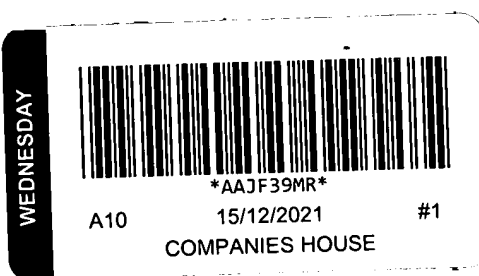


Company Registration Number:  
07337888 (England and Wales)

**Advantage Schools**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**Year ended 31 August 2021**



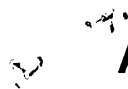


# **Advantage Schools**

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# Advantage Schools

## Reference and Administrative Details

For the year ended 31 August 2021

### Members

R Tobias  
M Lehair  
D Hill  
L Godden (resigned 21 July 2021)

### Trustees

R N Syson\*  
R Tobias (Chair of Trustees up to 7 October 2020, resigned as Trustee 31 March 2021)  
P Jameson\* (Chair of FAR Committee)  
T Rees  
M Dodge\* (resigned 27 September 2020)  
M McCourt  
M Coward\*  
A Heavey  
R Bessell \*  
I Campbell (Chair of Trustees from 7 October 2020)

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

### Accounting Officer

S Lock

### External Auditor

Mercer & Hule

### Internal Scrutiny

UHY Hacker Young

### Company Secretary

S Campbell

### Trust Central Executive Team:

#### Chief Executive Officer

S Lock

#### Chief Financial Officer

J Hill

#### Chief Operating Officer

S Campbell

#### Director of Education

S Stanton

# **Advantage Schools**

## **Reference and Administrative Details**

**For the year ended 31 August 2021**

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
Solicitors	Stone King LLP 13 Queen Square Bath Somerset BA1 2HJ

# **Advantage Schools**

## **Trustees' Report**

**For the year ended 31 August 2021**

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 2020 to 31 August 2021. 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, Bedford Free School, for pupils aged 11 to 16 serving Bedford and surrounding areas and a primary school, Elstow School, serving Elstow and surrounding areas. Bedford Free School has a pupil capacity of 500 and had a roll of 507 in the school census on October 2020. Elstow School has a pupil capacity of 420 and 413 on roll in the school census in October 2020.

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" 2019.

### **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 of the Trust. The Trustees of Advantage Schools are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Advantage Schools.

Details of the Trustees 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**

In accordance with normal practice the Trust has purchased insurance to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5m on any claim.

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or duty or which was committed with reckless disregard to whether it was a breach of trust or duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustee in their capacity as a Director of the Trust.

#### **d. Principal activities**

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

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 2021**

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

The members of the Trust shall comprise the signatories to the Memorandum of Association until they resign or otherwise cease to be members and 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 Chief Executive Officer if he/she agrees
- c) A minimum of two Parent Trustees if no local governing body is established
- e) Any co-opted Trustees

Trustees are appointed for a four-year period, except that this time limit does not apply to the Chief Executive Officer. 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 Trustees**

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 pupils and be provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and documents they need to undertake their role as a Trustee. 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 The Key for School Leaders, 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 Trust Board meet once per half term.

The following decisions are reserved for the Trust Board; to consider any change of status or constitution of its Trust and its committee structure, to appoint or remove the Chairman and/or the Vice Chairman of a Local Governing Body, 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 as well as the Local Governing Bodies: 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 three times a year.

# Advantage Schools

## Trustees' Report (Continued)

For the year ended 31 August 2021

### g. Organisational structure (continued)

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 senior staff appointments.

The Members and Trustees have devolved the responsibility for the day-to-day management of the Trust to the Chief Executive Officer (CEO) and his Team. The Senior Leadership Team of each school controls them on a daily basis, implementing policies laid down by the Members and Trustees and regularly reporting back to the Director of Education and the Chief Executive Officer. The Central Executive Team report back to the Trust Board on management and performance of the schools within the Trust.

During the period the Central Executive Team consisted of:

Stuart Lock	Chief Executive Officer
Jennifer Hill	Chief Financial Officer
Simon Campbell	Chief Operating Officer
Sallie Stanton	Director of Education

The CEO was the Trust's Accounting Officer for the period.

