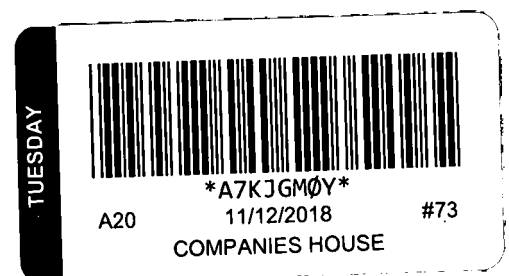


**Company Registration Number:
07337888 (England and Wales)**

Advantage Schools
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018



Advantage Schools

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Advantage Schools

Reference and Administrative Details

Members

E Arden (Chair of Trustees)
M Barnes (resigned 15 June 2018)
L Faulkner (resigned 8 October 2018)
J Morey (resigned 16 February 2018)
R Tobias
M Lehair (appointed 15 June 2018)
D Hill (appointed 11 May 2018)

Trustees

E Abbey
E Arden*, Chair of the Trust Board
M Coward (appointed 12 May 2018)
M Dodge* (appointed 2 February 2018)
L Godden (resigned 11 September 2017)
J Guthrie (resigned 2 October 2017)
D A Hill* (resigned 2 October 2017)
A Horn (appointed 12 May 2018, resigned 20 September 2018)
P Jameson* (appointed 6 December 2017) Chair of FAR Committee from September 2018
M Marsh (resigned 6 January 2018)
M McCourt (appointed 18 April 2018)
R O'Quinn* Vice Chair of the FAR Committee (resigned 14 November 2017)
I Redpath (resigned 1 November 2017)
T Rees (appointed 2 February 2018)
R N Syson*, Chair of FAR Committee
R Tobias* Vice Chair of the Trust Board, resigned from the FAR Committee September 2018

* also members of the Finance, Audit and Resources (FAR) Committee.

Note: S Lock (appointed as a director at Companies House 1 September 2017, resigned 14 November 2017)

Company Secretary

B Edge

Senior Management Team:

- Executive Principal & Accounting Officer
- Head of School (Bedford Free School)
- Assistant Principal (Bedford Free School, Pastoral)
- Assistant Principal (Bedford Free School, Teaching and Learning)
- Principal (Elstow)
- Chief Operations and Finance Officer

S Lock (appointed 1 September 2017)
J Herron
E Foley
T Blake
S Baxter (appointed 1 September 2017)
B Edge

Clerk of Governors

R Silliker

Advantage Schools

Reference and Administrative Details

Company Name	Advantage Schools
Principal and Registered Office	Bedford Free School Cauldwell House Cauldwell Street Bedford MK42 9AD
Company Registration Number	07337888 (England and Wales)
Independent Auditor	Mercer & Hole Chartered Accountants Silbury Court Silbury Boulevard Central Milton Keynes MK9 2AF
Bankers	Barclays Bank Plc 111 High Street Bedford MK40 1NJ

Advantage Schools

Trustees' Report

For the year ended 31 August 2018

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements for Advantage Schools multi-academy trust (the Trust) for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates two schools - a secondary school for pupils aged 11 to 16 serving Bedford and surrounding areas and since April 2017, a primary school, Elstow School, serving Elstow and surrounding areas. Bedford Free School has a pupil capacity of 500 and had a roll of 515 in the school census on October 2018. Elstow School has a pupil capacity of 420 and 411 on roll in the school census in October 2018.

The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" 2015.

Structure, governance and management

a. Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents. The Trustees of Advantage Schools are also the directors of the charitable company for the purposes of company law. The charitable company is known as Advantage Schools

Details of the Governors who served throughout the year except as noted 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. Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

d. Principal activities

The Trust's object is specifically restricted to the following:

a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school or schools offering a broad and balanced curriculum.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

e. Method of recruitment and appointment or election of Trustees

The members of the Trust shall comprise:

- a) The signatories to the Memorandum of Association until they resign or otherwise cease to be members
- b) The Chairman of Trustees ex officio
- c) Any person appointed under Article 15A of the Trust's Articles of Association

The members may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such Member provided that at any time the minimum number of Members shall not be less than three.

The Trustees shall comprise:

- a) Up to ten member appointed Trustees
- b) The Executive Principal if he agrees
- c) A minimum of 2 Parent Trustees if no local governing body is established
- d) Any co-opted Trustees

Trustees are appointed for a four year period, except that this time limit does not apply to the Executive Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees to ensure the Board has the necessary skills to contribute fully to the Trust's development.

f. Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Trustees will depend upon their existing experience.

Where necessary induction will include training on educational, legal and financial matters. All new Trustees will be given the opportunity of a tour of the Schools, have the chance to meet staff and students and provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and documents they need to undertake their role as a Trustee (through governor hub). As there is expected to be a small number of new Trustees each year, induction will be carried out informally and will be tailored specifically to the individual.

The Trust subscribes to the Bedford Borough Learning Service and Trustees have access to various internal and external training events.

g. Organisational structure

The Trust Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of the Committees. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Trust Board may from time to time establish working groups to perform specific tasks. The Committees meet once per half term.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

g. Organisational structure (continued)

The following decisions are reserved for the Trust Body; to consider any change of status or constitution of its School and its committee structure, to appoint or remove the Chairman and/or the Vice Chairman of an LGB, to appoint the Principals of its schools, to approve the Trust School Improvement Plans for its schools and the Trust budget.

