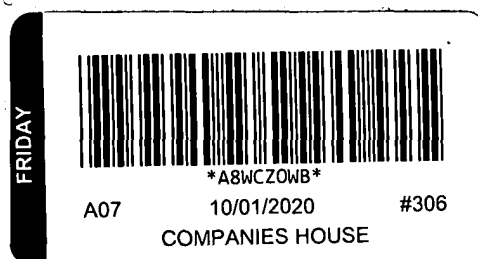


**THE FORGE TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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|  |   |
|--|---|
| <b>Members</b>                         | Mr Towner<br>Mrs Trentini<br>Mr Puttergill<br>Mrs Berry<br>Mr Tarr  |
| <b>Trustees</b>                        | Mrs Trentini, Chair of Trustees<br>Mr Hessey, Chief Executive and Accounting Officer<br>Mr Woodman-Clarke<br>Mr Scawthon<br>Dr Hill<br>Ms Murray<br>Mrs Pannell<br>Mrs Astill (appointed 30 April 2019)   |
| <b>Company registered number</b>       | 09443602  |
| <b>Company name</b>                    | The Forge Trust   |
| <b>Principal and registered office</b> | Bailey Road<br>Newark<br>Nottinghamshire<br>NG24 4EP  |
| <b>Chief executive officer</b>         | Mr Hessey   |
| <b>Senior management team</b>          | Mr Hessey, Chief Executive Officer<br>Mr Macintyre, Executive Vice Principal<br>Mr Braithwaite, Consultant Principal<br>Miss Copeland, Chief Financial Officer<br>Mrs Connolly, Principal<br>Mr Nunn, Principal<br>Mrs Harrison, Principal<br>Mrs Taylor, Principal<br>Mrs Knapp, Principal<br>Mr Stirland, Principal |
| <b>Independent auditors</b>            | Duncan & Toplis Limited<br>Chartered Accountants and Statutory Auditors<br>4 Henley Way<br>Lincoln<br>Lincolnshire<br>LN6 3QR   |

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**THE FORGE TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Bankers**

Lloyds Bank  
Stodman Street  
Newark  
Nottinghamshire  
PO Box 100 BX1 1LT

**Solicitors**

Langleys Solicitors  
Olympic House  
Doddington Road  
Lincoln  
LN6 3SE

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**THE FORGE TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

The trust operates 6 primary academies in the East Midlands. Its academies have a combined pupil capacity of 2,015 and had a roll of 1,734 in the autumn 2019 school census.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

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

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

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

### **Members' liability**

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

### **Trustees' indemnities**

In accordance with normal commercial practice the academy 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 cover up to £10,000,000 (Risk Protection Arrangement – DfE).

### **Method of recruitment and appointment or election of Trustees**

The recruitment, selection and subsequent induction of a new trustee is seen as an opportunity to improve the effectiveness of The Forge Trust. These three elements ensure that we have a balanced, well-informed and effective trustee body. The trust's guiding principles for new trustees are:

- Know their responsibilities for the charity and its resources;
- Make themselves familiar with the charity's constitution;
- Know when they need to seek specialist advice;
- Have clear structures for accountability;
- Manage conflicts of interest.

The leadership of the academy trust advertise as necessary when vacancies arise and have a clear view of the skill set required to add value to the governance already in place. New trustees are elected in line with the Articles of Association.

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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

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**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Policies adopted for the induction and training of Trustees**

Trustees receive ongoing training and development. They are updated immediately when new versions of relevant Academy Handbooks are published i.e. Academies Financial Handbook and Governance Handbook. The trust subscribes to The Key for School Governors which is an on-line national information service providing them with a host of information relevant to their roles and giving answers to any queries that they may have in relation to performing their duties. This ensures that their knowledge is always up to date.

**Organisational structure**

The trust has established a clear organisational structure with identified lines of accountability and reporting for all its operations. This includes defining the responsibilities of the trustees and those responsibilities delegated to the committees and officers within the trust.

The board of trustees comprises 5 members and 7 trustees. The Chief Executive Officer [CEO] reports to the board of trustees and can delegate to the Deputy CEO, Finance Director and academy Principals as necessary. The Executive Senior Leadership Team [ESLT] comprises the CEO, Deputy CEO, Finance Director and academy Principals.

The board members are responsible for the overall strategic direction of the trust and hold the CEO to account for delivering agreed priorities. They uphold the constitution and protect the ethos of the trust, having ultimate responsibility and authority.

The trustees hold each academy to account for its performance through the CEO, and provide challenge and support in their specialist areas.

The Principals have responsibility for the day to day operations of their individual academies. However, a trust led approach is adopted in certain areas such as safeguarding, assessment, recruitment, monitoring and evaluation.

**Arrangements for setting pay and remuneration of key management personnel**

Pay and remuneration of key management personnel is determined by the Chief Executive Officer in consultation with the trustees, taking into account a variety of contributory factors such as role and responsibilities, market factors and results of performance reviews against agreed criteria and objectives. The pay and remuneration of the Chief Executive Officer is determined by the board of trustees.

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**THE FORGE TRUST**  
(A company limited by guarantee)

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

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**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Trade union facility time**

**Relevant union officials**

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

**Percentage of time spent on facility time**

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

|  |          |
|--|----------|
| <b>Percentage of pay bill spent on facility time</b> | <b>£</b> |
|--|----------|

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

**Paid trade union activities**

|   |   |   |
|---|---|---|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - | % |
|---|---|---|

**Related parties and other connected charities and organisations**

All related party relationships are declared annually and published on the trust website. Transactions with related parties have been disclosed within the notes to the accounts.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The vision of the trust is:

*Challenging educational orthodoxies so that every child makes good progress in core subjects;  
all teachers are committed to personal improvement and fulfil their responsibilities;  
all children receive a broad and balanced curriculum;  
all academies strive to be outstanding.*

Across the trust, we aim to maintain a caring, supportive and disciplined learning environment where children benefit from the best possible education. All staff are committed to this aim.

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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

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**OBJECTIVES AND ACTIVITIES (continued)**

**Objectives, strategies and activities**

The main objectives of the trust are to:

- Concentrate on high quality teaching and getting it right first time;
- Ensure low class sizes across all financially sound academies within the trust;
- Focus relentlessly on improving children's ability in core subjects such as reading, writing and maths;
- Recruit and grow our own teachers and leaders from within;
- Provide children with the best possible education, classrooms and resources.

The strategies for achieving these objectives are to:

- Ensure staff are fully trained and kept up to date with current issues through CPD, including the completion of 'educational research';
- Conduct regular performance appraisals of staff through observation and benchmarking reviews and give constructive feedback including focused training on areas identified for improvement;
- Recruit staff at the right levels and ensure there are enough high quality teachers employed by the trust to allow for small class sizes;
- Ensure that maths and English are at the top of the teaching agenda and that all teachers and pupils excel in these areas. Conduct regular performance reviews based on pupil attainment and results in these areas;
- As a result of low class sizes, the emphasis on marking and feedback is to be personalised;
- Recruit newly qualified teachers where possible and allow them to develop their skills whilst employed by the trust. Staff should have the opportunity for promotion provided that they can prove their worth and leaders should be recruited from within where possible;
- Ensure that resources are used in the best way possible to achieve the desired educational outcomes for pupils, challenging them to compete with the top 1% of pupils nationally;
- Ensure that teachers have good relationships with parents and carers to allow effective communication and achievement of targets.

**Public benefit**

The trustees have complied with their duty to have due regard to the guidance on public benefit published by The Charity Commission in exercising their powers or duties.

The public benefit of the trust is enshrined in its charitable objectives, which state that the object of the charity is: 'to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which offer a broad and balanced curriculum'.



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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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

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**STRATEGIC REPORT**

**Achievements and performance**

During the year the trust received £82,500 from the DfE MAT Development and Improvement Fund. These funds were used to strengthen the leadership and management within the trust and build a structure for training and the development of teaching staff.

At the start of 2018 an ITT coordinator was appointed who developed a training programme to address both teaching standards and the trust's own approach to teaching and learning. Four students were recruited to the programme during the year of which three successfully continued to achieve full time positions within the trust.

The above role is in line with the recruitment strategy of the trust to ensure a flow of high quality teachers and aids succession planning.

Both The Forest View Academy and The West Park Academy have been successful in applying for funds to replace their heating systems. At the year end, the refurbishment of both heating systems had been completed.

The Sir Donald Bailey Academy refurbished their foundation 1 unit. This has improved the indoor and outdoor learning environment for the F1 children and created additional space for the children to learn and has enabled more children to benefit from the facility.

The Parkgate Academy developed their outdoor playground area for the foundation stage children. The trust is committed to improving academy buildings where necessary in order to provide pupils with the best learning environments possible.

Significant investment has also been made across the trust to upgrade the IT infrastructure.

A new cashless system was implemented across the trust at the end of the year which will enable a faster and more efficient way for payments to be made reducing the administrative time in collecting and recording payments and provide easier access for parents to make payments.

**Key performance indicators**

The key performance indicators of the trust are:

- Pupil recruitment and retention data;
- Ofsted Inspection outcomes;
- Exam and key-stage results;
- Pupil attendance data;
- Staffing costs as a percentage of income;
- Retention of reserves in line with the reserves policy.

