



PARADIGM TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

PARADIGM TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	C Crozier (resigned 2 September 2019) J Martin D Syndercombe Court A Watson M Williams D Willis
Directors	B Bryant (resigned 31 August 2019) V Hiscock B Holledge, Chief Executive D Hughes V Karas J Martin, Vice Chair L Pipe A Rahman D Syndercombe Court P Wallace D Willis, Chairman
Company registered number	08469218
Registered office	Culloden Primary Academy Dee Street London E14 0PT
Principal operating office	Ipswich Academy Braziers Wood Road Ipswich IP3 0SP
Company secretary	Emma Vehit
Chief Executive Officer	Bill Holledge
Senior management team	Bill Holledge, Chief Executive Officer and Accounting Officer Jon Ruddock, Chief Finance Officer Bridget Holland, HR Director Ben Carter, Principal at Culloden Primary Academy and Director of School Improvement Janet Baker, Principal at Solebay Primary Academy Helen Winn, Principal at Ipswich Academy Neil Winn, Principal at Murrayfield Primary Academy Kimberly Morton, Principal at Piper's Vale Primary Academy Kevin Jones, Principal at Old Ford Primary Academy Ben Rogers, Director of Curriculum and Pedagogy (appointed 1 September 2019) Emma Vehit, Company Secretary

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

Culloden Primary Academy Senior Management Team

Principal	B Carter
Assistant Principal	C Baker
Interim Assistant Principal	A Gofur
Assistant Principal	K Nicholas Raymond
Assistant Principal	E Jansen Van Rensburg
Location	London

Ipswich Academy Senior Management Team

Principal	H Winn
Assistant Principal	A Thorrington
Assistant Principal	K Bartrum
Assistant Principal	S Fox
Assistant Principal	N Shenton
Location	Ipswich

Murrayfield Primary Academy Senior Management Team

Principal	N Winn
Assistant Principal	L Hall
Assistant Principal and SENDCO	C Willis
Assistant Principal and EYFS Lead	R Lemke
Location	Ipswich

Old Ford Primary Academy Senior Management Team

Principal	K Jones
Assistant Principal	L Sherling
Assistant Principal	M Proestos
Assistant Principal	K Neill
Assistant Principal	E Young
Assistant Principal	V Turner
Location	London

Piper's Vale Primary Academy Senior Management Team

Principal	K Morton
Assistant Principal	N Christian
Assistant Principal	I Bristo
Assistant Principal	D Primus
Location	Ipswich

Solebay Primary Academy Senior Management Team

Principal	J Baker
Assistant Principal	R Chetty
Assistant Principal	T Ward
Assistant Principal	R Begum
Location	London

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
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Independent auditors	MA Partners Audit LLP Statutory Auditor 7 The Close Norwich Norfolk NR1 4DJ
Bankers	Lloyds Bank Stratford Westfield Branch PO Box 1000 BX1 1LT
Solicitors	Stone King LLP 16 St John's Lane London EC1M 4BS

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

Review of the year

The highlight of the year was, without doubt, Ofsted's confirmation that Ipswich Academy is a good school and that this had been achieved due to outstanding leadership and management. This represents a step change compared to when Paradigm first took on the school, in special measures, back in September 2015. The icing on the cake came in July 2019 when Suffolk County Council awarded the school, and its Principal, its setting of the year award. Proof, if proof were needed, that Paradigm is living its vision statement: to develop and sustain great schools where we can make the biggest difference to pupils.

Success has also been achieved in the other Paradigm schools - with the London schools continuing to excel and the Suffolk primary schools delivering significant improvements, both in terms of results achieved and the quality of provision more broadly. A significant focus has been placed this year on refining our approach to the teaching of phonics - we have partnered very closely with Ruth Miskin Training and we are thrilled that 91% of Paradigm's Y1 pupils passed the external phonics test this year. Again, a step change compared to the previous year's performance and this will ensure that those pupils are very well placed to take full advantage of the Paradigm curriculum as they move into Y2 and beyond. It was also pleasing to see that Ipswich Academy achieved its best ever GCSE English and mathematics combined grade 9-4 results at 56%, which is 12 percentage points higher than last year. The school's students achieved 19 grade 9s across a variety of subjects, and overall progress across all subjects was in line with national benchmarks.

Curriculum has been a major focus during the year - with network groups comprising subject leads from each school meeting on a regular basis to develop, implement and evaluate a knowledge-based curriculum which flows seamlessly from Y1 to Y9. This has been a real success - as evidenced from feedback from the external, independent review which Paradigm commissions - and has also created new and purposeful opportunities for colleagues throughout the Trust to work together. We now have standardised assessments for each 'common curriculum' subject, which are well matched to the schemes of work which have been developed and Paradigm's approach to pedagogy. Ben Rogers has been appointed as the Trust's Director of curriculum and pedagogy and will continue this work, which he has led to date.

We have also begun work to identify and offer key enrichment activities and experiences that will serve the dual purpose of enhancing the curriculum and building on our pupils' social and cultural capital. This will be a key focus for September 2019 and beyond.

The year has seen substantial enhancement and consolidation in terms of Paradigm's central functions. At the time of writing, we are poised to begin to reap the benefits of a significant investment in an HR management information system, having also seen considerable improvements in our financial reporting capacity over the past 12 months. Procurement has become smarter throughout the year, with improvements in quality as well as savings achieved. Our estates management capacity has continued to develop and we have been able to commit substantial sums to key infrastructure projects at both Murrayfield Primary Academy and Culloden Primary Academy, as well as agreeing a comprehensive three year estates management strategy. An IT sustainability plan has been developed, to complement our IT vision. A staff engagement survey has been conducted - action plans have been developed as a result but it was very pleasing to see that staff rated the Trust particularly highly in terms of organisational integrity (88%), compelling leadership (80%), and realising potential (82%).

We have continued to take seriously our responsibilities to develop the next generation of teachers. Paradigm has developed a challenging and exciting teacher education programme designed to accelerate new teachers from novice to expert. We specialise in applying the best educational research and thought to the classroom. This approach has proven to be popular and successful with all 21 of our candidates this year rated good or outstanding by the end of the course with a full cohort ready to be trained next year. We are fully supported through our partnership with Essex ITT. Our Schools Direct salaried programme is designed for trainees who are ready to work in the classroom from the beginning with a salary being offered from the start. We have also established a partnership with the Institute of Education/UCL to enhance our leadership and management training offer.

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

Review of the year (continued)

It is pleasing to note that all of the above has been achieved against the backdrop of the challenging financial regime which has affected all state-funded schools, with the Trust nevertheless delivering a surplus (prior to adjustments relating to pension) at the year end.

The Board continues to provide committed and expert non-executive leadership, with Directors supporting and challenging from a vantage point of deep familiarity with the schools.

2018/19 has been a hugely successful year for Paradigm and we are well placed to build further on these foundations in 2019/20.

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

The Directors 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.

Paradigm Trust ('Paradigm' or 'the Company') operates a multi-academy trust for pupils aged 2-16 serving catchment areas in London and Ipswich. It has a pupil capacity of 3,809 (2017: 3,809) and had a roll of 3,189 (2018: 3,228) in the school census on 3 October 2019.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum and Articles of Association is the primary governing document of the Trust.

The Directors of Paradigm Trust are also the Directors of the charitable company for the purposes of company law.

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

b. 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.

c. Directors' indemnities

The Company has opted into the Department for Education's risk protection arrangement (RPA). This protects Directors and Officers from claims arising from negligent acts, errors or omissions occurring while on company business. RPA provides cover up to £10,000,000 on any one claim.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Directors

In previous years when seeking additional Directors to join the Board, contact was made with Academy Ambassadors, a not-for-profit organisation set up to support academies across England by finding senior figures from the world of business and the professions to join the Boards of multi-academy trusts. Potential Directors that were a good match for the Trust met with the Chairman, other Directors and management. All current Directors and Members are asked to remain open to any new potential Directors who would be a good fit for Paradigm.

Provisions relating to the appointment of Directors are contained in the Company's Articles of Association, and can be summarised as follows:

- the Members are entitled to appoint up to seven Directors;
- the Chief Executive Officer is a Director;
- there are up to two Parent Directors; and
- the Board is entitled to co-opt up to four additional Directors.

e. Policies adopted for the induction and training of Directors

Training and induction provided for new Directors is assessed based on their existing experience. Directors have many years' experience as members of school governing bodies and/or Directors of other organisations. Directors attend seminars, conferences and similar events to keep abreast of developments in the education sector and internal training with specific emphasis on safeguarding and child protection is also organised including attendance by Directors at staff inset days.

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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

f. Organisational structure

Paradigm is led by a team of Members and Directors. Directors provide strategic leadership and oversight, via the Board of Directors ('the Board'). The Board meets monthly during term time and receives reports and recommendations from the three Board committees, and the Chief Executive Officer (CEO).

The Chief Executive Officer has responsibility for the day-to-day management and implementation of the decisions of the Directors. The Chief Executive Officer is also the Accounting Officer.

Executive Committee

The CEO convenes and chairs an Executive Committee which comprises the CEO; Principals from each school; together with the heads of the HR and finance functions and the Director of curriculum and pedagogy (as required). The Executive Committee meets on a monthly basis with all attendees able to propose items for consideration. The purpose of the Executive Committee is to facilitate collaboration across Paradigm, providing a forum for sharing ideas, resources and concerns.