The Trust Board have established one Committee – the Finance, Audit and Resources Committee which is responsible for all matters relating to finance, staffing and the resources of the Trust. The committee meets a minimum of 3 times a year

Attendance at the meetings of Finance, Audit and Resources Committee for the year was as follows:

Trustee	Meetings attended	Out of a possible
Nigel Syson (Chair)	4	4
Paul Jameson (Vice Chair)	2	2
Elizabeth Arden	4	4
Ryan Tobias	4	4
Richard O'Quinn (Vice Chair)	1	1
Martin Dodge	2	2

The Trustees are responsible for setting general policy, adopting an annual budget, approving the statutory accounts, monitoring the Trust, by the use of budgets and other data, and making major decisions about the direction of the Trust, capital expenditure and staff appointments.

The Members and Trustees have devolved the responsibility for the day to day management of the Trust to the Executive Principal and his Team. The SLT of each school controls them on a daily basis, implementing policies laid down by the Members and Trustees and regularly reporting back to the Executive Principal. The Executive Team report back to the Trust Board on the day to day management and performance of the schools within the Trust.

During the period The Executive Team consisted of:

Stuart Lock	Executive Principal
Bridget Edge	Chief Financial & Operations Officer

The Executive Principal was the Trust's Accounting Officer for the period.

The Senior Leadership Team at Bedford Free School consisted of:

Stuart Lock	Principal
Jane Herron	Head of School
Tim Blake	Assistant Principal (Teaching & Learning)
Elizabeth Foley	Assistant Principal (Pastoral)

The Senior Leadership Team at Elstow School consisted of;

Samantha Baxter	Principal
Sarah Ciantar	Deputy Principal Teaching and Learning
Vicky Maples	Deputy Principal Inclusion

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

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

The Senior Leadership Team is made up of the Executive Principal, Principal, Head of School, Deputy or Assistant Principals and Chief Financial & Operations Officer. Their salaries are set on the relevant pay scale, and are reviewed annually as part of the whole-school Performance Related Progression procedure. The pay scales are specific to the Trust, but are benchmarked against similar types of roles in similar types and sized schools.

The Executive Principal sets targets for the Senior Leadership Team, in line with the PRP target-setting process. These targets incorporate the whole-school targets that have been agreed by Trustees and which are relevant to the individuals' roles. These are reviewed at the end of academic/financial year and their performance is graded as for all other staff, depending on the extent to which targets have been met or exceeded.

For the Executive Principal, Trustees delegate their appraisal responsibility to the Chair of Trustees. The Trust's targets are the Executive Principal's personal targets, and their performance against these is assessed in an annual performance review meeting, where an external adviser is involved to check the targets set are appropriate and objective.

i. Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy 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 relevant period	Full-time equivalent employee number
0	75

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	N/A
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Trustees should refer to Statutory Instrument 2017N3. 328, The Trade Union (Facility Time Publication) Requirements Regulations for calculation details.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

j. Risk management

The Trustees assess the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented systems to assess the risks that the Trust faces, especially in the operational areas and in relation to the control of finance.

They have introduced operational procedures (e.g. vetting of new staff) and internal financial controls (as per below) in order to minimise risks. Where risks cannot be effectively managed, an insurance policy has been put in place.

The Trust has a robust and effective system of internal financial controls.

Statement of the systems of Internal Financial Control

The Trustees acknowledge that they have overall responsibility for ensuring that Advantage Schools has an effective and robust system of financial control. The Trustees are also responsible for keeping a proper accounting record which shows as accurately as possible the financial position of the Trust at any one time as well as ensuring that the financial statements comply with the Companies Act. They are responsible for safeguarding the assets of the Trust and for taking appropriate steps to detect and prevent fraud or irregularities and provide assurance that:

- The Trust is operating efficiently and effectively,
- The assets are safeguarded against unauthorised use or disposition,
- The proper records are maintained and financial information used or published is reliable, and
- The Trust complies with relevant laws and regulations.

The Trust's systems of internal control is based upon a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation of accountability. More specifically the system includes:

- Comprehensive budgeting and monitoring systems with an annual budget and monthly financial reports which are reviewed and agreed by the Finance, Audit and Resources Committee.
- Setting targets to measure financial and other performance,
- Delegation and segregation of duties,
- Identification and management of risks.

The Trust's systems of internal financial controls are examined routinely by the Responsible Officer termly and annually by the external auditors.

k. Connected organisations, including related party relationships

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

k. Connected organisations, including related party relationships (continued)

Expenditure related party transaction:

RYTO Services Limited – a company in which R Tobias (a Trustee) is a director

- The academy purchased services from RYTO Services Limited totalling £480 (2017: £1,000) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil)
- The multi academy trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the multi academy trust has complied with the requirements of the Academies Financial Handbook 2017

La Salle Education Limited – a company in which M McCourt (a Trustee) is a director

- The academy entered into a transaction to purchase services for the academic year 18/19 during the period. The expense to be recognised in year ended 31 August 2019 is £2,000 (2017: £nil). There were no amounts outstanding at 31 August 2018 (2017: £nil)
- The multi academy trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the multi academy trust has complied with the requirements of the Academies Financial Handbook 2017

P Redpath, spouse of I Redpath, a Trustee, and J Lehain, spouse of M Lehain, a member were employed by the multi academy trust during the year. P Edge and C Edge, children of B Edge, a member of key management personnel, were employed by the multi academy trust as support staff. The appointments were all made in open competition and I Redpath/B Edge were not involved in the decision making process regarding appointment. They were paid within the normal pay scale for the role and received no special treatment as a result of their relationship to a Trustee/key management personnel. The total remuneration received for their employment in the year was £29,993.