**Pupil recruitment and retention data**

The number of pupils on roll across the trust continued to grow during the year. With spare capacity at every academy, and using trend analysis, we predict that these numbers will continue to increase next year. We believe that the main reasons for the increase in pupil numbers at our academies is strong leadership, communication with parents and the local communities in which we operate, and our improving attainment and performance results which are published on our websites.

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

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**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

Ofsted Inspection outcomes

During the year a full inspection was carried out at The Parkgate Academy who joined the trust as a Requires Improvement school and has now been rated as Good.

A short inspection (Section 8) was also carried out by Ofsted on The Forest View Academy. The school continues to be good.

2019 trust attainment data

| Academy                                  | % of Y6 pupils who achieved ARE in Maths | % of Y6 pupils who achieved ARE in Reading | % of Y6 pupils who achieved ARE in SPaG | % of Y6 pupils who achieved ARE in Writing | % combined |
|--|--|--|---|--|------------|
| The Sir Donald Bailey Academy            | 84%                                      | 81%  | 93%                                     | 83%  | 79%        |
| The Parkgate Academy                     | 87%                                      | 77%  | 97%                                     | 87%  | 74%        |
| The Forest View Academy                  | 73%                                      | 57%  | 75%                                     | 80%  | 51%        |
| The Marton Academy                       | 86%                                      | 86%  | 79%                                     | 93%  | 71%        |
| The West Park Academy                    | 70%                                      | 56%  | 63%                                     | 78%  | 59%        |
| Python Hill Primary School               | 75%                                      | 72%  | 86%                                     | 75%  | 64%        |
| National Averages at National Standard % | 79%                                      | 73%  | 78%                                     | 78%  | 64%        |

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

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**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

It is clear from the above results that there are improvements to be made, particularly with regards to reading which is why it is one of the trust's key objectives. Most of the above results for academies are deemed "good" and are above national averages and a continued improvement from the previous year. Marked improvements have also been made by sponsored academies with both The Parkgate Academy and The Python Hill Academy showing improved outcomes.

The trust and its pupils have worked hard to achieve these results and predictions for 2020 are as follows:

| Academy                       | Reading        | Maths          | Writing        | SPaG           | Combined       |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| The Sir Donald Bailey Academy | 85%<br>(60/71) | 85%<br>(60/71) | 85%<br>(60/71) | 85%<br>(60/71) | 85%<br>(60/71) |
| The Parkgate Academy          | 70%<br>(23/33) | 70%<br>(23/33) | 70%<br>(23/33) | 70%<br>(23/33) | 70%<br>(23/33) |
| The Marton Academy            | 77%<br>(10/13) | 77%<br>(10/13) | 77%<br>(10/13) | 77%<br>(10/13) | 77%<br>(10/13) |
| The Forest View Academy       | 88%<br>(44/50) | 84%<br>(42/50) | 86%<br>(43/50) | 86%<br>(43/50) | 76%<br>(38/50) |
| The West Park Academy         | 80%<br>(27/34) | 80%<br>(27/34) | 80%<br>(27/34) | 80%<br>(27/34) | 80%<br>(27/34) |
| The Python Hill Academy       | 80%<br>(37/46) | 80%<br>(37/46) | 80%<br>(37/46) | 80%<br>(37/46) | 80%<br>(37/46) |

2019 Key Stage 2 attainment data

|                          | Reading | Writing | SPaG | Maths | Combined |
|--------------------------|---------|---------|------|-------|----------|
| The Forge Trust Averages | 72%     | 83%     | 82%  | 79%   | 66%      |
| National Averages        | 73%     | 78%     | 78%  | 79%   | 64%      |

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

**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

| Academy                       | Reading                         | Writing                         | Maths                           |
|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| The Sir Donald Bailey Academy | Well Above the National Average | Well Above the National Average | Well Above the National Average |
| The Parkgate Academy          | Below Average                   | Average or Above Average        | Average or Above Average        |
| The Forest View Academy       | Below Average                   | Average or Above Average        | Average or Above Average        |
| The Marton Academy            | Below Average                   | Well Above the National Average | Average or Above Average        |
| The West Park Academy         | Below Average                   | Average or Above Average        | Average or Above Average        |
| The Python Hill Academy       | Well Below the National Average | Below Average                   | Below Average                   |

Pupil attendance data

| Academy                       | 2018/19 attendance | National average |
|-------------------------------|--------------------|------------------|
| The Sir Donald Bailey Academy | 95.3 (-0.5)        | 95.8%            |
| The Parkgate Academy          | 95.1 (-0.2)        | 95.8%            |
| The Forest View Academy       | 96.1 (-0.1)        | 95.8%            |
| The Marton Academy            | 97.3 (+0.2)        | 95.8%            |
| The West Park Academy         | 95.3 (+1.1)        | 95.8%            |
| Python Hill Primary School    | 95.3 (+0.9)        | 95.8%            |

Attendance has remained stable in each academy since joining the trust. Last year saw a slight decline in attendance rates due to parents taking holidays in term time.

Staffing costs as a percentage of income

For the year to 31 August 2019 staffing costs as a percentage of income were 66%. This is in line with the recommended levels of 65% to 70%.

Retention of reserves in line with the reserves policy

See financial review and reserves policy for details of current reserves and expectations.

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

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**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

**Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason 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**

Most of the trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

During the year the trust received total funding of £14,108,512 compared to total resources expended of £9,659,860 to give a surplus for the year of £4,448,652.

The total accumulated reserves of the trust as at 31 August 2019 were £22,613,779

**Reserves policy**

The trust will build and maintain a revenue reserve fund equal to two month's expenditure to provide flexibility and certainty in forward planning where funds allow. The amount of reserves required shall be reviewed and determined annually as part of the budget setting process and in line with the trust improvement plan.

The trust's 'free reserves' are its funds available after excluding restricted funds. 'Reserves' are therefore the resources the trust can make available to spend on any or all of the trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represents funds which can be spent at the trustees' discretion in furtherance of any of the trust's objectives which are not yet spent, committed or designated.

The trustees review the reserve levels of the trust annually. This review encompasses the nature of income and expenditure streams. The trustees have determined an appropriate level of reserves should be equivalent to 2 months' total expenditure which equates to approximately £1,440k after removing the land and building costs gifted on conversion. The reason for this is to provide sufficient working capital to cover delays between the spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The trust's current level of reserves is £1,526,955.

The level of restricted funds at the year end, excluding the restricted fixed asset fund; endowment fund and pension reserve, amounted to £1,320,474.

The level of unrestricted funds at the year end amounted to £206,481.

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

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**STRATEGIC REPORT (continued)**

**FINANCIAL REVIEW (continued)**

**Funds in deficit**

The trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The trust's share of the Scheme's assets is currently assessed to be less than its liabilities and consequently the balance sheet shows a net liability of £4,973,000. However, the deficit does not mean that an immediate liability for this amount crystallises. The contribution rate to reduce the liability is calculated by an independent actuary and is reported within the notes to the financial statements.

**Investment policy**

If significant cash balances can be foreseen it is trust policy to review current investment products for their suitability to see if a better return can be made. However, consideration should only be given to risk-free and immediately accessible deposit accounts. Interest rates must be reviewed annually and compared with other products available. The trustees must approve all accounts and investments.

The trustees will have due regard to ethical and environmental issues when selecting investments and will maintain a dialogue with the companies in which they invest with regard to such matters. They will not make investments in tobacco or arms companies.

All investments must be recorded in sufficient detail to identify the investment and enable current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure that any income due from the investment is received.

**Principal risks and uncertainties**

The trust has an up to date risk register which details the main risks facing the trust and the related controls in place to mitigate those risks where possible. Internal control systems and exposure to risks are considered on a regular basis by trustees and management.

Outlined below is a description of the principal risk factors that may affect the trust and the strategies in place to manage those risks. It should be noted however that not all risks are within the trust's control and other factors besides those listed may also have the potential to adversely affect the trust.

**1. Government funding**

The trust places considerable reliance on continued government funding through the Education and Skills Funding Agency (ESFA) and the Local Authority. This is considered to be a principal risk to the trust as without this funding the trust would not be able to continue as a going concern. The strategies in place to manage this risk are as follows:

- The funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the funding bodies;
- Emphasis is placed on priority sectors which will continue to benefit from government funding;
- Contingency planning is embedded in the budgeting process.

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

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**STRATEGIC REPORT (continued)**

**FINANCIAL REVIEW (continued)**

2. Pension liabilities

The trust needs to ensure that it can adequately fund its pension liabilities as any shortfall could have a serious impact on long-term financial stability. In order to manage this risk, the trustees receive regular advice from the trust's pension actuary including updates of the position of the pension deficit which allows them to make appropriate contributions to ensure that the deficit does not become unmanageable.

3. Pupil strategy

The risk of falling pupil numbers across the trust is mitigated by:

- Ensuring the trust delivers high quality education;
- Maintaining high success rates and good inspection outcomes;
- Investing in teaching staff and educational resources;
- Maintaining good relationships with parents and the community.

Focusing on these areas places the trust in a strong position to continue to grow.