Education Committee

The Education Committee monitors and considers:

- the educational performance of each of Paradigm's schools;
- educational aims and the setting of appropriate performance targets.

It is also responsible for adopting, monitoring and reviewing the Trust curriculum statements.

Operations and Finance Committee

The Operations and Finance Committee (OFC) considers:

- Paradigm's financial priorities;
- the management accounts;
- the appropriate charging of expenses; and
- draft budgets submitted by Paradigm schools.

The committee also:

- ensures that Paradigm has proper insurance cover and that the regulations relating to funding are complied with;
- sets and monitors human resource policies/contractual terms;
- is responsible for the annual pay review and oversees performance related pay; and
- monitors the management of the estate.

The Operations and Finance Committee has an Investment Sub-Committee which has delegated authority to invest any available funds in strict adherence to the Trust's investment and reserves policies.

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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

Audit and Risk Committee

The Audit and Risk Committee (ARC) advises the Board on:

- the adequacy and effectiveness of internal financial control;
- risk management;
- control and governance processes;
- securing value for money;
- the terms of appointment and the remuneration of the external auditor and the internal audit service provider; and
- audit strategy.

It also receives the Trust annual Child Protection audit reports and the Local Authority safeguarding audit reports.

Community Forum

The Principal of each school within Paradigm may recommend to the Board that there should also be a Community Forum to provide an opportunity to raise the profile of the school in the local community and engage with a wider group of benefactors/supporters. A Community Forum is currently active for the Suffolk academies.

Academy council/parent focus group

Each school within Paradigm also has some form of academy council or a parent focus group, which facilitates communication between parents/carers and the relevant academy Principal. All parents/carers are invited to each meeting and are able to suggest topics for discussion, ask questions of the Principal about the operation/performance of the school as well as raising any issues of concern.

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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Company comprises Directors, Principals, the Chief Executive Officer, Chief Finance Officer, HR Director, Director of School Improvement and Director of Pedagogy and Curriculum.

All Directors (other than the CEO) offer their services on a voluntary basis.

Paradigm is committed to the principle of performance-related pay, the process and parameters for which are set out within the Trust's pay policy which is currently under review. During the reporting year, discussions took place with the trade unions recognised by the Trust with a view to implementing a revised pay policy for September 2019. At the time of writing discussions are ongoing and agreement is yet to be reached.

All teaching staff, including academy Principals and assistant principals, receive an annual appraisal and pay review during the Autumn Term.

Assessment of performance including for performance-related pay purposes is evidence based; taken from a range of sources (including but not limited to individual appraisal objectives) as measured against the Teachers' Standards and in the case of Principals and assistant principals, against the national standards of excellence for headteachers.

The process for making performance-related pay recommendations to the Trust's Operations and Finance Committee is robustly moderated by the Trust's HR Director (with the exception of the Chief Executive Officer's pay).

Responsibility for overseeing the annual review of executive pay (that of the Chief Executive Officer and the Director of School Improvement) is delegated to the Operations and Finance Committee who take care to follow a robust, evidence-based and transparent process for reviewing executive pay, in line with the Academies Financial Handbook.

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

Structure, governance and management (continued)

h. Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where a Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	2.35

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1% - 50%	2
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

	£
Total cost of facility time	1,143
Total pay bill	13,837,154
Percentage of total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

Paradigm is committed to school improvement and collaborates with a range of organisations to help develop and spread best practice. Old Ford Primary Academy was designated as a national teaching school in 2011. National teaching schools take a leading responsibility for supporting and assuring initial teacher training and professional and leadership development for teachers and leaders in their area.

Paradigm has a number of educational business partners including Bank of New York Mellon, The Mercers' Company, Ropes Trust and Thomson Reuters and is very grateful for the contributions they have made to improve the work of Paradigm's schools.

Culloden Primary Academy and Old Ford Primary Academy continue to engage with the Tower Hamlets Education Business Partnership which makes links between local businesses and the schools, providing support with reading, mathematics and via ICT partners. Solebay Primary Academy has maintained its links with Queen Mary University of London. Ipswich Academy has benefited from the Pilot Suffolk Social Mobility Project; four schools, of which Ipswich Academy is one, that serve the most disadvantaged wards in Suffolk have been allocated £240k to raise standards in their catchment areas. The project has been funded by Suffolk business rates.

To maximise impact, half of the funding has been split amongst six of the local primary schools including Murrayfield Primary Academy and Piper's Vale Primary Academy. The other half of the funding has been allocated to Ipswich Academy. The project concentrates on literacy (phonics) and mathematics (mastery approach) as well as parental engagement.

Ipswich is a DfE designated Opportunity Area of which Murrayfield Primary Academy, Piper's Vale Primary Academy and Ipswich Academy are a part. As of January this year, Helen Winn became a member of the Opportunity Area Partnership Board, giving her an opportunity to shape the strategic direction of the project. Ipswich Academy is leading on a number of projects including: a collaborative phonics programme; a GCSE mathematics Saturday school; a mental health project aimed at the engagement of parents; and key stage 3 English and mathematics intervention programmes.

Ipswich Academy and Murrayfield Primary Academy are part of a Suffolk headteachers peer review scheme and Helen Winn continued to serve on the Suffolk Association of Secondary Headteachers Executive Committee as the South-East headteacher representative and treasurer.

Paradigm Trust has developed a challenging and exciting teacher education programme designed to accelerate new teachers from novice to expert. We specialise in applying the best educational research and thought to the classroom. This approach has proven to be popular and successful with all 21 of our candidates this year rated good or outstanding by the end of the course with a full cohort ready to be trained next year. We are fully supported through our partnership with Essex ITT. Our Schools Direct salaried programme is designed for trainees who are ready to work in the classroom from the beginning with a salary being offered from the start. We have also established a partnership with the Institute of Education/UCL to enhance our leadership and management training offer.

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DIRECTORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

Paradigm's London schools have also worked closely with:

- Sustran Bike IT Tower Hamlets, in conjunction with TFL, to encourage our pupils to walk, cycle and use public transport when travelling to and from school. Culloden Primary Academy has submitted a bid for the 'Top Schools STARS award' at London's City Hall and we are hopeful of a successful outcome in the autumn term.
- Poplar Harca to support parent/carer community groups on the Aberfeldy estate and this summer have arranged an 8-12 years old summer play scheme to take place for one week over the summer break which is open to all pupils and young people on the Aberfeldy estate.
- BEE project (business, enterprise and employability) through the Tower Hamlets Education Business Partnership. BEE is a year-long project which helps primary school pupils develop financial literacy skills, supported by business volunteers. Volunteers lead a series of six workshops focusing on financial knowledge, enterprise and employability education.
- Open City project (OCP): architecture in schools, OCP is a creative learning programme for primary school pupils in years 4, 5 and 6. The programme aims to train teachers in how architecture can be used to teach a variety of subjects including art, design, English, mathematics, geography and science while improving children's drawing, model-making, communication and problem-solving skills. The aim of the programme is to inspire the next generation of city-shapers and for participants to understand how architecture informs the world around us. This year, Y5 pupils took part in the OCP programme and created a 'smart city.' The submission is currently part of a public exhibition on the OCP school's competition, in the roof garden of the new Canary Wharf Queen Elizabeth line station.

Through its Room 13 art studio, Old Ford Primary Academy has links with an international network of similar studios. Room 13 Old Ford Primary Academy has completed commissions for Galliard Homes and is working in partnership with the Roman Road Trust on a plastic reduction project. Galliard Homes is also providing financial support to regenerate an outdoor learning space.

Objectives and activities

a. Objects and aims

The Company's objects are set out in the Articles of Association and are restricted to advancing for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing:

- schools offering a broad and balanced curriculum; and/or
- educational institutions which provide education for children who may not receive suitable education unless alternative provision is made for them; and/or
- 16 to 19 academies; and/or
- schools organised to make special educational provision for pupils with special educational needs.

The Company also aims to promote the benefit of the residents of the areas in which the academies are situated.

In line with the objects set out in the Company's Articles of Association, its schools aim to provide a broad, balanced and relevant curriculum through outstanding teaching to ensure high educational standards are achieved by all of its pupils. This includes those pupils with special educational needs and disabilities and in particular, pupils attending the Deaf Support Base at Culloden Primary Academy.

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

Objectives and activities (continued)

b. Objectives, strategies and activities

In the academic year ending 31 August 2019, Paradigm continued to consolidate the achievements of its existing schools.

All Paradigm schools serve communities in areas of acute deprivation, where there are high levels of unemployment and the proportion of pupils receiving free school meals is much higher than the national average.

Paradigm's vision is to develop and sustain great schools where we can make the biggest difference for pupils.

Our values are:

- integrity - doing the right thing even when no one is watching.
- community - working together; learning from, and supporting, others.
- excellence - enabling everyone to achieve more through education.

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

c. Public benefit

In setting objectives and planning for activities, the Directors have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'. In particular, the additional guidance on the advancement of education for the public benefit and are satisfied that the Company is compliant. Further details of how Paradigm has achieved this are set out in the strategic report below.

Strategic report

Achievements and performance

a. Achievements and performance

All of the Paradigm schools have delivered strong academic outcomes over the course of the year.

The schools maintain strong links within the communities they serve. This has included work to engage parents/carers in the life of the schools. High profile events such as music concerts continue to demonstrate the quality of provision to the local communities and beyond. We have a variety of structures to engage with local stakeholders: academy councils; parent/carer fora; and a community council.