Objectives and Activities

a. Objects and aims

The Trust's founding statement is:

"...we believe that, given the right circumstances, everybody is capable of extraordinary things..."

With this in mind, our vision is:

"to create a family of schools, within which students are empowered and supported to achieve extraordinary outcomes – preparing them for a fulfilling life."

The Trust aims to be distinctive not just in what it does, but in how it does it, built around its three core values of

- Aspiration,
- Respect, and
- Honesty

Our Core Principles

To ensure that we achieve our Vision in the right way, and with integrity, the Trust will operate in accordance with the following principles:

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

a. Objects and aims (continued)

Inclusivity

- ensuring our schools are open to, and supportive of, every child and their family
- supporting the social, emotional, and academic development of every child, so they are intrinsically motivated and free to learn

Supporting parental choice

- ensuring families have the information needed to choose the right school for their child
- always acting to promote choice & competition within localities

Promoting knowledge-based curriculums

- development & implementation of knowledge-based curriculums across all our schools as the best way to raise academic achievement and aspirations for all our students

Partnership

- both within our family of schools and through working with community, regional and national partners, to access best practice and support for our staff, students and their families

Transparency

- recognising our responsibilities as a publicly-funded organisation, being open at all levels about how we work, and welcoming feedback as a way to continuously improve what we do

Through this we intend for all the students who go to an Advantage Schools school to meet high expectations and break through any barriers to achieve their full potential.

We are unashamedly proud of our academic emphasis and our attention to detail. From how meal breaks are managed to the relationships between staff, students and their families, our schools are places where our culture and personal achievement is at the centre of every decision.

Our schools aim for the enrichment and development of pupils, and we believe that this has the by-product of successful examination results.

Our wider curriculum provides our pupils with a fully-rounded education which takes into account personal and social development.

Our Trust's aims during the period ending 31st August 2018 are summarised below:

- To continue to raise the standard of educational attainment of all its pupils
- To provide a broad and balanced curriculum
- To develop students into more effective learners
- To continue to develop each school's facilities, to further enhance the opportunities available to pupils
- To ensure every child enjoys the same high quality education in terms of resourcing, tuition and care
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

b. Objectives, strategies and activities

Key objectives were identified by the Members and Trustees for the year:

1. To significantly improve outcomes in both schools
2. To establish a documented, distinctive, knowledge-based Advantage Schools curriculum supported by a rich framework of professional learning
3. To achieve cost/time efficiencies, economies of scale and comprehensive compliance of all statutory duties while facilitating the development of an effective Advantage Schools central structure
4. To refine and embed an efficient MAT Governance Structure to ensure clear lines of responsibility and accountability, risk management, statutory compliance and accurate reporting by Local Governing Bodies to the Board of Trustees
5. To develop a growth strategy that maintains the Advantage Schools brand, and ensures we have at least two new schools confirmed in the next two years.
6. To recruit, train and retain the highest calibre of staff to Advantage Schools keeping turnover healthy, staff absence low and morale high.
7. To ensure that all Advantage Schools schools continue to be judged by Ofsted and the Trust to be good.

c. Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy trust's objectives and aims and in planning future activities for the year. The Trustees consider that the Trust's aims are demonstrably for the public benefit.

Achievements and performance

a. Achievements and performance

Stuart Lock continues to lead the Trust. He also currently fulfils the role of Principal at Bedford Free School. Bridget Edge is the Chief Financial and Operations Officer. We have appointed Simon Campbell as Director of Operations, an individual with an enviable track-record in this area and significant expertise in law.

The Trust's first full year of operation cemented its previous successes, by nearly every measure possible.

Due to the excellent reputation locally both schools are oversubscribed.

Bedford Free School also made additional offers for September 2019 for Year 7 as it was so over-subscribed during the normal round of admissions.

Student attendance at BFS improved significantly after major investment by BFS in its "Catch Up Club" – with attendance up to 96.1% until the point at which Year 11 went on study leave. The positive impact of this was felt in a number of ways, including the positive performance experienced in GCSE results in the summer.

The Progress 8 outcomes for BFS were +0.4 in the unvalidated school tables. BFS is the highest performing secondary school by this measure for a 15 mile radius. There was very little variation in this performance across subject areas - almost all improved significantly.

At Elstow School, outcomes at Key Stage 2 were stable. Assessments for future years suggest these will rise in time, but there is some legacy of underachievement to overcome. Results were not below floor, but were nonetheless below national average. Outcomes were far more positive at Key Stage 1.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

a. Achievements and performance (continued)

The ongoing careful management of income and expenditure enabled both schools to both fund additional improvements to the site and building and further build their reserves. Having last year successfully obtained funding from the Department for Education for a canteen extension at BFS with a financial contribution from the Trust, the building works were handed over on 30 November 2018. This has radically improved the onsite facilities available to the school, and further enhance its reputation as a centre of academic and extra-curricular excellence.

At Elstow, work on reorganising offices has enabled the site to be a location that facilitates the collaborative work of colleagues in comfortable purpose-built locations.

The appointment across the Trust of a lead on Community and Partnerships has led to significantly improve the experience of Sport at Elstow, with a significant increase in fixtures at Elstow and at BFS, the latter with 175 fixtures across the school year.

Given the deepening experience and strengths within BFS, the Trust also started serious exploration of growth opportunities. The establishment of St Neots Academy is now unlikely, but there are a significant number of opportunities which the Trust is exploring.

