,000)	(634,000)
Interest income	68,000	54,000
Interest cost	(147,000)	(143,000)
Total amount recognised in the Statement of Financial Activities	<u>(712,000)</u>	<u>(723,000)</u>

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

	2019 £	2018 £
At 1 September	5,545,000	5,434,000
Current service cost	633,000	634,000
Interest cost	147,000	143,000
Employee contributions	83,000	83,000
Actuarial losses/(gains)	805,000	(744,000)
Benefits paid	(93,000)	(5,000)
At 31 August	<u>7,120,000</u>	<u>5,545,000</u>

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

	2019 £	2018 £
At 1 September	2,425,000	1,915,000
Interest income	68,000	54,000
Actuarial gains	145,000	76,000
Employer contributions	332,000	302,000
Employee contributions	83,000	83,000
Benefits paid	(93,000)	(5,000)
At 31 August	<u>2,960,000</u>	<u>2,425,000</u>

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

26. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	25,277	25,304
Later than 1 year and not later than 5 years	29,676	33,303
	<u>54,953</u>	<u>58,607</u>

27. Members' liability

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

28. Related party transactions

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

There was one related party transaction in the year. This relates to the employment of M.Ellis, who is related to the CEO S.Ellis. The wages paid to M.Ellis are in line with all other staff working at that grade and any adjustment to her pay and conditions is authorised at the board level. The amount paid to M.Ellis was £8,976 in the year. There was no balance outstanding at the year end.

Trustees remuneration and expenses are detailed in note 12. There are no other related party transactions to note.