**Fundraising**

All fundraising activities are organised and carried out by the academies within the trust. Fundraising activities are carefully chosen to ensure appropriate and that the amount of fundraising activities carried out are not excessive throughout the year.

Fundraising activities vary between raising funds for external charities such as Red Nose Day and Children in Need and fundraising for a particular purpose within the academies. Donations to fundraising activities are on a voluntary basis and the charitable cause is communicated.

The trust can confirm that

- no fundraising has taken place with commercial participator and/or professional fundraisers
- fundraising has conformed to recognised standards
- no fundraising complaints have been received
- the academy has ensured the protection of the public, including vulnerable people, from unreasonable intrusive or persistent fundraising approaches and undue pressure.

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

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**Plans for future periods**

The following aims and key objectives are as set out in the strategic growth plan 2019-20:

- To ensure each sponsored academy secures at least "Good" under the Ofsted framework.
- To ensure that the position of existing "Good Schools" within the trust is secured and strengthened towards outstanding;
- To continue to focus on recruitment and training of staff to ensure that the delivery and standard of teaching and learning is high;
- To ensure that improvement each year in attainment at key stages 1 and 2 for pupils attending academies within the trust is greater than the national average;
- To ensure that academies within the trust show a greater than national average improvement in Ofsted judgements, resulting in consistently good or outstanding academies across the trust.
- As a result of effective leadership development, to ensure that academies within the trust show Ofsted judgements for leadership and management that are consistently good or outstanding.

**Funds held as custodian on behalf of others**

The trust holds no funds as Custodian Trustee on behalf of others.

**Employee involvement and employment of the disabled**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The trust has established equal opportunity policies and practices in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

The policy of the trust is to support the recruitment, training, career development and promotion of all future and existing employees regardless of age, gender, sexual orientation, race, religion, belief, disability or ability.

Ramps and disabled toilets are installed and wheelchair access to all main areas of the academies within the trust where possible. Accessibility plans are maintained at each academy.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 2 December 2019 and signed on its behalf by:



**Mrs S Trentini**  
Chair of Trustees



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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

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

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

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 3 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 |
|---|-------------------|-------------------|
| Mrs Trentini, Chair of Trustees                   | 2                 | 3                 |
| Mr Hessey, Chief Executive and Accounting Officer | 3                 | 3                 |
| Mr Woodman-Clarke                                 | 2                 | 3                 |
| Mr Scawthon                                       | 2                 | 3                 |
| Dr Hill   | 2                 | 3                 |
| Ms Murray   | 1                 | 3                 |
| Mrs Pannell                                       | 3                 | 3                 |
| Mrs Astill  | 1                 | 3                 |

The board of trustees meets at least three times per annum, usually termly. Their specific responsibilities include:

- Priority setting and ratification of new projects;
- Holding the CEO to account for delivery of strategic objectives and the overall performance of the trust;
- Appointment, appraisal, discipline and dismissal of the ESLT;
- Appointment of external auditors;
- Appointment and removal of board members including positions within the board and on committees;
- Maintaining and publishing a register of members which includes details of any business interests and possible conflicts of interest;
- Approval of the annual budget, medium term financial plans, business plans and risk management policy;
- Approval of the trust's annual report and statutory financial statements;
- Appraisal of the affairs of the trust and its academies;
- Ensuring agreed policies are being implemented by the trust;
- Ensuring the trust's compliance with charity and company law, its Memorandum and Articles of Association and all other applicable legislation including DfE and ESFA requirements;
- Ensuring proper and regular use of public funds and compliance with the Funding Agreement;
- Ensuring any recommendations for improvement by external bodies are carried out.

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

**Governance reviews**

A full review of the impact and effectiveness of the board of trustees was carried out in 2016, various changes were made to the structure and composition of the board and its sub-committees to focus on the core strengths and expertise of each trustee and allow more meaningful debate, challenge and review. The sub-committees were stream-lined to allow more accurate and timely decisions to be made and put forward to the board of trustees for their approval. The Scheme of Delegation Policy provides an in-depth analysis of the roles and responsibilities of the board of trustees, its sub-committees and the executive senior leadership team. Following this review Academy Advisory Bodies were set up at local level to allow academy Principals to have more control and autonomy over the day to day operations of individual academies. A review of the governance structure was carried out again during the year to ensure that the current structure remains effective.

Although the board has formally met less than six times during the year it is satisfied that it has been able to maintain effective oversight of funds by implementing that the finance and audit committee meet at least six times during the year. The finance and audit committee feed back to the main board and can request that an additional board meeting is held if considered necessary. Detailed monthly management accounts are produced and shared with the Chair of trustees every month and at each finance and committee meeting.

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees by enabling more detailed consideration of the trust's planning, control and monitoring of finances and resources. This includes making recommendations to the trustees in relation to annual budgets, medium term financial plans, financial policies, risk management, spending and performance.

The finance and audit committee also ensures that the trust complies with all matters of regularity, propriety and value for money in its use of public funds and ensures compliance with financial regulations, including the Academies Financial Handbook.

Attendance during the year at meetings was as follows:

| Trustee                   | Meetings attended | Out of a possible |
|---------------------------|-------------------|-------------------|
| Mr Woodman-Clarke (chair) | 3                 | 6                 |
| Mrs Trentini              | 6                 | 6                 |
| Mr Pannell                | 5                 | 6                 |
| Mr Scawthorne             | 2                 | 6                 |
| Mrs Astill                | 2                 | 2                 |

The strategic management committee is also a sub-committee of the main board of trustees. Its purpose is to provide assurance to the board of trustees in relation to education outcomes. Its responsibilities include:

- Monitoring the performance of individual academies against agreed KPI's;
- Assessing the quality of leadership in each academy in terms of academic performance, quality of teaching, exclusions and pupil / staff attendance;
- Reviewing development plans and progress made against targets;
- Reviewing any Ofsted or DfE Inspection reports and implementing recommended practice;
- Ensuring the effective use of SEND, Pupil Premium and PE/Sport Premium funding;
- Monitoring pupil progress and assessing the impact of any changes to national curriculum on the trust and its academies.

The strategic management committee also considers the employee related aspects of the trust which include receiving proposals regarding policies on performance and pay; monitoring and evaluating the performance of the CEO and advising on the strategic planning of human resources.

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

Attendance during the year at meetings was as follows:

| Trustee       | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| Ms Murray     | 2                 | 3                 |
| Mr Pannell    | 3                 | 3                 |
| Mr Puttergill | 3                 | 3                 |
| Mrs Trentini  | 3                 | 3                 |
| Mrs Berry     | 1                 | 3                 |

**Academy Advisory Bodies**

Each academy within the trust has an Academy Advisory Body (AAB) which comprises of key leaders of the trust and academy level personnel. The remit and terms of reference of these bodies are established by the board of trustees. The AAB's meet annually. Attendees usually include the academy principal, a member of staff, a parent representative, the trust's SENCO, CEO, Deputy CEO and a community member.

The main purpose of the AAB is to exercise challenge and support on behalf of the trust to aid performance at academy level, and to advise the leadership of each academy on matters concerning the local community in order for the academy to stay in touch with its key stakeholders.

**Academy Open Forums**

The trust gauges parent opinions in termly open forums.

**ESLT Meetings**

Bi-weekly meetings are held for the Executive Senior Leadership Team to discuss improvement at academy level, with agendas focusing on the Ofsted evaluation schedule.

**Review of value for money**

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

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

- Sharing resources (including employees) across the trust;
- Bringing external resources in-house where considered more cost-effective;
- Regularly reviewing significant costs to confirm that the trust is getting the best value for money;
- Using the right expertise in the right places;
- Obtaining quotes and tenders in line with the trust procurement policy;
- Obtaining board approval for significant cost items in line with the trust procurement policy;
- Setting modest and sustainable leadership pay structures;
- Restructuring and streamlining where appropriate.

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**THE FORGE TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**The purpose of the system of internal control**

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

**Capacity to handle risk**

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes 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
- delegation of authority and segregation of duties
- identification and management of risks

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

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

- testing of internal control systems;
- testing of related parties;
- testing of income systems;
- testing of payroll systems;
- testing of purchase systems;
- testing of capital projects;
- testing of control account/ bank reconciliations.

On termly basis, the reviewer reports to the board of Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework (continued)**

During the year to 31 August 2019 no material control issues were identified by the reviewer as a result of the work carried out.