Overall then, the Trust goes into the 2018/19 year in a very strong position yet – financially, reputationally and academically. Trustees are confident that the outcomes of students will further improve in the next few years, enhancing its status, and thus funding and quality of provision, against the backdrop of tougher financial settlements in the medium term.

b. Going concern

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

c. Key financial performance indicators

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA), part of the Department for Education (DfE), in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received during the period ending 31 August 2018 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The Trust also receives grants and fixed assets and capital funding from the ESFA. Such grants are shown in the statement of financial affairs as restricted income in the fixed asset fund.

The Trust has two key financial objectives, which are to remain financially robust and to remain solvent.

During the period ending 31 August 2018, the total recurrent expenditure of £4,751,272 (2017: £3,590,233) was more than covered by grant funding from ESFA and other income sources. At the end of the period the academy trust had a surplus for the period (excluding restricted fixed asset and pension funds) which amounted to £418,461 (2017: £459,510). This surplus was allocated to restricted reserves except for £16,225 (2017: £166,093) which relates to unrestricted surplus.

On 31 August 2018 the net book value of the fixed assets was £11,003,812 (2017: £11,153,289). The assets were exclusively used for providing education and the associated support services for the academy trust.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

Financial review

a. Financial and risk management objectives and policies

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the schools, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

b. Principal risks and uncertainties

The principal risks the Trust faces are:

- Academic performance and results - The Trust needs to ensure the results at both schools continue to improve year on year
- Financial – Changes in year on year student recruitment, stemming from local demographic trends and with a concomitant effect upon the funding levels of the Schools; year on year reductions in per capita funding of the students at the Schools; increase in pay scale points for all staff, increase in employer contributions to Teachers Pension and the deficit in the Local Government Pension Scheme, and high employer LGPS contribution rates for Elstow School.
- Growth of the MAT – failure to open St Neots Free school or to recruit further schools into the MAT. Failure to expand may result in the Trust having an unaffordable staffing structure in situ
- Reputational – the continuing success of the Schools is dependent on continuing to attract sufficient student numbers by maintaining the highest standards. Both schools are graded good by Ofsted. The reputational risk of a decline in either of these gradings are managed through regular and close tracking and monitoring of key metrics by the SLT and Trustees
- Safeguarding and child protection – the Trustees continue to ensure the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline
- Staffing – the success of the schools are reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning
- Fraud and mismanagement of funds – The School has appointed an External Responsible Officer to carry out checks on the financial systems and records. All finance staff receive training to keep them up to date with financial practise and develop their skills in this area

As a Trust, Advantage Schools are constantly reviewing a comprehensive assessment of possible risks to the future of the Trust. The risk assessment is a standing item on the agenda at Finance, Audit and Resources Committee meetings and key risks or changes in them will be discussed at each Trust Board Meeting.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

c. Reserves policy

The Trust Body have examined the Trust's requirements for reserves in light of the main risks to the organisation. At its meeting in October 2018 it adopted a Reserves Policy which recommends a reserve of 5% of total in year revenue over and above a short term working balance of one months wage bill.

The Trust Body is in the process of ensuring these Reserves are met whilst still maintaining the fabric and operations of the Trust.

d. Investments policy

The Trust has adopted an Investment policy at its meeting in October 2018. It does not anticipate holding large cash balances that would be appropriate for investment and will seek to ensure that surplus reserve balances will be invested in line with the policy.

e. Fundraising

The Trust has not engaged in any significant fundraising activities.

Plans for the future

a. Future developments

During the coming year the schools plan to:

- Maintain the status of BFS as an oversubscribed school.
- Continue our work to improve the outcomes for all students, with a particular focus on KS1, KS2 and GCSE outcomes, and also ensuring that as far as possible, every single student becomes confident and skilled in their reading, spelling and writing.

Other key objectives include:

- Take advantage of growth opportunities while growing the central Trust offer
- Maintaining or improving on both schools' current Ofsted grade should we be re-inspected
- Continuing to improve the quality of the schools' site to improve the student experience.

Other matters

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust 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

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Advantage Schools

Trustees' Report (continued)

For the year ended 31 August 2018

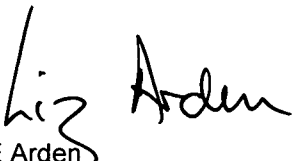
Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2018 and signed on its behalf by:



E Arden
Chair of Trustees

Advantage Schools

Governance Statement

For the year ended 31 August 2018

Scope of Responsibility

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

The Board of Trustees has delegated the day to day responsibility to the Executive Principal, 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 Advantage Schools and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' Responsibilities. The Board of Trustees Advantage Schools has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Governor	Meetings attended	Out of a possible
E Arden (Chair)	6	6
R Tobias (Vice Chair)	6	6
R N Syson	5	6
E Abbey	4	6
M Coward	1	2
A Horn	2	2
M Dodge	3	4
T Rees	3	4
P Jameson	4	5
M McCourt	2	3
D Hill	1	1
I Redpath	1	1
M Marsh	0	2
R O'Quinn	1	1

Review of Value for Money

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by ensuring that financial procedures are followed in line with Academies handbook and the Trust's financial handbook as well as benchmarking attainment and outcomes as outlined elsewhere in the report.

Advantage Schools

Governance Statement (continued)

For the year ended 31 August 2018

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Advantage Schools for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, which has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. Significant risks and changes in them will be reviewed at each Trust Board meeting.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- key financial KPI's will be discussed at each Trust Board meeting
- regular reviews by the Finance, Audit & Resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an external auditor to carry out termly Responsible Officer checks, reporting findings to the Board.