High quality teaching continues to be the most important feature of the success of Paradigm. Much work has been carried out to ensure that all staff have the resources and support to carry out their responsibilities with consistently high quality. Professional development features prominently in this work and at all levels within the schools. The impact of this work is assessed regularly by employing external experts to verify the quality of teaching and the impact on learning. The designation of Old Ford Primary Academy as a National Teaching School continues to provide opportunities for staff to share good practice in teaching, learning, leadership and management.

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

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

a. Financial review

Paradigm's income is derived in the main from the DfE via the Education and Skills Funding Agency ('ESFA') in the form of recurrent revenue and capital grants, the use of which is restricted to particular purposes. The grants received from the ESFA and other sources during the academic year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Financial Statements.

The Company also receives grants for fixed assets from the DfE. In accordance with the Charities document, '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) (effective January 2015)' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Further funds are sought from educational grants sponsorship, letting of sport facilities, the outsourcing of our outstanding central services capabilities and our designation as a National teaching school at Old Ford Primary Academy which provides support and training for trainee teachers, leaders and other schools facing challenging circumstances.

Old Ford Primary Academy forms part of Tower Hamlets Grouped Schools Private Finance Initiative (PFI) contract. On conversion to an academy, in accordance with the requirements for PFI schools converting to academy status, the Company was obliged to enter into a separate agreement that formed part of the PFI contract, which runs until 2027. Ownership of the land and buildings at the school was not transferred into the Company. The nature of the arrangements is deemed to be akin to serviced accommodation, and payments under the PFI contract are treated as a financial commitment in the Financial Statements. These PFI arrangements are considered by the Board to be far from ideal from the point of view of the school but are outside of the Board's control.

During the academic year ended 31 August 2019, the Company received incoming resources (excluding the value of net assets received from the transfer of academies) of £22,726,736 (2018: £22,030,570). Unrestricted and restricted general funds (excluding pension) generated a surplus of £359,764 (2018: £327,847) for the year.

The pension liability has increased to £3,863,000 (2018: £1,984,000). This is due to a significant fall in the discount rate from 2.8% to 1.8% (mainly arising from a fall in AA corporate bond yields) which serves to increase the value placed on the past service obligations.

The net book value of tangible fixed assets at 31 August 2019 was £40,920,498 (2018: £41,039,174); movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were primarily used for providing educational and associated support services to pupils and the community.

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DIRECTORS' REPORT (CONTINUED)
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Strategic report (continued)

Financial review (continued)

b. Reserves policy

The policy of the Trust is to carry forward at least a minimum level of resources designed to meet the long term cyclical needs of the schools as well as any unforeseen contingencies. As part of its monitoring of financial performance the Operations and Finance Committee as well as the Board review the forecast impact on reserves and the implications for future years spending.

Reserves are pooled centrally, other than any restricted funds which cannot be pooled. At the end of every year, any surplus generated by each school is transferred back into the central reserve. This is intended to facilitate the use of surplus funds in accordance with the Company's objects.

In the next year, it is anticipated that surplus funds will be used to:

- support additional investment in schools, as required, in order to secure improvements
- continue to develop the capacity of the Company - both educational and operational - so that it is able to respond to opportunities to grow and increase its contribution to the national educational system
- ensure that school operations are protected in the context of changes to funding arrangements or any unexpected expenditure.

The Operations and Finance Committee is authorised to determine the designation of reserves and to approve expenditure of designated reserves.

The Company held fund balances at 31 August 2019 of £40,517,384 (2018: £42,245,952) comprising £41,213,497 (2018: £41,422,829) of restricted fixed assets, £3,863,000 deficit (2018: £1,984,000 deficit) of pension reserve, £1,828,765 (2018: £1,690,073) of restricted funds and £1,338,122 (2018: £1,117,050) of unrestricted funds.

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

Strategic report (continued)

Financial review (continued)

c. Investment policy

The Company aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Company aims to invest surplus cash funds to optimise returns whilst ensuring the investment instruments are such that there is no material risk of loss to these cash funds.

This helps to ensure adequate cash balances are maintained in the current accounts to cover day-to-day working capital requirements and there is no material risk of loss in the capital value of any cash funds invested.

Cash flow statements projecting forward for at least the next 12 months are prepared monthly and monitored to ensure there are adequate liquid funds to meet all payroll related commitments, outstanding supply creditors that are due for payment and any other identified contingencies. Cash flow statements are reported to the Operations and Finance Committee on a monthly basis together with investment performance.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, this surplus may be invested in at least two of the following, at any one time, with no more than 60% of this surplus in any one account:

- interest bearing deposit accounts (including fixed term bonds with a term not exceeding six months) with any of the UK High Street banks with which we have an account.
- treasury deposits with maturity dates which do not result in the cash funds being unavailable for longer than six months.

It is permissible to have surplus cash invested on a rolling basis so that there is a phased increase or decrease in invested funds provided that Paradigm can revert to a fully liquid position within six months.

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DIRECTORS' REPORT (CONTINUED)
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Strategic report (continued)

Financial review (continued)

d. Principal risks and uncertainties

Paradigm operates a comprehensive risk management process, with risks being considered at a range of levels across the organisation and captured in a Trust register. The CEO leads the management activity relating to risk, with the Audit and Risk Committee providing non-executive challenge and scrutiny. Risk appetite is set by the Board and is reviewed on an annual basis.

The register is reviewed by senior managers (CEO; Principals; service heads) on a termly basis, including discussion at the Executive Committee, with updates provided to the Audit and Risk Committee in line with this schedule. The committee uses the risk register to monitor changes to the risk environment and the implementation of agreed risk mitigation actions.

It is formally received by the Board on a six monthly basis, unless there are developments which mean that it is necessary to escalate risks more rapidly.

A school-level/educational risk register is also in place. This is maintained by the CEO. Principals share their evaluation of school-level risks with their link Director, a member of the Board attributed to the school for guidance/advice/internal scrutiny. The educational risk register is reviewed by the Education Committee.

The principal residual risks identified in the risk register include:

- failure to deliver good or better pupil outcomes (results) in the Company's Ipswich schools;
- the loss of key senior personnel;
- the inability to recruit, retain and develop sufficient high quality staff (teachers, including senior teachers, and support staff);
- failure to recruit sufficient pupils, resulting in funding difficulties.

The key risk around pupil outcomes is mitigated by employing senior staff, having a robust monitoring process, the use of external reviewers, strong data management, strong recruitment processes and horizon scanning for any policy change.

If risks were to be listed in order of inherent risk, it is likely that child protection/safeguarding risks would be rated most highly. Paradigm has robust controls in place to address child protection/safeguarding risks and thus these do not feature in the list of principal residual risks.

Paradigm does not hold significant financial instruments and therefore considers that its only material financial risk is cash flow risk. It manages this risk on a continuous basis throughout the year by actively monitoring cash inflows and outflows and reconciling its cash position monthly.

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Strategic report (continued)

Financial review (continued)

e. Key financial performance indicators

The Company has adopted a number of financial KPIs which are shown below, to help monitor our financial performance and efficiency, both internally between our own academies and externally as compared to our peers.

	2018/19	2017/18	2016/17
Staff costs as % of total resources	67.86%	68.46%	68.78%
Pupil/Teacher Ratio	18.2	18.7	20.2
Revenue per pupil	£7,259	£6,861	£5,851
Total reserves (restricted income and unrestricted income funds)	£3,167k	£2,807k	£2,479k

PARADIGM TRUST
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

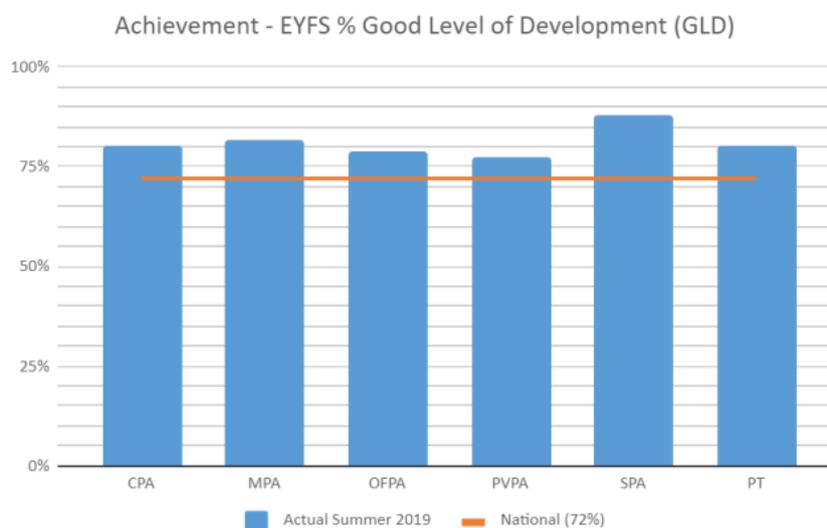
Strategic report (continued)

Financial review (continued)

f. Key performance indicators - Education

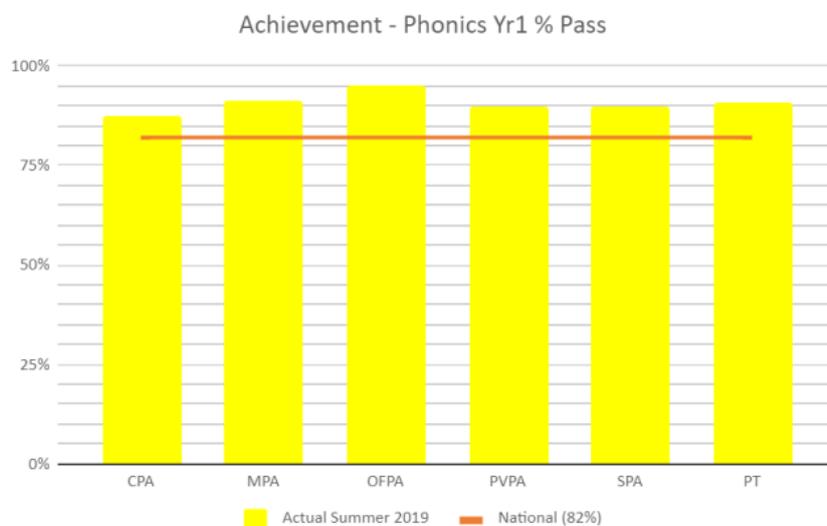
Foundation Stage

The proportion of pupils across Paradigm who achieved the good level of development (i.e. those pupils who achieved at least the expected level within all of the following areas of learning: communication and language; physical development; personal, social and emotional development; literacy; and mathematics) at the end of the foundation stage was significantly above the national benchmark.