The Senior Leadership Team at Bedford Free School consisted of:

Tim Blake	Principal
Jane Herron	Vice Principal
Tom Wood	Assistant Principal (Teaching and Learning)
Elizabeth Foley	Assistant Principal (Pastoral)

The Senior Leadership Team at Elstow School consisted of:

Samantha Barlow	Principal
Sarah Ciantar	Deputy Head (Teaching and Learning)
Vicky Maples	Deputy Head (Inclusion)

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

The Central Executive Team is made up of the Chief Executive Officer, Principals, the Chief Financial Officer, the Chief Operating Officer and the Director of Education. 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 Chief Executive Officer performance manages the Central Executive Team, in line with the 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 each academic 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 Chief Executive Officer, Trustees delegate their appraisal responsibility to a panel of Trustees selected each year by the Chair. The Trust's targets are the Chief Executive Officer's personal targets, and their performance against these is assessed in an annual performance review meeting. Where required, an external adviser is involved to check the targets set are appropriate and objective.

# Advantage Schools

## Trustees' Report (Continued)

For the year ended 31 August 2021

### 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	93

#### 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
--	-----

Trustees should refer to Statutory Instrument 2017 N3. 328, The Trade Union (Facility Time Publication) Requirements Regulations 2017 for calculation details.

### 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.



# **Advantage Schools**

## **Trustees' Report (Continued)**

### **For the year ended 31 August 2021**

#### **j. Risk management (continued)**

##### **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,
- Trust assets are safeguarded against unauthorised use or disposition,
- 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 are 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 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 as part of the internal scrutiny procedures put in place by Trustees which, during the year ended 31 August 2021, was provided by an external firm (UHY Hacker Young).

#### **k. Related parties and other connected charities and organisations**

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 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:

J Lehain, wife of M Lehain, a Member, is employed by the Trust as a teacher. J Lehain is paid within the normal pay scale for the role and received no special treatment as a result of the relationship to a Member. The total remuneration received for their employment in the year was £41,391 (2020: £39,584).

# **Advantage Schools**

## **Trustees' Report (Continued)**

### **For the year ended 31 August 2021**

#### **Objectives and Activities**

##### **a. Objects and aims**

##### **Vision and values**

Our vision is to run a family of sustainably excellent schools, setting an example to the system that illustrates that all children can become knowledgeable and join the community of educated citizens.

This is summarised as:

We aim for our schools to be the highest quality, serving our families, achieving exceptional standards. 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
- 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:

##### **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 curricula
- Development & implementation of knowledge-based curricula 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 pupils who go to an Advantage Schools school to meet high expectations and break through any barriers to achieve their full potential.

# **Advantage Schools**

## **Trustees' Report (Continued)**

### **For the year ended 31 August 2021**

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.

#### **b. Objectives, strategies and activities**

The Trust's aims during the period ending 31 August 2021 are summarised below:

- Maintain the status of Bedford Free School and Elstow School as oversubscribed schools.
- Continue the Trust's work to improve the outcomes for all pupils, 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 and both schools make further progress towards becoming 'outlier' schools
- Ensure that the Trust's offer to the system and to prospective schools is clear, documented and distributed to all organisations who are realistic partners.
- To establish a documented, distinctive, knowledge-based Advantage Schools curriculum supported by a rich framework of professional learning
- 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
- 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 Directors
- 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
- To recruit, train and retain the highest calibre of staff to Advantage Schools keeping turnover healthy, staff absence low and morale high
- To ensure that all schools in the Trust continue to be judged by Ofsted and the Trust to be at least 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 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. Operational impact of COVID-19 pandemic**

Both of the Trust's schools closed to pupils in January 2021 and re-opened to provide childcare for children of key workers, whilst at the same time providing virtual learning to all pupils. Pupils returned to school and

# **Advantage Schools**

## **Trustees' Report (Continued)**

### **For the year ended 31 August 2021**

face to face lessons from March 2021, with remote provision still made available to pupils who were unable to attend school due to COVID.

#### **b. Achievements and performance**

Notwithstanding the effects of the pandemic, 2020-21 has been an excellent year for Advantage Schools.

Whilst there were no externally-moderated examinations for either school, Elstow School anticipates that the improvement in outcomes of the last two years will continue. Outcomes at Key Stage 1 continue to be excellent.

Due to the excellent reputation locally both schools are oversubscribed. At Bedford Free School there were nearly 400 applications of which nearly 200 were first-preference applications.

The ongoing careful management of income and expenditure enabled both schools to fund additional improvements to their site and facilities.