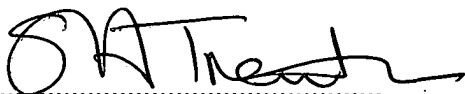
**Review of effectiveness**

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

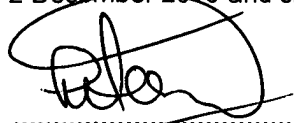
- the work of the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 2 December 2019 and signed on their behalf by:



.....  
**Mrs S Trentini**  
Chair of Trustees



.....  
**Mr L Hessey**  
Accounting Officer

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



.....  
**Mr L Hessey**  
Accounting Officer  
Date: 2 December 2019

**THE FORGE TRUST**  
**(A company limited by guarantee)**

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

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

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

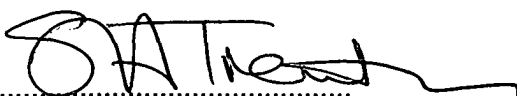
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 2 December 2019 and signed on its behalf by:

  
.....  
**Mrs S Trentini**  
Chair of Trustees

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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
FORGE TRUST**

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**Opinion**

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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



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**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
FORGE TRUST (CONTINUED)**

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**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 Reference and administrative details, the Trustees' report including the Strategic report, and the Governance 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

**THE FORGE TRUST**  
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
FORGE TRUST (CONTINUED)**

**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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

  
**Timothy Godson FCA (Senior statutory auditor)**

for and on behalf of

**Duncan & Toplis Limited**

Chartered Accountants and Statutory Auditors

4 Henley Way

Lincoln

Lincolnshire

LN6 3QR

2 December 2019

**THE FORGE TRUST**  
**(A company limited by guarantee)**

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

In accordance with the terms of our engagement letter dated 8 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Forge Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Forge Trust's accounting officer and the reporting accountant**

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

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

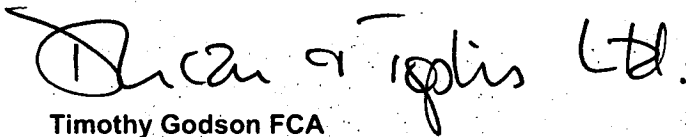
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

**THE FORGE TRUST**  
**(A company limited by guarantee)**

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

**Conclusion**

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



**Timothy Godson FCA**  
**Senior statutory auditor**

**Duncan & Toplis Limited**

**Date: 2 December 2019**

**THE FORGE TRUST**  
(A company limited by guarantee)

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

|   | Note | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Restricted<br>fixed asset<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| <b>Income from:</b>   |      |                                    |                                  |   |                             |                             |
| Donations and capital grants  | 3    | 29,589                             | -                                | 742,308   | 771,897                     | 56,552                      |
| Charitable activities:  |      |                                    |                                  |   |                             |                             |
| Funding for the academy trust's educational operations              | 4    | 142,568                            | 8,961,542                        | -   | 9,104,110                   | 6,639,961                   |
| Other trading activities  | 5    | 267,267                            | 51,161                           | -   | 318,428                     | 217,595                     |
| Investments   | 6    | 833                                | -                                | -   | 833                         | 559                         |
| Transfer on conversion from local authority into the academy trust  |      | -                                  | (589,000)                        | 4,502,244                                       | 3,913,244                   | 5,031,895                   |
| <b>Total income</b>   |      | <b>440,257</b>                     | <b>8,423,703</b>                 | <b>5,244,552</b>                                | <b>14,108,512</b>           | <b>11,946,562</b>           |
| <b>Expenditure on:</b>  |      |                                    |                                  |   |                             |                             |
| Raising funds   |      | 19,020                             | 18,455                           | -   | 37,475                      | 36,418                      |
| Charitable activities:  |      |                                    |                                  |   |                             |                             |
| Academy trust educational operations                                | 8    | 368,647                            | 8,751,082                        | 502,656   | 9,622,385                   | 7,104,972                   |
| <b>Total expenditure</b>  |      | <b>387,667</b>                     | <b>8,769,537</b>                 | <b>502,656</b>                                  | <b>9,659,860</b>            | <b>7,141,390</b>            |
| <b>Net income/(expenditure)</b>                                     |      | <b>52,590</b>                      | <b>(345,834)</b>                 | <b>4,741,896</b>                                | <b>4,448,652</b>            | <b>4,805,172</b>            |
| Transfers between funds   | 20   | (1,700)                            | (185,557)                        | 187,257   | -                           | -                           |
| <b>Net movement in funds before other recognised gains/(losses)</b> |      | <b>50,890</b>                      | <b>(531,391)</b>                 | <b>4,929,153</b>                                | <b>4,448,652</b>            | <b>4,805,172</b>            |
| <b>Other recognised gains/(losses):</b>                             |      |                                    |                                  |   |                             |                             |
| Actuarial losses on defined benefit pension schemes                 | 29   | -                                  | (1,099,000)                      | -   | (1,099,000)                 | 690,000                     |
| <b>Net movement in funds</b>  |      | <b>50,890</b>                      | <b>(1,630,391)</b>               | <b>4,929,153</b>                                | <b>3,349,652</b>            | <b>5,495,172</b>            |
| <b>Reconciliation of funds:</b>                                     |      |                                    |                                  |   |                             |                             |

**THE FORGE TRUST**  
(A company limited by guarantee)

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

|                                    | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <i>Total<br/>funds<br/>2018<br/>£</i> |
|------------------------------------|--|--|--|---------------------------------------|---------------------------------------|
| <b>Note</b>                        |  |  |  |                                       |                                       |
| Total funds brought forward        | 155,591                                      | (2,022,135)                                | 21,130,671   | 19,264,127                            | 13,768,955                            |
| Net movement in funds              | 50,890                                       | (1,630,391)                                | 4,929,153  | 3,349,652                             | 5,495,172                             |
| <b>Total funds carried forward</b> | <b>206,481</b>                               | <b>(3,652,526)</b>                         | <b>26,059,824</b>  | <b>22,613,779</b>                     | <b>19,264,127</b>                     |

**THE FORGE TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 09443602

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

|   | Note | 2019<br>£                | 2018<br>£                |
|---|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                          |                          |
| Tangible assets   | 15   | 26,052,656               | 21,154,545               |
| <b>Current assets</b>                                   |      |                          |                          |
| Stocks  | 16   | -                        | 16,166                   |
| Debtors   | 17   | 666,963                  | 259,294                  |
| Cash at bank and in hand                                |      | 1,743,384                | 1,283,861                |
|   |      | <u>2,410,347</u>         | <u>1,559,321</u>         |
| <b>Liabilities</b>                                      |      |                          |                          |
| Creditors: amounts falling due within one year          | 18   | (848,050)                | (655,206)                |
|   |      | <u>1,562,297</u>         | <u>904,115</u>           |
| <b>Net current assets</b>                               |      |                          |                          |
|   |      | <u>27,614,953</u>        | <u>22,058,660</u>        |
| <b>Total assets less current liabilities</b>            |      |                          |                          |
| Creditors: amounts falling due after more than one year | 19   | (28,174)                 | (36,533)                 |
|   |      | <u>27,586,779</u>        | <u>22,022,127</u>        |
| <b>Net assets excluding pension liability</b>           |      |                          |                          |
| Defined benefit pension scheme liability                | 29   | (4,973,000)              | (2,758,000)              |
|   |      | <u>22,613,779</u>        | <u>19,264,127</u>        |
| <b>Total net assets</b>                                 |      |                          |                          |
|   |      | <u><u>22,613,779</u></u> | <u><u>19,264,127</u></u> |
| <b>Funds of the Academy Trust</b>                       |      |                          |                          |
| <b>Restricted funds:</b>                                |      |                          |                          |
| Restricted fixed asset funds                            | 20   | 26,059,824               | 21,130,671               |
| Restricted income funds                                 | 20   | 1,320,474                | 735,865                  |
|   |      | <u>27,380,298</u>        | <u>21,866,536</u>        |
| Restricted funds excluding pension liability            | 20   | 27,380,298               | 21,866,536               |
| Pension reserve   | 20   | (4,973,000)              | (2,758,000)              |
|   |      | <u>22,407,298</u>        | <u>19,108,536</u>        |
| <b>Total restricted funds</b>                           | 20   |                          |                          |
| <b>Unrestricted income funds</b>                        | 20   | 206,481                  | 155,591                  |
|   |      | <u>22,613,779</u>        | <u>19,264,127</u>        |
| <b>Total funds</b>                                      |      |                          |                          |
|   |      | <u><u>22,613,779</u></u> | <u><u>19,264,127</u></u> |

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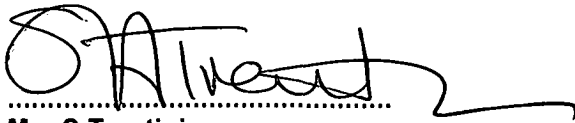
**THE FORGE TRUST**  
**(A company limited by guarantee)**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

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The financial statements on pages 27 to 62 were approved by the Trustees, and authorised for issue on 02 December 2019 and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'S Trentini', written over a dotted line.

**Mrs S Trentini**  
Chair of Trustees



**THE FORGE TRUST**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

|   | Note | 2019<br>£        | 2018<br>£        |
|---|------|------------------|------------------|
| <b>Cash flows from operating activities</b>             |      |                  |                  |
| Net cash provided by operating activities               | 22   | 5,137,474        | 6,812,062        |
| <b>Cash flows from investing activities</b>             | 24   | (4,657,625)      | (6,296,906)      |
| <b>Cash flows from financing activities</b>             | 23   | (20,326)         | (8,088)          |
| <b>Change in cash and cash equivalents in the year</b>  |      | 459,523          | 507,068          |
| Cash and cash equivalents at the beginning of the year  |      | 1,283,861        | 776,793          |
| <b>Cash and cash equivalents at the end of the year</b> | 25   | <u>1,743,384</u> | <u>1,283,861</u> |

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**THE FORGE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Going concern**

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

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

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**1. Accounting policies (continued)**

**1.3 Income**

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy Trust has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy Trust, can be reliably measured.