Phonics

In Year 1, pupils are given a test on 40 pseudo and real words they are expected to be able to read. The proportion of pupils across Paradigm who passed the test was significantly in excess of national benchmarks.



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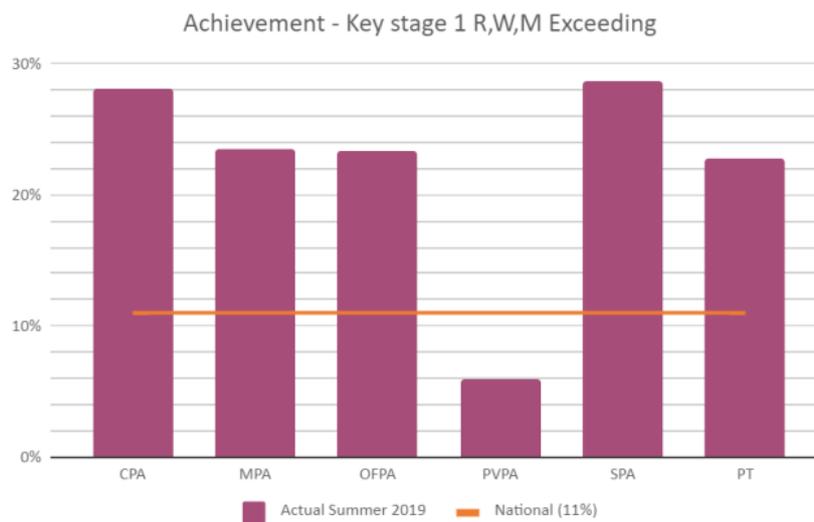
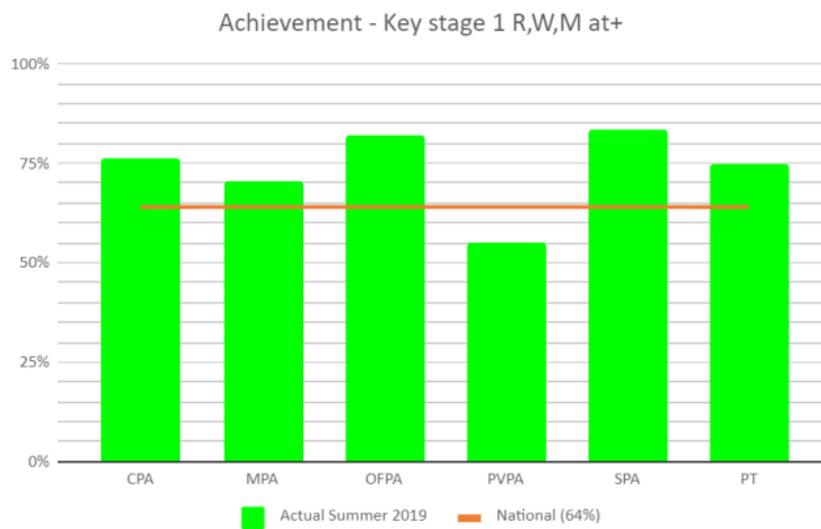
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Key Stage 1

The proportion of pupils across Paradigm who achieved the expected standard and the higher standard at the end of key stage 1 was significantly higher than national benchmarks.



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(A Company Limited by Guarantee)

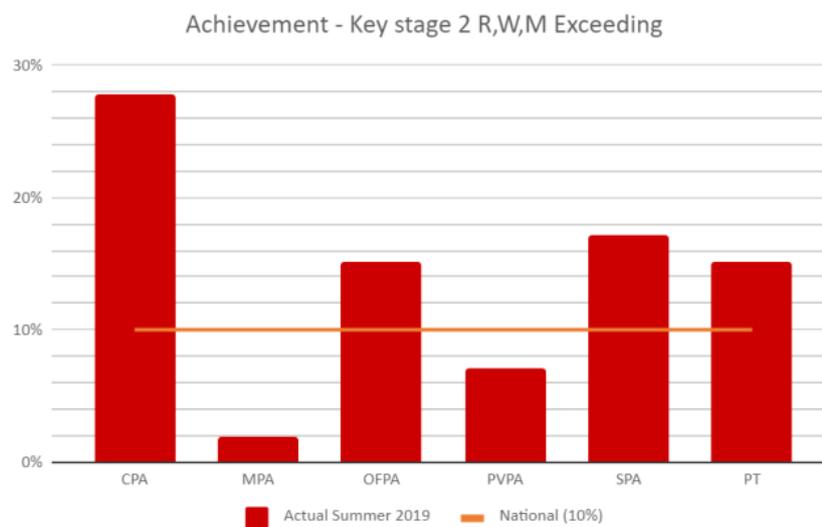
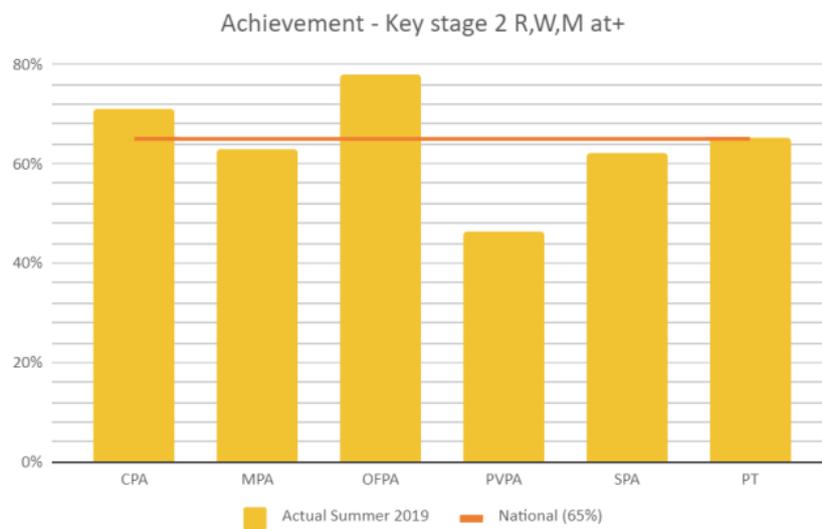
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Key Stage 2

The proportion of pupils who achieved the expected standards in reading, writing and mathematics by the end of key stage 2 ('KS2') was at or higher than national benchmarks. The amount of progress made by Paradigm pupils during KS2 was in line with, or in excess of, national benchmarks in all subjects.



PARADIGM TRUST
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Key Stage 3

Examinations were taken by all key stage 3 pupils in all subject areas to determine whether students had (by the end of Y7, Y8 and Y9) achieved the Ipswich Academy required standard. Success in these examinations indicates that students are well placed for GCSE study, with the clear potential to achieve a 'good pass' (a grade 5) by the end of Y11. The examinations which took place in summer 2019 demonstrated that students are making good progress relative to their end of KS2 starting points.

Key Stage 4

Students at Ipswich Academy made progress at a rate which was in line with the national benchmark. This continues to represent a strong achievement given the socio-economic challenges facing many of our students and where the school was when joining Paradigm.

In addition, the school achieved its best ever English and mathematics combined grade 9-4 results at 56%, which is 12 percentage points higher than last year. Ipswich Academy students achieved 19 grade 9s across a variety of subjects.

Fundraising

Paradigm carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The Trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

Plans for future periods

Paradigm will continue to build on the aims and objectives referred to previously by:

- sustaining high achievement at its London primary schools and Ipswich Academy;
- continuing to implement improvement strategies at Murrayfield Primary Academy and Piper's Vale Primary Academy so as to further accelerate progress and improve the life chances for all pupils who attend the schools;
- embedding coaching as a tool to support staff development across the Trust;
- developing a shared curriculum, and linked assessment resources, which flow seamlessly KS1-KS3;
- developing curriculum network groups so that they make a confident and autonomous contribution across Paradigm;
- forging close partnerships working with additional schools and Trusts;
- developing and retaining internal staff and recruiting/inducting additional staff from external sources, so as to reduce our usage of agency staff;
- continuing to horizon scan in relation to changes in funding arrangements and improving the Trust's efficiency through smarter procurement;
- strengthening our marketing activities with a view to increasing the number of pupils who attend Paradigm schools and to attract high quality staff;
- exploring opportunities to acquire or establish additional schools.