The Trust is involved in discussions with a number of schools and trusts about deepening a relationship with a view to running a significantly expanded excellent Trust. A single academy trust based in Bedford joined Advantage Schools on 1 December 2021, and the Trust will open a new secondary free school in Houghton Regis (Houstone School) in September 2022.

Overall then, the Trust goes into the 2021/22 year in a very strong position financially, reputationally and academically. Trustees are confident that the outcomes of pupils 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.

#### **c. Going concern**

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

### **Financial & risk management 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. Financial impact of COVID-19 pandemic**

The Trust has not to date sustained any significant detrimental significant short- or long-term financial affects from COVID-19 as the Trust is not reliant on non-grant income such as lettings and fundraising. Trustees do not consider that COVID-19 has impacted the Trust's investments, levels of reserves or funds that need to be set aside for future commitments.

The Trust has not used the government's furlough scheme for any of its employees, and to date has not claimed any additional government funding to cover COVID apart from recovering the cost of Free School Meals supermarket vouchers which were provided to all Free School Meals eligible children throughout the period of school closures January – March 2021.

# Advantage Schools

## Trustees' Report (Continued)

### For the year ended 31 August 2021

COVID catch-up funding totalling £78,310 across both schools has been received during the year and spent on a number of focussed areas including small group and one-to-one tuition. Each school has published its strategy for COVID catch-up on its website – see [elstowschool.co.uk](http://elstowschool.co.uk) for Elstow School and [bedfordfreeschool.co.uk](http://bedfordfreeschool.co.uk) for Bedford Free School.

#### c. Key financial performance indicators

Most of the Trust's income is obtained from the Education 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 2021 and the associated expenditure, are shown as restricted funds in the statement of financial activities.

The Trust also receives grants for fixed assets as capital funding from the ESFA. Such grants are shown in the statement of financial activities 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 2021, the total recurrent expenditure of £5,987,334 (2020: £5,263,356) was mostly covered (98%) by grant funding from ESFA and other income sources. At the end of the period the Trust had an excess of income over expenditure for the period (excluding restricted fixed asset and pension funds) which amounted to £205,164 (2020: £355,387). This excess was allocated to restricted reserves except for £10,381 (2020: £35,364) which relates to unrestricted surplus.

At 31 August 2021 the school has reserves of £3,074,582 (2020: £2,869,418) (restricted general funds, excluding pension reserves, plus unrestricted funds) of which £269,180 (2020: £258,799) are free reserves (unrestricted funds).

The defined benefit LGPS pension scheme liability at 31 August 2021 is £3,192,000 (2020: £2,454,000).

On 31 August 2021 the net book value of the fixed assets was £11,105,888 (2020: £10,918,092). The assets were exclusively used for providing education and the associated support services for the Trust.

#### c. Reserves policy

The Board of Trustees regularly examine the Trust's requirements for reserves in light of the main risks to the organisation.

At its meeting in September 2021, the Board of Trustees adopted a Reserves Policy which recommends maintaining a level of uncommitted reserves to:

- Provide a short term working balance to cushion the impact of uneven cash flows. Currently this is assessed as one month's payroll bill and operating costs for the Trust.
- Support the continued expansion and development of the Trust
- Plan for potential major items of expenditure for example capital works or emergency repairs;
- Provide a contingency to cushion the impact of unexpected events, emergencies and large shortfalls in budgets for example fluctuations in student numbers;

The Board of Trustees ensures these Reserves are met whilst still maintaining the fabric and operations of its schools, and regularly reviews its levels of Reserves at its FAR Committee and Full Board meetings.

# **Advantage Schools**

## **Trustees' Report (Continued)**

**For the year ended 31 August 2021**

### **d. Investments policy**

The Trust's investment policy is to invest surplus cash reserves on deposit with established UK banks with a high credit rating where the capital invested is guaranteed. Investment returns are reviewed during the year to ensure that returns are maximised whilst safeguarding the funds invested.

### **Principal risks and uncertainties**

The principal risks the Trust faces are:

- Academic performance and results - the Trust needs to ensure the results at all schools are excellent every year.
- Financial – changes in year on year pupil 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 pupils 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, high employer LGPS contribution rates for Elstow School, and any future financial impacts of the Covid pandemic.
- Growth of the MAT – failure to build or recruit further schools into the MAT or taking on schools with liabilities that are too significant. 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. Currently, BFS is graded Outstanding and Elstow School is Good. 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 is 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 Trust has appointed an audit firm (UHY Hacker Young) to carry out internal scrutiny checks on the financial systems and records. All finance staff receive training to keep them up to date with financial practice and develop their skills in this area.