- **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.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net

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

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**1. Accounting policies (continued)**

**1.3 Income (continued)**

assets received.

- **Transfer of existing academies into the Academy Trust**

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

**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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

**1.6 Taxation**

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**THE FORGE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.7 Tangible fixed assets**

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

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

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

Depreciation is provided on the following bases:

|                              |                     |
|------------------------------|---------------------|
| Long-term leasehold property | - 2% straight line  |
| Furniture and equipment      | - 25% straight line |
| Computer equipment           | - 33% 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.

**1.8 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.

**1.9 Debtors**

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

**1.10 Cash at bank and in hand**

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

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

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**1. Accounting policies (continued)**

**1.11 Liabilities**

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

**1.12 Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.14 Operating leases**

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

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

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**1. Accounting policies (continued)**

**1.15 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

The Academy Trust is a member of a multi-employer plan. Where it is not possible for the Academy Trust to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

**1.16 Fund accounting**

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

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

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

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

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

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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. Income from donations and capital grants**

|                   | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>fixed asset<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|-------------------|------------------------------------|---|-----------------------------|-----------------------------|
| Donations         | 29,589                             | -   | 29,589                      | 22,915                      |
| Capital Grants    | -                                  | 742,308   | 742,308                     | 33,637                      |
| <b>Total 2019</b> | <b>29,589</b>                      | <b>742,308</b>                                  | <b>771,897</b>              | <b>56,552</b>               |
| <i>Total 2018</i> | <i>22,915</i>                      | <i>33,637</i>                                   | <i>56,552</i>               |                             |



**THE FORGE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**4. Funding for the Academy Trust's educational operations**

|                                 | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>DfE/ESFA grants</b>          |                                    |                                  |                             |                             |
| General Annual Grant (GAG)      | -                                  | 6,838,603                        | <b>6,838,603</b>            | 5,067,367                   |
| Start Up Grant                  | -                                  | 70,000                           | <b>70,000</b>               | 95,000                      |
| Pupil Premium                   | -                                  | 836,118                          | <b>836,118</b>              | 703,373                     |
| Other DfE/ESFA Revenue grants   | -                                  | 427,714                          | <b>427,714</b>              | 194,444                     |
|                                 | -                                  | 8,172,435                        | <b>8,172,435</b>            | 6,060,184                   |
| <b>Other government grants</b>  |                                    |                                  |                             |                             |
| SEN 1-1 Funding                 | -                                  | 212,589                          | <b>212,589</b>              | 126,655                     |
| Early Years funding             | -                                  | 484,024                          | <b>484,024</b>              | 324,790                     |
| Other government revenue grants | -                                  | 92,494                           | <b>92,494</b>               | 7,176                       |
|                                 | -                                  | 789,107                          | <b>789,107</b>              | 458,621                     |
| <b>Other funding</b>            |                                    |                                  |                             |                             |
| Catering income                 | 142,568                            | -                                | <b>142,568</b>              | 121,156                     |
| <b>Total 2019</b>               | <b>142,568</b>                     | <b>8,961,542</b>                 | <b>9,104,110</b>            | <b>6,639,961</b>            |
| <i>Total 2018</i>               | <i>121,156</i>                     | <i>6,518,805</i>                 | <i>6,639,961</i>            |                             |

**5. Income from other trading activities**

|                   | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Letting income    | 20,780                             | -                                | <b>20,780</b>               | 15,563                      |
| Sale of goods     | 17,317                             | -                                | <b>17,317</b>               | 19,714                      |
| Other income      | 229,170                            | 51,161                           | <b>280,331</b>              | 182,318                     |
| <b>Total 2019</b> | <b>267,267</b>                     | <b>51,161</b>                    | <b>318,428</b>              | <b>217,595</b>              |
| <i>Total 2018</i> | <i>143,186</i>                     | <i>74,409</i>                    | <i>217,595</i>              |                             |

**THE FORGE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**6. Investment income**

|                        | Unrestricted<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|------------------------|------------------------------------|-----------------------------|-----------------------------|
| Bank interest received | 833                                | 833                         | 559                         |

**7. Expenditure**

|   | Staff Costs<br>2019<br>£ | Premises<br>2019<br>£ | Other<br>2019<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|---|--------------------------|-----------------------|--------------------|--------------------|--------------------|
| Expenditure on raising<br>voluntary income:       |                          |                       |                    |                    |                    |
| Direct costs                                      | -                        | -                     | 2,158              | 2,158              | 1,306              |
| Expenditure on fundraising<br>trading activities: |                          |                       |                    |                    |                    |
| Direct costs                                      | -                        | -                     | 35,317             | 35,317             | 35,112             |
| Activities:                                       |                          |                       |                    |                    |                    |
| Direct costs                                      | 5,940,455                | 442,770               | 627,340            | 7,010,565          | 5,090,301          |
| Support costs                                     | 1,254,800                | 627,613               | 729,407            | 2,611,820          | 2,014,671          |
| <b>Total 2019</b>                                 | <b>7,195,255</b>         | <b>1,070,383</b>      | <b>1,394,222</b>   | <b>9,659,860</b>   | <b>7,141,390</b>   |
| <b>Total 2018</b>                                 | <b>5,331,293</b>         | <b>696,403</b>        | <b>1,113,694</b>   | <b>7,141,390</b>   |                    |

**THE FORGE TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

|                        | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|------------------------|--|--|---------------------------------------|---------------------------------------|
| Educational operations | 368,647                                      | 9,253,738                                  | <b>9,622,385</b>                      | 7,104,972                             |
| <i>Total 2018</i>      | <i>237,550</i>                               | <i>6,867,422</i>                           | <i>7,104,972</i>                      |                                       |

**9. Analysis of expenditure by activities**

|                        | <b>Activities<br/>undertaken<br/>directly<br/>2019<br/>£</b> | <b>Support<br/>costs<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational operations | 7,010,565  | 2,611,820                               | <b>9,622,385</b>                      | 7,104,972                             |
| <i>Total 2018</i>      | <i>5,090,301</i>   | <i>2,014,671</i>                        | <i>7,104,972</i>                      |                                       |

**Analysis of direct costs**

|                      | <b>Educational<br/>operations<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|----------------------|--|---------------------------------------|---------------------------------------|
| Staff costs          | 5,940,455  | <b>5,940,455</b>                      | 4,303,182                             |
| Depreciation         | 502,656  | <b>502,656</b>                        | 381,577                               |
| Educational supplies | 384,583  | <b>384,583</b>                        | 279,378                               |
| Technology costs     | 10,333   | <b>10,333</b>                         | 699                                   |
| Staff development    | 28,530   | <b>28,530</b>                         | 38,260                                |
| Other costs          | 144,008  | <b>144,008</b>                        | 87,205                                |
| <b>Total 2019</b>    | <b>7,010,565</b>                                 | <b>7,010,565</b>                      | <b>5,090,301</b>                      |

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

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

|                                       | Educational<br>operations<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|---------------------------------------|--|-----------------------------|-----------------------------|
| Staff costs                           | 1,254,800                              | 1,254,800                   | 1,028,111                   |
| Technology costs                      | 87,468                                 | 87,468                      | 69,584                      |
| Recruitment and support               | 1,564                                  | 1,564                       | 1,354                       |
| Maintenance of premises and equipment | 126,570                                | 126,570                     | 88,785                      |
| Cleaning                              | 246,908                                | 246,908                     | 177,029                     |
| Rent and rates                        | 58,762                                 | 58,762                      | 53,015                      |
| Energy costs                          | 139,112                                | 139,112                     | 92,466                      |
| Insurance                             | 59,587                                 | 59,587                      | 50,304                      |
| Security                              | 23,901                                 | 23,901                      | 10,449                      |
| Transport                             | 2,738                                  | 2,738                       | 2,507                       |
| Telephone, postage and stationery     | 21,845                                 | 21,845                      | 20,262                      |
| Catering                              | 328,223                                | 328,223                     | 211,855                     |
| Other costs                           | 141,504                                | 141,504                     | 99,986                      |
| Bank interest and charges             | 751                                    | 751                         | 391                         |
| Auditors' remuneration                | 24,670                                 | 24,670                      | 21,850                      |
| Legal and professional fees           | 93,417                                 | 93,417                      | 86,723                      |
| <b>Total 2019</b>                     | <b>2,611,820</b>                       | <b>2,611,820</b>            | <b>2,014,671</b>            |

During the year ended 31 August 2019, the Academy incurred the following Governance costs:

£118,087 (2018 - £108,573) included within the table above in respect of Funding for the Academy's educational operations.