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Funds held as custodian on behalf of others

Paradigm holds and disburses grant funding from the Ipswich Social Mobility Grant of which Ipswich Academy, Murrayfield Primary Academy and Piper's Vale Primary Academy benefit alongside other schools in the local area. The Directors believe that the allocation of this grant is within its own objectives, to raise pupil achievement.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

Employee consultation and disabled employees

The Directors encourage staff contributions at all levels and collaboration between academies. Principals also meet regularly to share knowledge and best practice. Academies hold regular meetings and briefings. New staff are fully inducted and teachers take part in training before the start of and during the school year. During the academic year, employees were asked to take part in a staff survey – the results of which were discussed at Board level. An action plan has been formulated to address any concerns raised.

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

Disabled persons

Paradigm takes all reasonable steps to ensure that there is appropriate access for all persons to all main areas of Paradigm's schools. Paradigm supports the recruitment and retention of staff and students that have disabilities and will, where possible, ensure that any necessary support is provided. In the event of a student or member of staff becoming disabled, every effort is made to ensure that they receive all the necessary support that is required.

PARADIGM TRUST
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditors

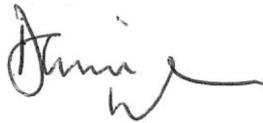
Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Directors 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.

Auditors

The auditors, MA Partners Audit LLP, have indicated their willingness to continue in office. The designated Directors will propose a motion reappointing the auditors at a meeting of the Directors.

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 17 December 2019 and signed on its behalf by:



D Willis
(Chairman)

PARADIGM TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Paradigm 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 Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Paradigm Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 9 times during the year.

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

Director	Meetings attended	Out of a possible
B Bryant (resigned 31 August 2019)	3	9
V Hiscock	7	9
B Holledge, Chief Executive	9	9
D Hughes	9	9
V Karas	2	9
J Martin, Vice Chair	9	9
L Pipe	9	9
A Rahman	5	9
D Syndercombe Court	7	9
P Wallace	9	9
D Willis, Chairman	9	9

Ben Bryant resigned as a Director and member of the Education Committee on 31 August 2019. Ben has provided great commitment and challenge to the committee and we are grateful for the support and time he has given to the Trust.

Christopher Crozier resigned as a Member of the Trust and as a member of the Audit and Risk Committee on 2 September 2019. Christopher was a founding member of the Trust and the former chairman of the Board. We are extremely grateful for the support, expertise and endless hours of commitment he has dedicated to support us to be the Trust that we are today.

During the year 2018-19 terms of reference for each of the committees that feed into the Board were reviewed at committee and Board level and there was a full review of the Scheme of Delegation. The committees also conducted effectiveness reviews with their members. A Board effectiveness review and 1:1s with Directors were conducted in Summer 2018. The results from the review were shared with the Directors in October 2018. The results from the review included reducing Board meetings to three per term and where there were not academy deep dives scheduled, thematic topics decided by the Education Committee were reported to the Board.

PARADIGM TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Operations and Finance Committee is a sub-committee of the main Board of Directors. Its purpose is to:

- hold the Accounting Officer accountable for the operation of the Company;
- inform the decisions of the Board in their decision making process.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
B Holledge, Chief Executive	9	9
D Willis	9	9
J Martin, Chairman	9	9
V Karas	2	9
L Pipe	9	9

The Audit and Risk Committee is a sub-committee of the main Board of Directors. Its purpose is to:

- review the risks identified by the CEO and advise the necessary actions required to mitigate these risks;
- receive the internal auditor's report and follow up on any action points arising from these reports;
- scrutinise the financial statements and meet with the external auditors to discuss their findings;
- receive the Trust annual Child Protection audit reports and the Local Authority safeguarding audit reports.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
C Crozier, co-opted Member (resigned 2 September 2019)	4	4
J Martin	4	4
P Wallace, Chairman	4	4
V Hiscock	3	4

The Education Committee is a sub-committee of the main Board of Directors. Its purpose is to:

- monitor the educational performance of each of Paradigm's schools and to;
- consider educational aims and setting appropriate performance targets;
- adopt, monitor and review the Trust curriculum statements.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
A Kadri, co-opted Member	4	5
B Bryant (resigned 31 August 2019)	2	5
B Holledge, Chief Executive	5	5
D Syndercombe Court, Chairman	5	5
P Wallace	4	5
D Hughes	4	5

PARADIGM TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

Improving educational outcomes

Focused, school-level improvement - Paradigm's Ipswich schools have achieved a step change in performance in terms of their achievement data while the London schools have consolidated their existing strengths. Ofsted recognised the change at Ipswich Academy, grading it as 'good' overall with leadership and management rated as 'outstanding.'

Focus on individual pupils - the Trust has been highly effective in meeting the differing needs of the pupils that it serves, narrowing the gap between disadvantaged and other pupils, and also supporting pupils who have additional needs and/or are higher attaining.

Collaboration - the Trust has continued to work with a wide range of strategic partners (schools and other) in order to spread good practice. Shared curriculum development across the Trust has been a particular success.

Better purchasing

The Company has a dedicated Head of Procurement in order to focus on synergies and Trust-wide contracts where possible in order to secure value for money. The Company has taken opportunities for collaborative working across its schools to reduce and share administration and procurement costs. Services and contracts were regularly appraised for quality and outcome. Where it was thought that improved economies could be achieved, several quotes for work were obtained; a formal tender process operated for larger expenditures. The Company has made effective use of public sector framework contracts to ensure value for money.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Paradigm 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 Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

PARADIGM TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with three year financial plans and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Operations and Finance 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 Directors has considered the need for a specific internal audit function and have appointed Mazars as internal auditors.

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

- Estates management
- IT security and disaster recovery
- Budgetary control and financial planning
- GDPR
- Trust financial handbook desktop review
- Follow up on risk management, due diligence and key financial controls

The internal auditor reported to the Audit and Risk Committee and findings were discussed by the Committee with management and the internal auditor. A number of recommendations for improvements were made and the Committee will monitor implementation of the actions agreed with management. The process and findings were then reported to the Board.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- discussions at Board, Operations and Finance Committee and Audit and Risk Committee;
- the work of the executive managers within the Trust who have responsibility for the development; and
- maintenance of the internal control framework.

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

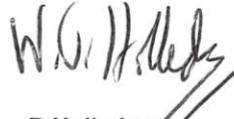
PARADIGM TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Directors on 17 December 2019 and signed on their behalf by:



D Willis
(Chairman)



B Holledge
(Accounting Officer)

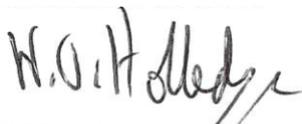
PARADIGM TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



B Holledge
(Accounting Officer)
Date: 17 December 2019

PARADIGM TRUST
(A Company Limited by Guarantee)

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

The Directors (who are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' 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 Directors to prepare Financial Statements for each financial year. Under company law the Directors 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 Directors are required to:

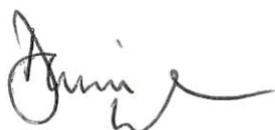
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 Directors 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 Directors 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 Directors 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 Directors on 17 December 2019 and signed on its behalf by:



D Willis
(Chairman)

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Other information

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 schools not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors (who are also the Directors of the 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 Directors 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 Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable Trust and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Frank Shippam BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of

MA Partners Audit LLP

Statutory Auditor

Chartered Accountants

7 The Close

Norwich

Norfolk

NR1 4DJ

18 December 2019

PARADIGM TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 4 June 2019 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 Paradigm 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 Paradigm Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Paradigm Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Paradigm Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Paradigm Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Paradigm Trust's funding agreement with the Secretary of State for Education dated 28 August 2013 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Our procedures included, but were not limited to, the following:

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of Directors and management;
- Performing an evaluation of the general control environment;
- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefitted from any transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing of restricted income to ensure it has been spent as the purposes intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with Annex C: Schedule of requirements (the "musts") of the Academies Financial Handbook 2018.

Where applicable, this work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

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.

MA Partners Audit LLP

MA Partners Audit LLP
7 The Close
Norwich
Norfolk
NR1 4DJ

Date: 18 December 2019

PARADIGM TRUST
(A Company Limited by Guarantee)

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and capital grants:					
3 Transfer into the MAT	-	-	-	-	5,801,620
Other donations and capital grants	15,157	-	471,746	486,903	390,075
Charitable activities	232,213	21,856,687	-	22,088,900	21,465,895
Other trading activities	104,977	26,291	-	131,268	171,333
Investments	6 19,665	-	-	19,665	3,267
Total income	372,012	21,882,978	471,746	22,726,736	27,832,190
Expenditure on:					
Charitable activities	150,940	21,829,692	919,672	22,900,304	22,347,501
Total expenditure	150,940	21,829,692	919,672	22,900,304	22,347,501
Net income/(expenditure)	221,072	53,286	(447,926)	(173,568)	5,484,689
Transfers between funds	18 -	(238,594)	238,594	-	-
Net movement in funds before other recognised gains/(losses)	221,072	(185,308)	(209,332)	(173,568)	5,484,689
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	23 -	(1,555,000)	-	(1,555,000)	834,000
Net movement in funds	221,072	(1,740,308)	(209,332)	(1,728,568)	6,318,689

PARADIGM TRUST
(A Company Limited by Guarantee)

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

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Reconciliation of funds:					
Total funds brought forward	1,117,050	(293,927)	41,422,829	42,245,952	35,927,263
Net movement in funds	221,072	(1,740,308)	(209,332)	(1,728,568)	6,318,689
Total funds carried forward	<u>1,338,122</u>	<u>(2,034,235)</u>	<u>41,213,497</u>	<u>40,517,384</u>	<u>42,245,952</u>

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

The notes on pages 43 to 73 form part of these financial statements.