Trustees and the Executive Team constantly review the level of existing and newly identified risks, particularly during the current COVID pandemic. The risk register is a standing termly item on the agenda at Finance, Audit and Resources Committee meetings and key risks or changes are discussed at each Trust Board Meeting.

### **Fundraising**

The trust has not engaged in any significant fundraising activities

# **Advantage Schools**

## **Trustees' Report (Continued)**

### **For the year ended 31 August 2021**

#### **Plans for the future**

##### **a. Future developments**

During the coming year the Trust plans to:

- Utilise our curricular expertise to distribute our distinctive, knowledge-based Advantage Schools curriculum supported by a rich framework of professional learning amongst the sector
- Successfully run cohorts delivering the Early Career Framework, the new National Professional Qualifications and to establish the Advantage Schools Knowledge Exchange
- Continue 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
- Continue 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 Directors
- Complete the acquisition of a local Single Academy Trust and to open Houstone School
- Develop a growth strategy that maintains the Advantage Schools brand and ensures we have at least two further new schools confirmed in the next two years (as well as Houstone School and the Single Academy Trust)
- Continue to recruit, train and retain the highest calibre of staff to Advantage Schools keeping turnover healthy, staff absence low and morale high
- Ensure that all schools in the Trust continue to be judged by Ofsted and the Trust to be at least good or where they have recently joined the Trust to make adequate progress towards being judged as good.

Other key objectives include:

- Take advantage of growth opportunities while growing the central Trust offer
- Maintaining or improving on all schools' current Ofsted grade should we be re-inspected
- Continuing to improve the quality of the schools' site to improve the pupil 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 2021

### 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 8 December 2021 and signed on its behalf by:

DocuSigned by:  
  
31CD50F520444D2...  
**I Campbell**  
Chair of Trustees



# Advantage Schools

## Governance Statement

For the year ended 31 August 2021

### 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Advantage Schools and the Secretary of State for Education. The Chief Executive Officer is 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 of Advantage Schools has formally met seven times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Bessell*	6	7
I Campbell (Chair of Trustees from 7 October 2020)	7	7
M Coward*	6	7
M Dodge * (Resigned 27 September 2020)	0	0
A Heavey	7	7
P Jameson * (Chair of FAR Committee)	6	7
M McCourt	6	7
T Rees	7	7
R N Syson *	6	7
R Tobias (Chair of Trustees until 7 October 2020, resigned 31 March 2021)	4	4

\* Member of the Finance, Audit and Resources (FAR) Committee.

The FAR Committee is a sub-committee of the main board of trustees. The Committee's overriding purpose, as set out in its Terms of Reference, is to achieve internal scrutiny which delivers objective and independent assurance for the Trust in line with the principles of the Academies Financial Handbook.

The FAR Committee has met six times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Bessell	6	6
M Coward	4	6
M Dodge (Resigned 27 September 2020)	0	0
P Jameson (Committee Chair)	6	6
R N Syson	6	6

# **Advantage Schools**

## **Governance Statement (continued)**

### **For the year ended 31 August 2021**

#### **Review of Value for Money**

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

The accounting officer considers how the academy'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 has delivered improved value for money during the year by ensuring that financial procedures are followed in line with the Academies Financial Handbook and the Trust's financial handbook as well as benchmarking attainment and outcomes as outlined elsewhere in the report.

#### **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 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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, which has been in place for the year 1 September 2020 to 31 August 2021 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 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 monthly financial reports which are reviewed by Trustees;
- 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;
- inclusion of key financial KPI's in the financial reports reviewed at every Finance, Audit & Resources Committee meeting
- 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.

# Advantage Schools

## Governance Statement (continued)

### For the year ended 31 August 2021

The Board of Trustees has considered the Academies Financial Handbook's requirements for internal scrutiny and has decided to appoint an audit firm (UHY Hacker Young) to carry out termly internal scrutiny checks, reporting findings to Trustees via the Finance, Audit and Resources Committee.