Advantage Schools

Governance Statement (continued)

For the year ended 31 August 2018

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliation
- testing of financial procedures
- testing of income
- testing of asset management
- testing of expenses

The Responsible Officer reports to the Board of Trustees, through the Finance, Audit and Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

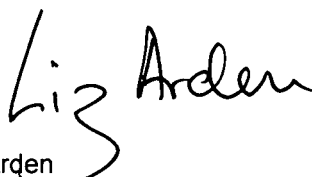
Review of Effectiveness

As Accounting Officer, the Executive Principal 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 auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the schools who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on their behalf, by:



E Arden
Chair of Trustees



S Lock
Accounting Officer

Advantage Schools

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Advantage Schools, I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2017).

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

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

A handwritten signature in black ink, appearing to be 'S Lock', with a horizontal line underneath.

S Lock

Accounting Officer

5 December 2018

Advantage Schools

Statement of Trustees' Responsibilities

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

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


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of Trustees on 5 December 2018 and signed on its behalf by:


E Arden

Chair of Trustees

Advantage Schools

Independent Auditor's Report on the Financial Statements

Opinion

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Advantage Schools

Independent Auditor's Report on the Financial Statements (continued)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the strategic report and the directors' report prepared for purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustee's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Advantage Schools

Independent Auditor's Report on the Financial Statements (continued)

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 19, the Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.

Advantage Schools

Independent Auditor's Report on the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mercer & Hole

Steve Robinson (Senior Statutory Auditor)
for and on behalf of

Mercer & Hole Chartered Accountants
Statutory Auditor
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

Date: *7 December 2018*

Advantage Schools

Independent Reporting Accountant's Assurance Report on Regularity

In accordance with the terms of our engagement letter dated 19 July 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Advantage Schools during the period 1 September 2017 to 31 August 2018 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 Advantage Schools and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Advantage Schools and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Advantage Schools and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Advantage School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Advantage School's funding agreement with the Secretary of State for Education dated 22 June 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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.

Advantage Schools

Independent Reporting Accountant's Assurance Report on Regularity (continued)

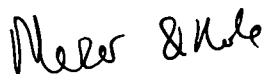
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Ascertain the regulation relevant to the Academy.
- Assess the risk of material irregularity, impropriety, or funding non-compliance.
- A review of the relevant paperwork and discussions with the Accounting Officer to ensure the Trust conformed with the framework of authorities.
- Substantive work was carried out to ensure the terms and conditions of funding had been adhered to, for payroll purchases and other income.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mercer & Hole
Chartered Accountants
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

Date: 7 December 2018

Advantage Schools

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	2	-	-	147,270	147,270	1,357,477
Transfer from local authority on conversion		-	-	-	-	4,355,122
Charitable activities:						
Funding for the academy trust's educational operations	3	-	4,584,155	-	4,584,155	3,443,223
Other trading activities	4	87,204	34,069	-	121,273	106,948
Investments	5	1,558	-	-	1,558	-
Total		88,762	4,618,224	147,270	4,854,256	9,262,770
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6 & 7	72,537	4,379,603	299,132	4,751,272	3,590,233
Other		-	-	-	-	-
Total		72,537	4,379,603	299,132	4,751,272	3,590,233
Net income / (expenditure)		16,225	238,621	(151,862)	102,984	5,672,537
Transfers between funds	14	-	(2,385)	2,385	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	14 & 20	-	226,000	-	226,000	28,000
Net movement in funds		16,225	462,236	(149,477)	328,984	5,700,537
Reconciliation of funds						
Total funds brought forward		173,349	74,670	11,153,289	11,401,308	5,700,771
Total funds carried forward		189,574	536,906	11,003,812	11,730,292	11,401,308


Advantage Schools

Balance Sheet as at 31 August 2018

Company Number 07337888

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	11		11,003,812		11,153,289
Current assets					
Debtors	12	212,853		206,000	
Cash at bank and in hand		<u>2,317,704</u>		<u>1,418,346</u>	
		2,530,557		1,624,346	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(655,077)</u>		<u>(167,327)</u>	
Net current assets			<u>1,875,480</u>		<u>1,457,019</u>
Total assets less current liabilities			<u>12,879,292</u>		<u>12,610,308</u>
Defined benefit pension scheme liability	20		<u>(1,149,000)</u>		<u>(1,209,000)</u>
Total net assets			<u>11,730,292</u>		<u>11,401,308</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	14	11,003,812		11,153,289	
Restricted income fund	14	1,685,906		1,283,670	
Pension reserve	14	<u>(1,149,000)</u>		<u>(1,209,000)</u>	
Total restricted funds			<u>11,540,718</u>		<u>11,227,959</u>
Unrestricted income funds	14		<u>189,574</u>		<u>173,349</u>
Total funds			<u>11,730,292</u>		<u>11,401,308</u>

The financial statements on pages 26 to 51 were approved by the Trustees and authorised for issue on 5 December 2018 and are signed on their behalf by


E Arden
 Chair of The Trust Board

Advantage Schools

Statement of Cash Flows **for the year ended 31 August 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/ (used in) operating activities	17	886,871	281,614
Cash flows from investing activities	18	12,487	6,630
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		899,358	288,244
Cash and cash equivalents at 1 September 2017		1,418,346	1,130,102
Cash and cash equivalents at 31 August 2018		2,317,704	1,418,346

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018

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.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Advantage Schools meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period 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.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

• Freehold property	50 years
• Plant & machinery	10 years
• Fixtures & fittings	5 years
• Computer hardware	4 years
• Motor vehicles	7 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Liabilities

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

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Provisions

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

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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.