PARADIGM TRUST
(A Company Limited by Guarantee)
Registered Number: 08469218

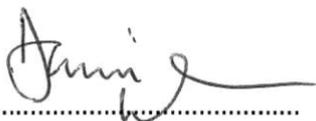
BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	40,920,498	41,039,174
		<u>40,920,498</u>	<u>41,039,174</u>
Current assets			
Debtors	15	1,115,399	1,211,595
Investments	16	1,000,000	-
Cash at bank and in hand		2,972,164	3,794,994
		<u>5,087,563</u>	<u>5,006,589</u>
Creditors: amounts falling due within one year	17	<u>(1,627,677)</u>	<u>(1,815,811)</u>
Net current assets		3,459,886	3,190,778
Total assets less current liabilities		44,380,384	44,229,952
Net assets excluding pension liability		44,380,384	44,229,952
Defined benefit pension scheme liability	23	<u>(3,863,000)</u>	<u>(1,984,000)</u>
Total net assets		40,517,384	42,245,952
Funds of the Trust			
Restricted funds:			
Fixed asset funds	18	41,213,497	41,422,829
Restricted income funds	18	1,828,765	1,690,073
		<u>43,042,262</u>	<u>43,112,902</u>
Restricted funds excluding pension asset	18	43,042,262	43,112,902
Pension reserve	18	<u>(3,863,000)</u>	<u>(1,984,000)</u>
Total restricted funds	18	39,179,262	41,128,902
Unrestricted income funds	18	1,338,122	1,117,050
Total funds		40,517,384	42,245,952

PARADIGM TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 38 to 73 were approved by the Directors, and authorised for issue on 17 December 2019 and are signed on their behalf, by:



.....
D Willis
(Chairman)

The notes on pages 43 to 73 form part of these financial statements.

PARADIGM TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	486,755	(237,170)
Cash flows from investing activities	21	(1,309,585)	102,428
Change in cash and cash equivalents in the year		(822,830)	(134,742)
Cash and cash equivalents at the beginning of the year		3,794,994	3,829,116
Cash funds transferred on conversion		-	100,620
Cash and cash equivalents at the end of the year	22	2,972,164	3,794,994

The notes on pages 43 to 73 from part of these financial statements

PARADIGM TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

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

PARADIGM TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

PARADIGM TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £2,000 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 straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold buildings	- 50 years straight line
Long-term leasehold buildings	- 45-50 years straight line
Long-term leasehold land	- Over the term of the lease
Furniture and equipment	- 7 years straight line
Plant and equipment	- 10 years straight line
Computer equipment	- 3 years straight line
Leasehold improvements	- 5-10 years 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.

1.7 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.

1.8 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.

Cash investments with a maturity date of at least three months from the date of acquisition or opening of the deposit or similar account are recognised as short-term investments.

PARADIGM TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.9 Liabilities

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

1.10 Financial instruments

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

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

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

1.11 Pensions

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

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

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

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

PARADIGM TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.12 Agency arrangements

The Trust acts as an agent in distributing funds from the Suffolk social mobility project. Payments received and subsequent disbursements are excluded from the statement of financial activities as the Trust does not have control over the charitable applications of the funds. The funds received and paid and any balances held are disclosed in note 27.

1.13 Fund accounting

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

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.

PARADIGM TRUST
(A Company Limited by Guarantee)

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

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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.

In assessing the carrying value of tangible fixed assets the Directors estimate the anticipated useful lives and residual values of the assets. There have been no significant revisions to these estimations in the current financial period.

Critical areas of judgement:

The school building at Old Ford Primary Academy is under a 25 year PFI contract. In the opinion of the Directors, the risks and rewards of ownership have not transferred to the Trust. The London Borough of Tower Hamlets continues to recognise the asset within their balance sheet as part of property, plant and equipment. Consequently no value for land and buildings related to this contract have been included in these financial statements.

PARADIGM TRUST
(A Company Limited by Guarantee)

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

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations - transfer into the multi-academy trust	-	-	-	5,801,620
Other donations	15,157	-	15,157	14,215
Capital grants	-	471,746	471,746	375,860
Total 2019	<u>15,157</u>	<u>471,746</u>	<u>486,903</u>	<u>6,191,695</u>
<i>Total 2018</i>	<u>114,835</u>	<u>6,076,860</u>	<u>6,191,695</u>	

PARADIGM TRUST
(A Company Limited by Guarantee)

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

4. Funding for the Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	16,840,919	16,840,919	16,247,036
Pupil Premium	-	1,674,227	1,674,227	1,959,267
Universal Infant Free School Meals	-	265,509	265,509	129,989
Schools Direct funding	-	210,436	210,436	254,667
Teachers' pay grant	-	119,972	119,972	-
Rates relief	-	119,245	119,245	120,293
PE and sports grant	-	98,740	98,740	98,580
Teaching school grant	-	40,000	40,000	40,000
Start up grants	-	7,250	7,250	21,365
Other ESFA grants	-	116,312	116,312	122,979
	-	19,492,610	19,492,610	18,994,176
Other Government grants				
LA - Early years funding	-	1,012,104	1,012,104	1,063,531
LA - High needs top up	-	792,913	792,913	745,834
LA - Mayor's meals	-	204,239	204,239	201,163
LA - Expansion funding	-	136,685	136,685	135,750
LA - Pupil Premium	-	54,770	54,770	70,678
Other LA grants	-	128,366	128,366	17,980
	-	2,329,077	2,329,077	2,234,936
Other income from the Trust's educational operations				
Other grants	-	35,000	35,000	-
Catering income	138,706	-	138,706	145,697
Trip income	55,946	-	55,946	46,217
Clubs income	37,561	-	37,561	44,869
Total 2019	232,213	21,856,687	22,088,900	21,465,895
<i>Total 2018</i>	<i>257,513</i>	<i>21,208,382</i>	<i>21,465,895</i>	

PARADIGM TRUST
(A Company Limited by Guarantee)

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

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Hire of facilities	54,713	-	54,713	51,589
Insurance income	-	8,073	8,073	51,150
Other income	50,264	18,218	68,482	68,594
Total 2019	<u>104,977</u>	<u>26,291</u>	<u>131,268</u>	<u>171,333</u>
<i>Total 2018</i>	<u>65,760</u>	<u>105,573</u>	<u>171,333</u>	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	19,665	19,665	3,267
	<u>19,665</u>	<u>19,665</u>	<u>3,267</u>

PARADIGM TRUST
(A Company Limited by Guarantee)

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

7. Expenditure

	Staff costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	<i>Total 2018 £</i>
Trust's educational operations:					
Direct costs	14,366,186	-	2,088,383	16,454,569	16,684,052
Allocated support costs	2,211,104	2,547,742	1,646,889	6,405,735	6,084,030
Teaching school:					
Direct costs	40,000	-	-	40,000	40,000
Total 2019	<u>16,617,290</u>	<u>2,547,742</u>	<u>3,735,272</u>	<u>22,900,304</u>	<u>22,808,082</u>
<i>Total 2018</i>	<u>15,834,340</u>	<u>2,333,968</u>	<u>4,639,774</u>	<u>22,808,082</u>	

8. Charitable activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Educational operations	16,454,569	6,405,735	22,860,304	22,347,501
Teaching school	40,000	-	40,000	-
Total 2019	<u>16,494,569</u>	<u>6,405,735</u>	<u>22,900,304</u>	<u>22,347,501</u>
<i>Total 2018</i>	<u>16,263,471</u>	<u>6,084,030</u>	<u>22,347,501</u>	

PARADIGM TRUST
(A Company Limited by Guarantee)

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

8. Charitable activities (continued)

Analysis of direct costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Learning resources and other direct costs	1,881,807	1,985,330
Direct staff costs	11,940,750	11,194,421
Agency supply costs	2,173,676	2,567,086
Staff development and other staff costs	291,760	349,490
Trip costs	142,366	125,509
Examination fees	64,211	41,635
Total 2019	16,494,569	<i>16,263,471</i>

Analysis of support costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Pension interest	59,000	65,000
Support staff costs	2,157,452	1,637,400
Agency supply costs	53,652	85,943
Technology costs	61,585	17,335
Premises costs	1,671,384	1,938,037
Insurance	64,857	62,023
Catering	959,684	888,988
Other support costs	283,857	221,743
Depreciation	919,672	856,512
Governance costs	174,592	311,049
Total 2019	6,405,735	<i>6,084,030</i>

PARADIGM TRUST
(A Company Limited by Guarantee)

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

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	<i>2018</i>
	£	£
Operating lease rentals	42,593	<i>47,103</i>
Depreciation of tangible fixed assets	919,672	<i>856,512</i>
Fees paid to auditors for:		
- audit	13,500	<i>32,270</i>
- other services	27,275	<i>14,450</i>
	<u>919,672</u>	<u><i>856,512</i></u>

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	11,218,885	10,316,752
Social security costs	1,108,606	850,146
Pension costs	1,737,999	1,625,121
	<u>14,065,490</u>	<u>12,792,019</u>
Agency staff costs	2,227,328	2,653,029
Staff restructuring costs	32,712	39,802
Staff development and other staff costs	291,760	349,490
	<u>16,617,290</u>	<u>15,834,340</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	32,712	39,802
	<u>32,712</u>	<u>39,802</u>

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

Included in staff restructuring costs are non-statutory / non-contractual severance payments totaling £32,712 (2018: £39,802). Individually, the payments were: £10,437 and £22,275.