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**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

|                                       | 2019<br>£     | 2018<br>£     |
|---------------------------------------|---------------|---------------|
| Operating lease rentals               | 26,803        | 25,231        |
| Depreciation of tangible fixed assets | 502,656       | 381,577       |
| Fees paid to auditors for:            |               |               |
| - audit                               | 16,350        | 15,650        |
| - other services                      | 8,320         | 6,200         |
|                                       | <u>16,350</u> | <u>15,650</u> |
|                                       | <u>8,320</u>  | <u>6,200</u>  |

**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

|                           | 2019<br>£        | 2018<br>£        |
|---------------------------|------------------|------------------|
| Wages and salaries        | 5,296,005        | 3,993,161        |
| Social security costs     | 412,121          | 310,203          |
| Pension costs             | 1,301,611        | 984,700          |
|                           | <u>7,009,737</u> | <u>5,288,064</u> |
| Agency staff costs        | 144,622          | 30,515           |
| Staff restructuring costs | 40,896           | 12,714           |
|                           | <u>7,195,255</u> | <u>5,331,293</u> |

Staff restructuring costs comprise:

|                     | 2019<br>£     | 2018<br>£     |
|---------------------|---------------|---------------|
| Redundancy payments | 15,815        | 12,714        |
| Severance payments  | 25,081        | -             |
|                     | <u>40,896</u> | <u>12,714</u> |

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

Included in severance payments is one non-statutory/non-contractual payment of £16,500.

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**11. Staff costs (continued)**

**c. Staff numbers**

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

|                            | 2019<br>No. | 2018<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 91          | 76          |
| Administrative and support | 170         | 144         |
| Management                 | 10          | 8           |
|                            | <u>271</u>  | <u>228</u>  |

The average headcount expressed as full-time equivalents was:

|                            | 2019<br>No. | 2018<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 90          | 71          |
| Administrative and support | 100         | 77          |
| Management                 | 10          | 7           |
|                            | <u>200</u>  | <u>155</u>  |

**d. Higher paid staff**

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

|                                 | 2019<br>No. | 2018<br>No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000   | 3           | 2           |
| In the band £80,001 - £90,000   | -           | 1           |
| In the band £100,001 - £110,000 | 1           | -           |
|                                 | <u>4</u>    | <u>3</u>    |

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £746,485 (2018: £639,338).

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**12. Central services**

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

- Financial Services
- Audit and other compliance
- Leadership and education support
- ICT support
- Payroll services
- ITT management and support
- Accountancy and budgeting software
- Safeguarding software
- Other services as arising

The Academy Trust charges for these services on the following basis:

Each academy within the trust has been charged a fee for central services based on their current Ofsted rating as follows:

Outstanding - 4%  
Good - 6%  
Requires Improvement - 7.5%  
Special Measures - 9%

The actual amounts charged during the year were as follows:

|                               | 2019<br>£      | 2018<br>£      |
|-------------------------------|----------------|----------------|
| The Sir Donald Bailey Academy | 116,713        | 108,539        |
| The Parkgate Academy          | 100,134        | 86,597         |
| The Forest View Academy       | 57,033         | 58,019         |
| The Marton Academy            | 23,861         | 22,453         |
| The West Park Academy         | 91,287         | 68,630         |
| The Python Hill Academy       | 98,648         | -              |
| <b>Total</b>                  | <b>487,676</b> | <b>344,238</b> |

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**13. Trustees' remuneration and expenses**

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

|                        |                            | <b>2019</b>    | <b>2018</b>  |
|------------------------|----------------------------|----------------|--------------|
|                        |                            | <b>£000</b>    | <b>£000</b>  |
| Mr L Hessey, Principal | Remuneration               | <b>100-105</b> | <b>80-85</b> |
|                        | Pension contributions paid | <b>15-20</b>   | <b>10-15</b> |

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

**14. Trustees' and Officers' insurance**

The Academy 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 and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

**15. Tangible fixed assets**

|                          | Long-term<br>leasehold<br>property<br>£ | Furniture<br>and<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|--------------------------|---|------------------------------------|----------------------------|------------|
| <b>Cost or valuation</b> |   |                                    |                            |            |
| At 1 September 2018      | 21,730,070                              | 66,596                             | 122,458                    | 21,919,124 |
| Additions                | 5,266,376                               | 18,667                             | 115,723                    | 5,400,766  |
| At 31 August 2019        | 26,996,446                              | 85,263                             | 238,181                    | 27,319,890 |
| <b>Depreciation</b>      |   |                                    |                            |            |
| At 1 September 2018      | 700,478                                 | 33,434                             | 30,667                     | 764,579    |
| Charge for the year      | 442,770                                 | 16,001                             | 43,884                     | 502,655    |
| At 31 August 2019        | 1,143,248                               | 49,435                             | 74,551                     | 1,267,234  |
| <b>Net book value</b>    |   |                                    |                            |            |
| At 31 August 2019        | 25,853,198                              | 35,828                             | 163,630                    | 26,052,656 |
| At 31 August 2018        | 21,029,592                              | 33,162                             | 91,791                     | 21,154,545 |



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**15. Tangible fixed assets (continued)**

Included in leasehold property is leasehold land at valuation of £4,125,000 (2018: £3,130,000), which is not depreciated.

All schools occupied by the Trust are under 125 lease agreements with the respective local county council.

The Academy Trust's transactions relating to land and buildings included:

- The acquisition of the leasehold property of The Python Hill Academy which was donated to the Academy Trust at a value of £4,495,000.

**16. Stocks**

|                                     | 2019<br>£ | 2018<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | -         | 16,166    |

**17. Debtors**

|                                | 2019<br>£      | 2018<br>£      |
|--------------------------------|----------------|----------------|
| <b>Due within one year</b>     |                |                |
| Trade debtors                  | -              | 68             |
| Other debtors                  | 211,317        | 57,281         |
| Prepayments and accrued income | 455,646        | 201,945        |
|                                | <b>666,963</b> | <b>259,294</b> |

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**18. Creditors: Amounts falling due within one year**

|                                    | 2019<br>£      | 2018<br>£      |
|------------------------------------|----------------|----------------|
| Other loans                        | 8,360          | 20,327         |
| Trade creditors                    | 374,868        | 229,293        |
| Other taxation and social security | 109,804        | 91,781         |
| Other creditors                    | 100,471        | 130,402        |
| Accruals and deferred income       | 254,547        | 183,403        |
|                                    | <u>848,050</u> | <u>655,206</u> |

Other loans includes loans payable within one year of £8,360, which consists of:

£4,718 relating to a Salix loan agreement, incepted as part of a heating system project. This loan is repayable over 8 years in 6 monthly instalments with an interest rate of 0%.

£1,721 relating to a loan as part of a building energy management system and valve insulation. This is repayable within 3 years with an interest rate of 0%.

The remaining £1,921 relates to a loan for solar panels. This is repayable within 8 years with an interest rate of 4.5%.

|  | 2019<br>£      | 2018<br>£      |
|--|----------------|----------------|
| Deferred income at 1 September 2018    | 110,593        | 92,567         |
| Resources deferred during the year     | 153,122        | 110,593        |
| Amounts released from previous periods | (110,593)      | (92,567)       |
|  | <u>153,122</u> | <u>110,593</u> |

Deferred income for 2018/19 includes £72,272 in respect of Universal Infant Free School Meals for 2019/20, £62,643 SEN Income for 2019/20, £13 for breakfast club income, £9,198 for rates relief, and £8,996 for trip income, all received in advance.

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**19. Creditors: Amounts falling due after more than one year**

|             | 2019<br>£     | 2018<br>£     |
|-------------|---------------|---------------|
| Other loans | <u>28,174</u> | <u>36,533</u> |

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

|                                     | 2019<br>£           | 2018<br>£           |
|-------------------------------------|---------------------|---------------------|
| Payable or repayable by instalments | <u>2,359</u>        | <u>8,065</u>        |
|                                     | <u><u>2,359</u></u> | <u><u>8,065</u></u> |

Other loans includes loans payable within one year of £28,174, which consists of:

£21,230 relating to a Salix loan agreement, incepted as part of a heating system project. This loan is repayable over 8 years in 6 monthly instalments with an interest rate of 0%.

£108 relating to a loan as part of a building energy management system and valve insulation. This is repayable within 3 years with an interest rate of 0%.