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency/Department for Education.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2018. 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.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital grants	-	147,270	147,270	1,357,477
	-	147,270	147,270	1,357,477
2017 Total	-	1,357,477	1,357,477	

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	4,083,671	4,083,671	2,986,164
Start Up Grants	-	2,534	2,534	-
Other DfE/ESFA grants	-	381,050	381,050	383,377
	-	4,467,255	4,467,255	3,369,541
Other Government grants				
Other Government grants	-	112,121	112,121	63,217
Other grants	-	4,779	4,779	10,465
	-	116,900	116,900	103,682
	-	4,584,155	4,584,155	3,443,223
2017 Total	-	3,443,223	3,443,223	

4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Educational trip income	-	34,069	34,069	13,829
Catering income	1,244	-	1,244	1,678
Income from other charitable activities	85,960	-	85,960	91,441
	87,204	34,069	121,273	106,948
2017 Total	93,119	13,829	106,948	

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Short term deposits	1,558	-	1,558	-
	<u>1,558</u>	<u>-</u>	<u>1,558</u>	<u>-</u>
2017 Total	<u>-</u>	<u>-</u>	<u>-</u>	

6 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2018 £	Total 2017 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	2,946,282	-	286,161	3,232,443	2,392,353
Allocated support costs	578,442	277,587	662,800	1,518,829	1,197,880
	<u>3,524,724</u>	<u>277,587</u>	<u>948,961</u>	<u>4,751,272</u>	<u>3,590,233</u>
2017 Total	<u>2,547,465</u>	<u>216,272</u>	<u>826,497</u>	<u>3,590,233</u>	

Net income/(expenditure) for the period includes:

	2018 £	2017 £
Operating lease rentals	3,804	6,378
Depreciation	285,818	272,217
(Gain)/loss on disposal of fixed assets	-	-
Fees payable to auditor for:		
- audit	14,420	14,420
- other services	<u>5,370</u>	<u>2,495</u>

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

7 Charitable activities

	Unrestricted Funds £	Restricted General Funds £	Total 2018 £	Total 2017 £
Direct costs – educational operations	67,292	3,165,151	3,232,443	2,392,353
Support costs – educational operations	5,245	1,513,584	1,518,829	1,197,880
	72,537	4,678,735	4,751,272	3,590,233
2017 Total	35,367	3,554,866	3,590,233	

Analysis of support costs

	Unrestricted Funds £	Restricted General Funds £	Total 2018 £	Total 2017 £
Educational operations				
Support staff costs	4,000	574,442	578,442	406,627
Depreciation	-	285,818	285,818	272,217
Technology costs	-	88,488	88,488	68,675
Premises costs	-	277,587	277,587	216,272
Catering	1,245	89,892	91,137	55,163
Other support costs	-	142,104	142,104	127,371
Governance costs	-	55,253	55,253	51,555
Total support costs	5,245	1,513,584	1,518,829	1,197,880
Total 2017	17,851	1,180,029	1,197,880	

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2018 £	Total 2017 £
Wages and salaries	2,667,861	1,976,098
Social security costs	245,327	161,959
Operating costs of defined benefit pension schemes	576,190	388,285
	3,489,378	2,526,342
Supply staff costs	35,346	21,123
	3,524,724	2,547,465

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	49	40
Administration and support	60	56
Management	7	7
	116	103

c. Higher paid staff

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

	2018 No.	2017 No.
£60,000 - £70,000	3	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and Executive Team as listed on page 5. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £173,248 (2017: £306,714).

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

9 Related Party Transactions – Trustees' remuneration and expenses

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

The value of Trustees' remuneration and other benefits was as follows:

M G Lehain (principal and trustee in prior year):

Remuneration £nil (2017: £70,000 - £75,000)

Employer's pension contributions paid £nil (2017: £10,000 - £15,000)

During the period ended 31 August 2018, no expenses were reimbursed or paid directly to Trustees (2017: nil).

Other related party transactions involving the Trustees are set out in note 21.

10 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2018 was £783 (2017: £761). The cost of this insurance is included in the total insurance cost.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

11 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Assets under construction £	Plant & machinery £
Cost				
At 1 September 2017	6,326,357	5,160,000	-	15,808
Transfer on conversion	-	-	-	-
Additions	-	-	125,962	-
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 August 2018	6,326,357	5,160,000	125,962	15,808
Depreciation				
At 1 September 2017	430,734	38,700	-	6,331
Charged in year	126,526	92,880	-	1,581
Disposals	-	-	-	-
At 31 August 2018	557,260	131,580	-	7,912
Net book values				
At 31 August 2018	5,769,097	5,028,420	125,962	7,896
At 31 August 2017	5,895,623	5,121,300	-	9,477

	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 September 2017	39,753	293,290	439,336	12,274,544
Transfer on conversion	-	-	-	-
Additions	-	-	10,379	136,341
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 August 2018	39,753	293,290	449,715	12,410,885
Depreciation				
At 1 September 2017	19,195	242,100	384,195	1,121,255
Charged in year	8,865	30,896	25,070	285,818
Disposals	-	-	-	-
At 31 August 2018	28,060	272,996	409,265	1,407,073
Net book values				
At 31 August 2018	11,693	20,294	40,450	11,003,812
At 31 August 2017	20,558	51,190	55,141	11,153,289

The Secretary of State for Education has a legal charge over the freehold land and buildings. Included in the balance of leasehold land and buildings is £5,160,000 relating to the taking up of a leasehold on Elstow School on a long lease of 125 years.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

12 Debtors

	2018 £	2017 £
Other debtors	13,183	10,690
VAT recoverable	53,230	60,920
Prepayments and accrued income	146,440	134,390
	212,853	206,000