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

10. Staff costs (continued)

c. Staff numbers

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

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	160	<i>137</i>
Administration and support	100	<i>104</i>
Management	34	<i>34</i>
Classroom support staff	160	<i>186</i>
	<hr/> 454 <hr/>	<hr/> <i>461</i> <hr/>

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	142	<i>124</i>
Administration and support	33	<i>46</i>
Management	33	<i>33</i>
Classroom support staff	108	<i>130</i>
	<hr/> 316 <hr/>	<hr/> <i>333</i> <hr/>

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

10. Staff costs (continued)

d. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	11	<i>5</i>
In the band £70,001 - £80,000	4	<i>1</i>
In the band £80,001 - £90,000	2	<i>1</i>
In the band £90,001 - £100,000	2	<i>1</i>
In the band £100,001 - £110,000	1	<i>1</i>
In the band £160,001 - £170,000	-	<i>1</i>
In the band £180,001 - £190,000	1	<i>-</i>
	=====	=====

e. Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £1,207,428 (2018: £938,165).

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

11. Central services

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

- Advisory
- Company secretarial
- Data and performance
- Finance
- Governance
- Human resources
- Legal
- Operations
- Procurement
- Teaching and learning

The Trust charges for these services on the following basis:

Costs charged to each school based on pupil numbers

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Culloden Primary Academy	455,868	328,502
Ipswich Academy	545,724	414,612
Old Ford Primary Academy	475,920	380,556
Solebay Primary Academy	239,112	189,663
Murrayfield Primary Academy	158,988	125,930
Piper's Vale Primary Academy	169,116	128,146
Total	2,044,728	1,567,409

In addition, GAG income for each academy is pooled. An appeals mechanism is in place in accordance with the Academies Financial Handbook should a Principal feel that the academy has been unfairly treated.

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

12. Directors' remuneration and expenses

One Director has been paid remuneration or has received other benefits from an employment with the Trust. This Director only receives remuneration in respect of services they provide undertaking the role of CEO under their contract of employment. The value of Directors' remuneration and other benefits was as follows:

		2019	2018
		£	£
B Holledge, Chief Executive (appointed 1 March 2018)	Remuneration	185,000 - 190,000	<i>85,000 - 90,000</i>
	Pension contributions paid	25,000 - 30,000	<i>15,000 - 20,000</i>

After a rigorous external recruitment process, B Holledge was appointed as a Director on 1 March 2018. During the prior year he received remuneration and had employer contributions paid between that date and 31 August 2018.

During the year ended 31 August 2019, travel and subsistence expenses totaling £2,938 were reimbursed or paid directly to 5 Directors (*2018 - £4,039 to 5 Directors*).

13. Directors' and Officers' insurance

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Directors 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 Directors and officers indemnity element from the overall cost of the RPA scheme membership.

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

14. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture, plant and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	8,256,076	34,833,105	500,548	724,885	44,314,614
Additions	10,369	535,351	5,795	249,481	800,996
At 31 August 2019	<u>8,266,445</u>	<u>35,368,456</u>	<u>506,343</u>	<u>974,366</u>	<u>45,115,610</u>
Depreciation					
At 1 September 2018	292,487	2,159,125	199,894	623,934	3,275,440
Charge for the year	73,239	706,847	71,303	68,283	919,672
At 31 August 2019	<u>365,726</u>	<u>2,865,972</u>	<u>271,197</u>	<u>692,217</u>	<u>4,195,112</u>
Net book value					
At 31 August 2019	<u><u>7,900,719</u></u>	<u><u>32,502,484</u></u>	<u><u>235,146</u></u>	<u><u>282,149</u></u>	<u><u>40,920,498</u></u>
At 31 August 2018	<u><u>7,963,589</u></u>	<u><u>32,673,980</u></u>	<u><u>300,654</u></u>	<u><u>100,951</u></u>	<u><u>41,039,174</u></u>

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	50,743	21,209
Other debtors	25,262	67,040
Prepayments and accrued income	694,492	798,489
VAT recoverable	344,902	324,857
	<u><u>1,115,399</u></u>	<u><u>1,211,595</u></u>

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

16. Current asset investments

	2019 £	2018 £
Unlisted investments	1,000,000	-

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	303,946	632,190
Other taxation and social security	-	116,177
Other creditors	84,765	306,997
Accruals and deferred income	1,238,966	760,447
	1,627,677	1,815,811

	2019 £	2018 £
Deferred income at 1 September 2018	170,032	76,067
Resources deferred during the year	256,087	170,032
Amounts released from previous periods	(170,032)	(76,067)
	256,087	170,032

Included within deferred income are the following amounts which all relate to the period post year end:

Universal Infant Free School Meals funding of £152,314
Rates relief funding of £70,324
Other Local Authority grants of £33,449

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

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General fund	1,117,050	372,012	(150,940)	-	-	1,338,122
Restricted general funds						
General Annual Grant (GAG)	1,690,073	16,840,919	(15,885,633)	(816,594)	-	1,828,765
Start up grant	-	7,250	(7,250)	-	-	-
Pupil Premium - ESFA	-	1,674,227	(1,674,227)	-	-	-
Pupil Premium - LA	-	54,770	(54,770)	-	-	-
Free school meals - ESFA	-	265,509	(265,509)	-	-	-
Teachers' pay grant	-	119,972	(119,972)	-	-	-
Rates relief	-	119,245	(119,245)	-	-	-
PE and sports grant	-	98,740	(98,740)	-	-	-
Schools Direct	-	210,436	(210,436)	-	-	-
Teaching school	-	40,000	(40,000)	-	-	-
Other ESFA grants	-	116,312	(116,312)	-	-	-
Early years	-	1,012,104	(1,012,104)	-	-	-
High needs	-	792,913	(792,913)	-	-	-
Mayor's meals	-	204,239	(204,239)	-	-	-
Expansion funding	-	136,685	(136,685)	-	-	-
Other LA grants	-	128,366	(128,366)	-	-	-
Other grants	-	35,000	(35,000)	-	-	-
Other restricted income	-	26,291	(26,291)	-	-	-
Pension reserve	(1,984,000)	-	(902,000)	578,000	(1,555,000)	(3,863,000)
	(293,927)	21,882,978	(21,829,692)	(238,594)	(1,555,000)	(2,034,235)

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

18. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Transfer on conversion	40,105,830	-	(777,005)	-	-	39,328,825
DfE group capital grants	937,482	471,746	(67,710)	(17,561)	-	1,323,957
Capital expenditure from GAG	240,140	-	(54,636)	256,155	-	441,659
Private sector capital sponsorship	139,377	-	(20,321)	-	-	119,056
	<u>41,422,829</u>	<u>471,746</u>	<u>(919,672)</u>	<u>238,594</u>	<u>-</u>	<u>41,213,497</u>
Total Restricted funds	<u>41,128,902</u>	<u>22,354,724</u>	<u>(22,749,364)</u>	<u>-</u>	<u>(1,555,000)</u>	<u>39,179,262</u>
Total funds	<u><u>42,245,952</u></u>	<u><u>22,726,736</u></u>	<u><u>(22,900,304)</u></u>	<u><u>-</u></u>	<u><u>(1,555,000)</u></u>	<u><u>40,517,384</u></u>

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

The General Annual Grant (GAG) is for the normal running costs of the schools within the Trust. The following transfers have been made from GAG: £578,000 to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme and £255,479 to restricted fixed asset funds relating to assets purchase. £16,885 was transferred to GAG relating to revenue expenditure from capital funds.

Start up grants are provided to cover some of the disproportionate costs of operating a new school with empty or partial year groups.

The Pupil Premium income has been provided by the ESFA and Local Authority to help raise the attainment of disadvantaged pupils.

Funding was received from the ESFA to assist with the provision of Universal Infant Free School Meals.

Teachers' pay grant was received from the ESFA to cover the additional costs of the agreed teachers' pay increase for the academic year.

Rates relief is received from the ESFA towards the cost of rates for the Trust.

The PE and sports grant represents funding received towards the cost of improving PE provision.

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

18. Statement of funds (continued)

Schools Direct income was received as a contribution to the training and salary costs of trainees on the ITT programme.

Teaching school funding includes grant income from the National College for Teaching and Leadership.

Early years funding is utilised to operate nurseries at Culloden Primary Academy, Murrayfield Primary Academy, Old Ford Primary Academy, Piper's Vale Primary Academy and Solebay Primary Academy.

High needs top up funding is received from Local Authorities and is focused on children with special educational needs. This funding is utilised on SEN co-ordinators and additional teaching resources orientated to support normal curriculum learning.

Mayor's meals income was received from London Borough of Tower Hamlets for our London schools to pay for school meals for all key stage 2 children.