The remaining £6,836 relates to a loan for solar panels. This is repayable within 8 years with an interest rate of 4.5%.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Statement of funds**

|                                     | Balance at 1<br>September<br>2018<br>£ | Income<br>£       | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2019<br>£ |
|-------------------------------------|--|-------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>           |  |                   |                    |                          |                         |                                      |
| General Funds - all funds           | 155,591                                | 440,257           | (387,667)          | (1,700)                  | -                       | 206,481                              |
| <b>Restricted general funds</b>     |  |                   |                    |                          |                         |                                      |
| General Annual Grant (GAG)          | 669,395                                | 6,853,603         | (6,096,733)        | (183,371)                | -                       | 1,242,894                            |
| Other DfE/ESFA Grants               | 27,531                                 | 1,333,832         | (1,333,819)        | -                        | -                       | 27,544                               |
| Government grants                   | 9,682                                  | 774,107           | (774,107)          | -                        | -                       | 9,682                                |
| Other income                        | 29,257                                 | 51,161            | (37,878)           | (2,186)                  | -                       | 40,354                               |
| Pension reserve                     | (2,758,000)                            | (589,000)         | (527,000)          | -                        | (1,099,000)             | (4,973,000)                          |
|                                     | <u>(2,022,135)</u>                     | <u>8,423,703</u>  | <u>(8,769,537)</u> | <u>(185,557)</u>         | <u>(1,099,000)</u>      | <u>(3,652,526)</u>                   |
| <b>Restricted fixed asset funds</b> |  |                   |                    |                          |                         |                                      |
| DfE/ESFA Capital Grant              | 86,899                                 | 112,400           | (26,810)           | -                        | -                       | 172,489                              |
| Capital expenditure from GAG        | 335,371                                | -                 | (28,429)           | 187,257                  | -                       | 494,199                              |
| Assets from predecessor school      | 18,987,370                             | 4,502,244         | (412,064)          | -                        | -                       | 23,077,550                           |
| Condition Improvement Fund          | 1,721,031                              | 629,908           | (35,353)           | -                        | -                       | 2,315,586                            |
|                                     | <u>21,130,671</u>                      | <u>5,244,552</u>  | <u>(502,656)</u>   | <u>187,257</u>           | <u>-</u>                | <u>26,059,824</u>                    |
| <b>Total Restricted funds</b>       | <u>19,108,536</u>                      | <u>13,668,255</u> | <u>(9,272,193)</u> | <u>1,700</u>             | <u>(1,099,000)</u>      | <u>22,407,298</u>                    |
| <b>Total funds</b>                  | <u>19,264,127</u>                      | <u>14,108,512</u> | <u>(9,659,860)</u> | <u>-</u>                 | <u>(1,099,000)</u>      | <u>22,613,779</u>                    |

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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) must be used for the normal running costs of the Academy.

Other DFE / ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupil's education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £527,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £1,099,000 actuarial increase in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

|                               | 2019<br>£ | 2018<br>£ |
|-------------------------------|-----------|-----------|
| The Sir Donald Bailey Academy | 524,747   | 212,131   |
| The Forest View Academy       | 229,543   | 161,482   |
| The Parkgate Academy          | 236,695   | 166,905   |
| The Forge Trust               | 355,080   | 177,727   |
| The Marton Academy            | 122,422   | 70,685    |
| The West Park Academy         | 61,965    | 102,526   |
| The Python Hill Academy       | (3,497)   | -         |

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**20. Statement of funds (continued)**

|  | 2019<br>£         | 2018<br>£         |
|--|-------------------|-------------------|
| Total before fixed asset funds and pension reserve | 1,526,955         | 891,456           |
| Restricted fixed asset fund                        | 26,059,824        | 21,130,671        |
| Pension reserve                                    | (4,973,000)       | (2,758,000)       |
| <b>Total</b>                                       | <b>22,613,779</b> | <b>19,264,127</b> |

**Total cost analysis by academy**

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

|                                  | Teaching<br>and<br>educational<br>support<br>staff costs<br>£ | Other<br>support<br>staff costs<br>£ | Educational<br>supplies<br>£ | Other costs<br>excluding<br>depreciation<br>£ | Total<br>2019<br>£ | Total<br>2018<br>£ |
|----------------------------------|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| The Sir Donald<br>Bailey Academy | 1,476,211   | 364,145                              | 109,479                      | 412,554                                       | 2,362,389          | 2,266,133          |
| The Forest View<br>Academy       | 786,072   | 125,105                              | 59,263                       | 187,330                                       | 1,157,770          | 1,119,830          |
| The Parkgate<br>Academy          | 1,059,813   | 273,037                              | 91,043                       | 271,971                                       | 1,695,864          | 1,482,804          |
| The Forge Trust                  | 212,326   | 109,949                              | 610                          | 102,900                                       | 425,785            | 326,601            |
| The Marton<br>Academy            | 355,634   | 36,696                               | 19,060                       | 62,537  | 473,927            | 479,855            |
| The West Park<br>Academy         | 915,654   | 210,822                              | 61,984                       | 316,373                                       | 1,504,833          | 1,084,590          |
| The Python Hill<br>Academy       | 990,123   | 135,046                              | 43,144                       | 368,323                                       | 1,536,636          | -                  |
| <b>Academy Trust</b>             | <b>5,795,833</b>  | <b>1,254,800</b>                     | <b>384,583</b>               | <b>1,721,988</b>                              | <b>9,157,204</b>   | <b>6,759,813</b>   |

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**20. Statement of funds (continued)**

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

|                                     | Balance at<br>1 September<br>2017<br>£ | Income<br>£       | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2018<br>£ |
|-------------------------------------|--|-------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>           |  |                   |                    |                          |                         |                                      |
| General Funds - all funds           | 61,060                                 | 348,676           | (254,145)          | -                        | -                       | 155,591                              |
| <b>Restricted general funds</b>     |  |                   |                    |                          |                         |                                      |
| General Annual Grant (GAG)          | 311,560                                | 5,067,367         | (4,589,559)        | (119,973)                | -                       | 669,395                              |
| Other DfE/ESFA Grants               | -                                      | 1,019,220         | (984,514)          | (7,175)                  | -                       | 27,531                               |
| Government grants                   | 80,641                                 | 458,621           | (485,443)          | (44,137)                 | -                       | 9,682                                |
| Other income                        | -                                      | 74,409            | (45,152)           | -                        | -                       | 29,257                               |
| Pension reserve                     | (2,199,000)                            | (848,000)         | (401,000)          | -                        | 690,000                 | (2,758,000)                          |
|                                     | <u>(1,806,799)</u>                     | <u>5,771,617</u>  | <u>(6,505,668)</u> | <u>(171,285)</u>         | <u>690,000</u>          | <u>(2,022,135)</u>                   |
| <b>Restricted fixed asset funds</b> |  |                   |                    |                          |                         |                                      |
| DfE/ESFA Capital Grant              | 35,454                                 | 61,269            | (9,824)            | -                        | -                       | 86,899                               |
| Capital expenditure from GAG        | 175,900                                | -                 | (11,814)           | 171,285                  | -                       | 335,371                              |
| Assets from predecessor school      | 13,549,014                             | 5,765,000         | (326,644)          | -                        | -                       | 18,987,370                           |
| Condition Improvement Fund          | 1,754,326                              | -                 | (33,295)           | -                        | -                       | 1,721,031                            |
|                                     | <u>15,514,694</u>                      | <u>5,826,269</u>  | <u>(381,577)</u>   | <u>171,285</u>           | <u>-</u>                | <u>21,130,671</u>                    |
| <b>Total Restricted funds</b>       | <u>13,707,895</u>                      | <u>11,597,886</u> | <u>(6,887,245)</u> | <u>-</u>                 | <u>690,000</u>          | <u>19,108,536</u>                    |

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**20. Statement of funds (continued)**

|                    | Balance at<br>1 September<br>2017<br>£ | Income<br>£       | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2018<br>£ |
|--------------------|--|-------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Total funds</b> | <b>13,768,955</b>                      | <b>11,946,562</b> | <b>(7,141,390)</b> | <b>-</b>                 | <b>690,000</b>          | <b>19,264,127</b>                    |

**21. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

|  | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Restricted<br>fixed asset<br>funds<br>2019<br>£ | Total<br>funds<br>2019<br>£ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets                  | -                                  | -                                | 26,052,656                                      | <b>26,052,656</b>           |
| Current assets                         | 215,477                            | 2,151,168                        | 43,702  | <b>2,410,347</b>            |
| Creditors due within one year          | (8,996)                            | (830,694)                        | (8,360)   | <b>(848,050)</b>            |
| Creditors due in more than one year    | -                                  | -                                | (28,174)  | <b>(28,174)</b>             |
| Provisions for liabilities and charges | -                                  | (4,973,000)                      | -   | <b>(4,973,000)</b>          |
| <b>Total</b>                           | <b>206,481</b>                     | <b>(3,652,526)</b>               | <b>26,059,824</b>                               | <b>22,613,779</b>           |

**Analysis of net assets between funds - prior year**

|  | Unrestricted<br>funds<br>2018<br>£ | Restricted<br>funds<br>2018<br>£ | Restricted<br>fixed asset<br>funds<br>2018<br>£ | Total<br>funds<br>2018<br>£ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets                  | -                                  | -                                | 21,154,545                                      | <b>21,154,545</b>           |
| Current assets                         | 155,591                            | 1,370,744                        | 32,986  | <b>1,559,321</b>            |
| Creditors due within one year          | -                                  | (634,879)                        | (20,327)  | <b>(655,206)</b>            |
| Creditors due in more than one year    | -                                  | -                                | (36,533)  | <b>(36,533)</b>             |
| Provisions for liabilities and charges | -                                  | (2,758,000)                      | -   | <b>(2,758,000)</b>          |
| <b>Total</b>                           | <b>155,591</b>                     | <b>(2,022,135)</b>               | <b>21,130,671</b>                               | <b>19,264,127</b>           |



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**22. Reconciliation of net income to net cash flow from operating activities**