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	187,742	49,274
Other taxation and social security	-	-
Other creditors	24,301	22,068
Accruals and deferred income	443,034	95,985
	655,077	167,327

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	49,150	32,315
Released from previous years	(49,150)	(32,315)
Resources deferred in the year	306,147	49,150
Deferred Income at 31 August 2018	306,147	49,150

At the balance sheet date the academy trust was holding funds received in advance for grants.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

14 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	1,218,201	4,083,671	(3,680,626)	(2,385)	1,618,861
Start up grant	-	2,534	(2,534)	-	-
Other ESFA grants	30,642	85,489	(85,489)	-	30,642
DfE grants	16,075	37,062	(37,062)	-	16,075
Local Authority grant	-	116,900	(116,900)	-	-
Pupil premium	621	258,499	(258,499)	-	621
Other activities	18,131	34,069	(32,493)	-	19,707
Pension reserve	(1,209,000)	-	(166,000)	226,000	(1,149,000)
	74,670	4,618,224	(4,379,603)	223,615	536,906
Restricted fixed asset funds					
Transfer on conversion	5,151,164	-	(104,468)	-	5,046,696
ESFA capital grants	3,152,125	147,270	(194,664)	2,385	3,107,116
Other activities	2,850,000	-	-	-	2,850,000
	11,153,289	147,270	(299,132)	2,385	11,003,812
Total restricted funds	11,227,959	4,765,494	(4,678,735)	226,000	11,540,718
Total unrestricted funds	173,349	88,762	(72,537)	-	189,574
Total funds	11,401,308	4,854,256	(4,751,272)	226,000	11,730,292

The balance of restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 is a net surplus of £1,875,480.

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

Unrestricted funds – these funds represent income from trips and other sundry income during the period. The funds can be utilised towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Restricted funds – these funds arise from funding from the Department for Education and the Local Authority.

Restricted fixed asset funds – these funds represent the assets acquired on conversion to an Academy, plus subsequent additions and disposals. Depreciation and capital grants are also attributed to this fund. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

14 Funds (continued)

Comparative information in respect of the preceeding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	952,425	3,091,056	(2,811,260)	(14,020)	1,218,201
Start up grant	-	-	-	-	-
Other ESFA grants	22,005	43,160	(34,523)	-	30,642
DfE grants	16,074	25,718	(25,717)	-	16,075
Local Authority grant	-	63,217	(63,217)	-	-
Pupil premium	-	188,257	(187,636)	-	621
Other activities	5,133	54,280	(41,282)	-	18,131
Pension reserve	(181,000)	(949,000)	(107,000)	28,000	(1,209,000)
	814,637	2,516,688	(3,270,635)	13,980	74,670
Restricted fixed asset funds					
Transfer on conversion	-	5,195,781	(44,617)	-	5,151,164
ESFA capital grants	2,028,878	1,348,841	(239,614)	14,020	3,152,125
Other activities	2,850,000	-	-	-	2,850,000
	4,878,878	6,544,622	(284,231)	14,020	11,153,289
Total restricted funds	5,693,515	9,061,310	(3,554,866)	28,000	11,227,959
Total unrestricted funds	7,256	201,460	(35,367)	-	173,349
Total funds	5,700,771	9,262,770	(3,590,233)	28,000	11,401,308

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

14 Funds (continued)

A current 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	952,425	7,174,727	(6,491,886)	(16,405)	1,618,861
Start up grant	-	2,534	(2,534)	-	-
Other ESFA grants	22,005	128,649	(120,012)	-	30,642
DfE grants	16,074	62,780	(62,779)	-	16,075
Local Authority grant	-	180,117	(180,117)	-	-
Pupil premium	-	446,756	(446,135)	-	621
Other activities	5,133	88,349	(73,775)	-	19,707
Pension reserve	(181,000)	(949,000)	(273,000)	254,000	(1,149,000)
	814,637	7,134,912	(7,650,238)	237,595	536,906
Restricted fixed asset funds					
Transfer on conversion	-	5,195,781	(149,085)	-	5,046,696
ESFA capital grants	2,028,878	1,496,111	(434,278)	16,405	3,107,116
Other activities	2,850,000	-	-	-	2,850,000
	4,878,878	6,691,892	(583,363)	16,405	11,003,812
Total restricted funds	5,693,515	13,826,804	(8,233,601)	254,000	11,540,718
Total unrestricted funds	7,256	290,222	(107,904)	-	189,574
Total funds	5,700,771	14,117,026	(8,341,505)	254,000	11,730,292

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

14 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Bedford Free School	1,537,857	1,271,702
Elstow School	337,623	185,317
Total before fixed assets and pension reserve	1,875,480	1,457,019
Restricted fixed asset fund	11,003,812	11,153,289
Pension reserve	(1,149,000)	(1,209,000)
Total	11,730,292	11,401,308

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2018 £	Total 2017 £
Bedford Free School	1,739,491	354,770	201,975	382,414	2,678,650	2,560,665
Elstow School	1,206,791	223,672	84,186	272,155	1,786,804	757,352
Academy Trust	2,946,282	578,442	286,161	654,569	4,465,454	3,318,017

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	11,003,812	11,003,812
Current assets	189,574	2,340,983	-	2,530,557
Current liabilities	-	(655,077)	-	(655,077)
Pension scheme liability	-	(1,149,000)	-	(1,149,000)
Total net assets	189,574	536,906	11,003,812	11,730,292

Comparative information in respect of the preceeding period is as follows:

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	11,153,289	11,153,289
Current assets	173,349	1,450,997	-	1,624,346
Current liabilities	-	(167,327)	-	(167,327)
Pension scheme liability	-	(1,209,000)	-	(1,209,000)
Total net assets	173,349	74,670	11,153,289	11,401,308

16 Commitments under operating leases

Operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	8,868	12,355
Amounts due between one and five years	2,618	10,620
Amounts due after five years	-	-
	11,486	22,975

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

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

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	102,984	5,672,537
Adjusted for:		
Depreciation (note 11)	285,818	272,217
Capital grants from DfE and other capital income	(147,270)	(6,553,258)
Loss/(Profit) on disposal of tangible assets	-	-
Interest receivable	(1,558)	-
Defined benefit pension scheme obligation inherited	-	949,000
Defined benefit pension scheme cost less contributions payable (note 20)	133,000	92,000
Defined benefit pension scheme finance cost (note 20)	33,000	15,000
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	(6,853)	(19,182)
(Decrease)/increase in creditors	487,750	(146,700)
Net cash provided by / (used in) Operating Activities	886,871	281,614

18 Cash flows from investing activities

	2018 £	2017 £
Dividends, interest and rents from investments	1,558	-
Purchase of tangible fixed assets	(136,341)	(1,350,847)
Capital grants from DfE/ESFA	147,270	1,357,477
Capital funding received from sponsors and others	-	-
Net cash provided by / (used in) investing activities	12,487	6,630

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

19 Members liability

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

20 Pension and similar obligations

The multi-academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bedfordshire County Council. Both are multi-employer defined benefit schemes.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

20 Pension and similar obligations (continued)

with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £292,323 (2017: £207,794).

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 a 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 2018 was £195,000 (2017: £119,000), of which employer's contributions totalled £151,000 (2017: £89,000) and employees' contributions totalled £44,000 (2017: £30,000). The agreed contribution rates for future years for Bedford Free School are 15.4% for employers and 5.5%-8.5% for employees and for Elstow School are 26.1% for employers and 5.5%-8.5% for employees.

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

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

20 Pension and similar obligations (continued)

Principal actuarial assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.60%	2.70%
Rate of increase for pensions in payment/inflation	2.30%	2.40%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.30%	2.40%
Commutation of pensions to lump sums (pre - 2008)	75.00%	50.00%
Commutation of pensions to lump sums (post - 2008)	50.00%	75.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.5	24.5
<i>Retiring in 20 years</i>		
Males	24.0	24.0
Females	26.2	26.2

Sensitivity analysis	At 31 August 2018	At 31 August 2017
	£	£
Real Discount Rate -0.5%	269,000	241,000
Salary Increase Rate +0.5%	39,000	41,000
Pension Increase Rate +0.5%	137,091	197,000

The multi-academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£	£
Equity instruments	360,000	228,000
Debt instruments	87,000	60,000
Property	56,000	36,000
Cash	118,000	77,000
Total market value of assets	621,000	401,000

The actual return on scheme assets was £25,000 (2017: £30,000).

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

20 Pension and similar obligations (continued)

Amount recognised in the statement of financial activities

	2018 £	2017 £
Current service cost (net of employee contributions)	(284,000)	(181,000)
Net interest cost	(33,000)	(15,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	<u>(317,000)</u>	<u>(196,000)</u>

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

	2018 £	2017 £
At 1 September	1,610,000	433,000
Conversion of academy trust	-	949,000
Current service cost	284,000	181,000
Interest cost	45,000	21,000
Employee contributions	44,000	30,000
Actuarial (gain)/loss	(213,000)	(4,000)
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>1,770,000</u>	<u>1,610,000</u>

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

	2018 £	2017 £
At 1 September	401,000	252,000
Conversion of academy trust	-	-
Interest income	12,000	6,000
Return on plan assets (excluding net interest on the net defined pension liability)	-	-
Actuarial gain/(loss)	13,000	24,000
Employer contributions	151,000	89,000
Employee contributions	44,000	30,000
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>621,000</u>	<u>401,000</u>

Advantage Schools

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

21 Related party transactions

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

Expenditure related party transaction:

RYTO Services Limited – a company in which R Tobias (a Trustee) is a director:

- The trust purchased services from RYTO Services Limited totalling £480 (2017: £1,000) during the period. There were no amounts outstanding at 31 August 2018 (2017: £nil).
- The multi academy trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the multi academy trust has complied with the requirements of the Academies Financial Handbook 2017.

La Salle Education Limited – a company in which M McCourt (a Trustee) is a director:

- The trust entered into a transaction to purchase services for the academic year 18/19 during the period. The expense to be recognised in year ended 31st August 2019 is £2,000 (2017: £nil). There were no amounts outstanding at 31 August 2018 (2017: £nil).
- The multi academy trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the multi academy trust has complied with the requirements of the Academies Financial Handbook 2017.

P Redpath, spouse of I Redpath, a Trustee, and J Lehain, spouse of M Lehain, a member were employed by the multi academy trust during the year. P Edge and C Edge, children of B Edge, a member of key management personnel, were employed by the multi academy trust as support staff. The appointments were all made in open competition and I Redpath/B Edge were not involved in the decision making process regarding appointment. They were paid within the normal pay scale for the role and received no special treatment as a result of their relationship to a Trustee/key management personnel. The total remuneration received for their employment in the year was £29,993.

22 Contingent Liabilities

The academy trust recognises that a contingent liability may exist as it has been named as a co-defendant with the University of Bedfordshire (UOB) in a claim made to the county court by an ex UOB student teacher who did a training placement at the academy trust. An indefinite stay has been applied for by agreement of all parties.