Expansion funding was received from London Borough of Tower Hamlets as an additional form of entry was taken on at Culloden Primary Academy during the year.

The pension reserve deficit at the year end was £3,863,000 and represents the Trust's share of the deficit of the relevant Local Government Pension Schemes.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Central Services	3,166,887	2,807,123
Restricted fixed asset fund	41,213,497	41,422,829
Pension reserve	(3,863,000)	(1,984,000)
Total	40,517,384	42,245,952

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

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	<i>Total 2018 £</i>
Culloden Primary Academy	3,184,414	181,676	355,438	613,859	4,335,387	4,344,403
Ipswich Academy	3,459,089	265,420	483,021	497,066	4,704,596	4,690,688
Old Ford Primary Academy	3,057,603	212,917	316,457	951,800	4,538,777	4,382,862
Solebay Primary Academy	1,445,547	125,593	294,360	352,503	2,218,003	2,096,435
Murrayfield Primary Academy	1,452,567	97,067	143,686	312,848	2,006,168	2,009,037
Piper's Vale Primary Academy	1,330,587	126,504	195,316	249,172	1,901,579	2,009,021
Central Services	476,379	1,201,927	300,105	297,711	2,276,122	1,958,543
Trust	14,406,186	2,211,104	2,088,383	3,274,959	21,980,632	21,490,989

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

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds					
General funds	697,932	492,525	(73,407)	-	1,117,050
Restricted general funds					
General Annual Grant (GAG)	1,706,414	16,247,036	(16,053,813)	(209,564)	1,690,073
Start up grants	-	21,365	(21,365)	-	-
Other DfE/ESFA grants	-	2,723,025	(2,723,025)	-	-
Other government grants	-	2,216,956	(2,216,956)	-	-
Other capital funds	74,930	-	-	(74,930)	-
Other restricted funds	-	54,423	(54,423)	-	-
Pension reserve	(1,989,000)	(481,000)	(348,000)	834,000	(1,984,000)
	(207,656)	20,781,805	(21,417,582)	549,506	(293,927)
Restricted fixed asset funds					
Transfer on conversion	34,573,439	6,182,000	(649,609)	-	40,105,830
DfE group capital grants	720,794	375,860	(165,847)	6,675	937,482
Capital expenditure from GAG	86,525	-	(24,176)	177,791	240,140
Private sector capital sponsorship	56,229	-	(16,880)	100,028	139,377
	35,436,987	6,557,860	(856,512)	284,494	41,422,829
Total Restricted funds	35,229,331	27,339,665	(22,274,094)	834,000	41,128,902
Total funds	35,927,263	27,832,190	(22,347,501)	834,000	42,245,952

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

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	40,920,498	40,920,498
Current assets	1,338,122	3,456,443	292,999	5,087,564
Creditors due within one year	-	(1,627,678)	-	(1,627,678)
Provisions for liabilities and charges	-	(3,863,000)	-	(3,863,000)
Total	1,338,122	(2,034,235)	41,213,497	40,517,384

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	41,039,174	41,039,174
Current assets	1,117,050	3,505,884	383,655	5,006,589
Creditors due within one year	-	(1,815,811)	-	(1,815,811)
Provisions for liabilities and charges	-	(1,984,000)	-	(1,984,000)
Total	1,117,050	(293,927)	41,422,829	42,245,952

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

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

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(173,568)	5,484,689
Adjustments for:		
Depreciation	919,672	856,512
Capital grants from DfE and other capital income	(471,746)	(375,860)
Interest receivable	(19,665)	(3,267)
Defined benefit pension scheme cost less contributions payable	265,000	283,000
Defined benefit pension scheme finance cost	59,000	65,000
Decrease/(increase) in debtors	96,196	(846,354)
(Decrease)/increase in creditors	(188,134)	100,730
Net surplus on conversion to academy	-	(5,801,620)
Net cash provided by/(used in) operating activities	486,755	(237,170)

21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	19,665	3,267
Purchase of tangible fixed assets	(800,996)	(276,699)
Purchase of investments	(1,000,000)	-
Capital grants from DfE Group	471,746	375,860
Net cash (used in)/provided by investing activities	(1,309,585)	102,428

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	859,998	3,794,994
Notice deposits (less than 3 months)	2,112,166	-
Total cash and cash equivalents	2,972,164	3,794,994

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

23. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. The Trust operates two separate LGPS pension schemes which are managed by London Borough of Tower Hamlets (LBTH) and Suffolk County Council (SCC). All are multi-employer defined benefit schemes.

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

A further valuation of the LGPS was underway at the date of signing of these accounts, but the results were not finalised and therefore are not reflected within this note.

Contributions amounting to £22,279 were payable to the schemes at 31 August 2019 (2018 - £101,537) and are included within creditors.

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 2016 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 in March 2019. The key elements of the valuation and subsequent consultation are:

- an increase in employer rates from 16.48% to 23.68% of pensionable pay (including a 0.08% employer administration charge), this rise has been delayed from 1 April 2019 to 1 September 2019
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- there will be funding from the DFE for the financial year 2019/20 to help maintained schools and academies meet the additional costs resulting from the scheme valuation. Funding for 2020/21 onwards will be discussed as part of the next Spending Review round.

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

23. Pension commitments (continued)

The TPS valuation for 2016 determined an employer rate of 23.6%, which is payable from September 2019. The next valuation of the TPS will be at March 2020 and will be based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £900,316 (2018 - £834,711).

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 Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £726,000 (2018 - £660,000), of which employer's contributions totalled £578,000 (2018 - £535,000) and employees' contributions totalled £ 148,000 (2018 - £125,000). The agreed contribution rates for future years are 21.3-25.5 per cent for employers and 5.5-12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	<i>2018</i>
	%	%
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.3	2.4
Rate of increase in salaries (%) LBTH	2.1	2.2
Rate of increase in salaries (%) SCC	2.6	2.7

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

	2019	<i>2018</i>
	Years	Years
<i>Retiring today</i>		
Males (LBTH, SCC)	21.2, 21.3	22.1, 21.9
Females (LBTH, SCC)	23.2, 23.5	24.1, 24.4
<i>Retiring in 20 years</i>		
Males (LBTH, SCC)	22.2, 22.3	23.9, 23.9
Females (LBTH, SCC)	24.4, 24.9	25.8, 26.4

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Sensitivity analysis

	2019	<i>2018</i>
	£000	<i>£000</i>
Discount rate -0.1%	303,800	<i>222,400</i>
Salary increase rate +0.1%	31,800	<i>27,600</i>
Pension increase rate +0.1%	266,600	<i>192,800</i>

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

	At 31	<i>At 31 August</i>
	August 2019	<i>2018</i>
	£	<i>£</i>
Equities	4,153,580	<i>4,353,620</i>
Bonds	2,130,100	<i>1,654,770</i>
Property	1,451,190	<i>675,100</i>
Cash	78,130	<i>67,510</i>
Total market value of assets	7,813,000	<i>6,751,000</i>

The actual return on scheme assets was £403,000 (2018 - £333,000).

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

	2019	<i>2018</i>
	£	<i>£</i>
Current service cost	(817,000)	<i>(818,000)</i>
Past service cost	(26,000)	<i>-</i>
Interest income	198,000	<i>153,000</i>
Interest cost	(257,000)	<i>(218,000)</i>
Total amount recognised in the Statement of Financial Activities	(902,000)	<i>(883,000)</i>

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23. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	8,735,000	7,109,000
Conversion of academy trusts	-	1,175,000
Current service cost	817,000	818,000
Interest cost	257,000	218,000
Employee contributions	148,000	125,000
Actuarial losses/(gains)	1,760,000	(654,000)
Benefits paid	(67,000)	(56,000)
Past service costs	26,000	-
At 31 August	11,676,000	8,735,000

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

	2019 £	2018 £
At 1 September	6,751,000	5,120,000
Conversion of academy trusts	-	694,000
Interest income	198,000	153,000
Actuarial gains	205,000	180,000
Employer contributions	578,000	535,000
Employee contributions	148,000	125,000
Benefits paid	(67,000)	(56,000)
At 31 August	7,813,000	6,751,000

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24. Operating lease commitments

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

	2019 £	2018 £
Not later than 1 year	32,563	42,594
Later than 1 year and not later than 5 years	-	30,094
	<u>32,563</u>	<u>72,688</u>

25. Other financial commitments

In addition to the above, the Trust maintains some of its assets under a PFI agreement. The amount due for the following financial year under this agreement is estimated to be £520,234 (2018: £480,386). The cost of the PFI agreement changes annually based on pupil numbers and the Retail Price Index plus 1.2%. As such the cost of the PFI agreement for the remainder of the 25 year term would total approximately £4,279,252 (2018: £4,473,981).

26. Related party transactions

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

No related party transactions took place in the period of account, other than certain Directors' remuneration and expenses already disclosed in note 12.

27. Agency arrangements

In 2017 Ipswich Academy received Social Mobility funding of £240,000, to be disbursed to schools within the local area. In the current year, £61,038 (2018: £68,001) was paid to various schools and academies. The balance of £84,644 (2018: £145,682) is included in other creditors.

28. Teaching school trading account

During the year Old Ford Primary Academy received £40,000 core funding.

The funding was used primarily to support the schools of Piper's Vale Primary Academy and Murrayfield Primary Academy through staffing expenditure to ensure rapid school improvement.