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| Net income for the year (as per Statement of financial activities) | 4,448,652        | 4,805,172        |
| <b>Adjustments for:</b>  |                  |                  |
| Depreciation   | 502,655          | 381,577          |
| Capital grants from DfE and other capital income                   | (742,308)        | (34,287)         |
| Interest receivable  | (833)            | (228)            |
| Defined benefit pension scheme obligation inherited                | 589,000          | 848,000          |
| Defined benefit pension scheme cost less contributions payable     | 442,000          | 329,000          |
| Defined benefit pension scheme finance cost                        | 85,000           | 72,000           |
| Decrease/(increase) in stocks                                      | 16,166           | (4,292)          |
| (Increase)/decrease in debtors                                     | (407,669)        | 590,542          |
| Increase/(decrease) in creditors                                   | 204,811          | (175,422)        |
| <b>Net cash provided by operating activities</b>                   | <b>5,137,474</b> | <b>6,812,062</b> |

**23. Cash flows from financing activities**

|  | 2019<br>£       | 2018<br>£      |
|--|-----------------|----------------|
| Cash inflows from new borrowing              | -               | 12,555         |
| Repayments of borrowing                      | (20,326)        | (20,643)       |
| <b>Net cash used in financing activities</b> | <b>(20,326)</b> | <b>(8,088)</b> |

**24. Cash flows from investing activities**

|  | 2019<br>£          | 2018<br>£          |
|--|--------------------|--------------------|
| Dividends, interest and rents from investments | 833                | 559                |
| Purchase of tangible fixed assets              | (905,766)          | (566,752)          |
| Capital grants from DfE Group                  | 742,308            | 34,287             |
| Land and buildings transferred on conversion   | (4,495,000)        | (5,765,000)        |
| <b>Net cash used in investing activities</b>   | <b>(4,657,625)</b> | <b>(6,296,906)</b> |

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**25. Analysis of cash and cash equivalents**

|  | 2019<br>£        | 2018<br>£        |
|--|------------------|------------------|
| Cash at bank                           | 1,743,384        | 1,283,861        |
| <b>Total cash and cash equivalents</b> | <b>1,743,384</b> | <b>1,283,861</b> |

**26. Conversion to an academy trust**

On 1 September 2018 The Python Hill Academy (formerly Python Hill Primary School) converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Forge Trust from Nottingham County Council for £NIL consideration.

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

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

|                                      | Restricted<br>funds<br>£ | Restricted<br>fixed asset<br>funds<br>£ | Total<br>funds<br>£ |
|--------------------------------------|--------------------------|---|---------------------|
| <b>Tangible fixed assets</b>         |                          |   |                     |
| Leasehold land and buildings         | -                        | 4,495,000                               | 4,495,000           |
| <b>Current assets</b>                |                          |   |                     |
| Budget surplus/(deficit) on LA funds | -                        | 7,244                                   | 7,244               |
| LGPS pension surplus/(deficit)       | (589,000)                | -                                       | (589,000)           |
| <b>Net (liabilities)/assets</b>      | <b>(589,000)</b>         | <b>4,502,244</b>                        | <b>3,913,244</b>    |

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**27. Contingent liabilities**

During the period of the Funding Agreements, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreements, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreements.

**28. Capital commitments**

|  | 2019<br>£     | 2018<br>£ |
|--|---------------|-----------|
| <b>Contracted for but not provided in these financial statements</b> |               |           |
| Acquisition of tangible fixed assets                                 | <b>13,865</b> | -         |

**29. Pension commitments**

The Academy 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. Both the TPS and LGPS are multi-employer defined benefit schemes.

The Academy Trust has academies across more than one local government pension scheme fund, which are managed by Nottinghamshire County Council (The Forge Trust, Forest View Academy, Parkgate Academy, Sir Donald Bailey Academy, West Park Academy, Python Hill Academy) and Lincolnshire County Council (Marton Academy). For the purpose of this note the two scheme have been consolidated.

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

Contributions amounting to £100,825 were payable to the schemes at 31 August 2019 (2018 - £85,644) and are included within creditors.

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**29. Pension commitments (continued)**

**Teachers' Pension Scheme**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £536,127 (2018 - £409,103).

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

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

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**29. Pension commitments (continued)**

**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 £422,000 (2018 - £323,000), of which employer's contributions totalled £322,000 (2018 - £248,000) and employees' contributions totalled £ 100,000 (2018 - £75,000). The agreed contribution rates for future years are 18.3 per cent for employers and various 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.

The actuarial assumptions for The Forge Trust, Forest View Academy, Parkgate Academy, Sir Donald Bailey Academy, West Park Academy and Python Hill Academy, managed by Nottinghamshire County Council, are as follows:

**Principal actuarial assumptions**

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| Rate of increase in salaries                       | <b>3.7</b>  | 3.8         |
| Rate of increase for pensions in payment/inflation | <b>2.2</b>  | 2.3         |
| Discount rate                                      | <b>1.9</b>  | 2.7         |

The actuarial assumptions for the Marton Academy, managed by Lincolnshire County Council, are as follows:

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| Rate of increase in salaries                       | <b>2.3</b>  | 2.4         |
| Rate of increase for pensions in payment/inflation | <b>2.7</b>  | 2.8         |
| Discount Rate                                      | <b>1.8</b>  | 2.8         |

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 for the academies managed by Nottinghamshire County Council (The Forge Trust, Forest View Academy, Parkgate Academy, Sir Donald Bailey Academy, West Park Academy and Python Hill Academy) are:

|                             | <b>2019</b>  | <b>2018</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>Years</b> | <b>Years</b> |
| <i>Retiring today</i>       |              |              |
| Males                       | <b>21.7</b>  | 22.7         |
| Females                     | <b>24.4</b>  | 25.6         |
| <i>Retiring in 20 years</i> |              |              |
| Males                       | <b>23.3</b>  | 24.9         |
| Females                     | <b>26.2</b>  | 28.0         |

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**29. Pension commitments (continued)**

The current mortality assumptions for the Marton Academy, managed by Lincolnshire County Council, are as follows:

|                             | 2019 | 2018 |
|-----------------------------|------|------|
|                             | %    | %    |
| <i>Retiring today</i>       |      |      |
| Males                       | 21.7 | 22.7 |
| Females                     | 24.4 | 25.6 |
| <i>Retiring in 20 years</i> |      |      |
| Males                       | 23.3 | 24.9 |
| Females                     | 26.2 | 28.0 |

**Sensitivity analysis**

|  | 2019 | 2018 |
|--|------|------|
|  | £000 | £000 |
| Discount rate -0.1%                    | 248  | 157  |
| Mortality assumption - 1 year increase | 332  | 185  |
| CPI rate +0.1%                         | 216  | 138  |

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

|                                     | At 31<br>August 2019 | At 31 August<br>2018 |
|-------------------------------------|----------------------|----------------------|
|                                     | £                    | £                    |
| Equities                            | 2,764,000            | 2,136,000            |
| Gilts                               | 169,000              | 88,000               |
| Corporate bonds                     | 361,000              | 353,000              |
| Property                            | 574,000              | 451,000              |
| Cash and other liquid assets        | 126,000              | 58,000               |
| Other                               | 403,000              | 213,000              |
| <b>Total market value of assets</b> | <b>4,397,000</b>     | <b>3,299,000</b>     |

The actual return on scheme assets was £192,000 (2018 - £188,000).

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**29. Pension commitments (continued)**

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

|   | 2019<br>£        | 2018<br>£        |
|---|------------------|------------------|
| Current service cost  | (664,000)        | (577,000)        |
| Past service cost   | (100,000)        | (85,000)         |
| Net interest cost   | (85,000)         | (82,000)         |
| <b>Total amount recognised in the Statement of financial activities</b> | <b>(849,000)</b> | <b>(744,000)</b> |

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

|                          | 2019<br>£        | 2018<br>£        |
|--------------------------|------------------|------------------|
| <b>At 1 September</b>    | <b>6,057,000</b> | <b>4,462,000</b> |
| Conversion of academy    | 1,219,000        | 1,397,000        |
| Current service cost     | 664,000          | 577,000          |
| Interest cost            | 194,000          | 145,000          |
| Employee contributions   | 100,000          | 75,000           |
| Actuarial losses/(gains) | 1,182,000        | (575,000)        |
| Benefits paid            | (146,000)        | (24,000)         |
| Past service costs       | 100,000          | -                |
| <b>At 31 August</b>      | <b>9,370,000</b> | <b>6,057,000</b> |

Past service costs of £100,000 have arisen as a direct result of the McCloud judgement.

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

|                        | 2019<br>£        | 2018<br>£        |
|------------------------|------------------|------------------|
| <b>At 1 September</b>  | <b>3,299,000</b> | <b>2,263,000</b> |
| Conversion of academy  | 630,000          | 549,000          |
| Interest income        | 109,000          | 73,000           |
| Actuarial gains        | 83,000           | 115,000          |
| Employer contributions | 322,000          | 248,000          |
| Employee contributions | 100,000          | 75,000           |
| Benefits paid          | (146,000)        | (24,000)         |
| <b>At 31 August</b>    | <b>4,397,000</b> | <b>3,299,000</b> |

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**30. Operating lease commitments**

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

|  | 2019<br>£     | 2018<br>£     |
|--|---------------|---------------|
| Not later than 1 year                        | 26,803        | 27,403        |
| Later than 1 year and not later than 5 years | 29,598        | 56,401        |
|  | <u>56,401</u> | <u>83,804</u> |

**31. 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.

**32. Related party transactions**

Owing to the nature of the Academy 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 Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.