The internal scrutiny checks include performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- testing of financial procedures
- testing of payroll systems
- testing of purchase systems
- testing of expenses

#### Review of Effectiveness

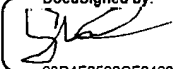
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the internal scrutiny checks; and
- the work of the external auditor;

Approved by order of the members of the Board of Trustees on 8 December 2021 and signed on their behalf by:

DocuSigned by:  
  
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**I Campbell**  
Chair of Trustees

DocuSigned by:  
  
63D4E2592CE2468...

**S Lock**  
Accounting Officer

# **Advantage Schools**

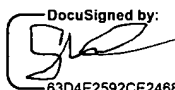
## **Statement of Regularity, Propriety and Compliance**

**For the year ended 31 August 2021**

As Accounting Officer of Advantage Schools, I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFSA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2020).

I confirm that I and the Board of Trustees are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook (2020).

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 EFSA

DocuSigned by:  
  
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**S Lock**

Accounting Officer

8 December 2021

# Advantage Schools

## Statement of Trustees' Responsibilities

For the year ended 31 August 2021

The Trustees (who act trustees 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 Governors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- 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 8 December 2021 and signed on its behalf by:

DocuSigned by:

*Ian Campbell*

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I Campbell

Chair of Trustees

# **Advantage Schools**

## **Independent Auditor's Report on the Financial Statements**

**For the year ended 31 August 2021**

### **Opinion**

We have audited the financial statements of Advantage Schools for the year ended 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021, 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 2019 and the Academies Accounts Direction 2020 to 2021 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

# **Advantage Schools**

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

**For the year ended 31 August 2021**

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Reference and Administrative Details, the Report of the Directors and Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinion on other 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.

### **Responsibilities for the financial statements**

As explained more fully in the Trustees' responsibilities statement set out on page 18, 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.

# **Advantage Schools**

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

**For the year ended 31 August 2021**

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

### **Explanation as to what extend the audit was considered capable of detecting irregularities, including fraud**

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available at on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our auditor's report.



# **Advantage Schools**

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

**For the year ended 31 August 2021**

### **Use of our report**

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Steve Robinson*

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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: 10/12/2021

## **Advantage Schools**

# **Independent Reporting Accountant's Assurance Report on Regularity to Advantage Schools and the Education & Skills Funding Agency**

**For the year ended 31 August 2021**

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 2020 to 2021, 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 2020 to 31 August 2021 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 Schools' 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 2020 to 2021 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

## **Advantage Schools**

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

**For the year ended 31 August 2021**


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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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#### **Reporting Accountant**

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

Date: 10/12/2021

# Advantage Schools

## Statement of Financial Activities for the year ended 31 August 2021 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	345,976	345,976	21,106
Charitable activities:						
Funding for the academy trust's educational operations	4	-	5,371,345	-	5,371,345	5,105,727
Other trading activities	5	44,482	-	-	44,482	52,787
Investments	6	346	-	-	346	2,443
<b>Total</b>		<b>44,828</b>	<b>5,371,345</b>	<b>345,976</b>	<b>5,762,149</b>	<b>5,182,063</b>
<b>Expenditure on:</b>						
Charitable activities:						
Academy trust educational operations	7 & 8	34,447	5,400,562	313,753	5,748,762	5,263,356
Other						-
<b>Total</b>		<b>34,447</b>	<b>5,400,562</b>	<b>313,753</b>	<b>5,748,762</b>	<b>5,263,356</b>
<b>Net income / (expenditure)</b>		<b>10,381</b>	<b>(29,217)</b>	<b>32,223</b>	<b>13,387</b>	<b>(81,293)</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension schemes	16 & 26	-	(514,000)	-	(514,000)	(664,000)
<b>Net movement in funds</b>	16 & 26	<b>10,381</b>	<b>(543,217)</b>	<b>32,223</b>	<b>(500,613)</b>	<b>(745,293)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		258,799	156,619	10,907,727	11,323,145	12,068,438
<b>Total funds carried forward</b>		<b>269,180</b>	<b>(386,598)</b>	<b>10,939,950</b>	<b>10,822,532</b>	<b>11,323,145</b>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year ended 31 August 2021.

# Advantage Schools

## Balance Sheet as at 31 August 2021

Company Number 07337888

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	13		11,105,888		10,918,092
<b>Current assets</b>					
Debtors	14	346,603		198,738	
Cash at bank and in hand		<u>2,906,364</u>		<u>2,867,411</u>	
		3,252,967		3,066,149	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	(344,323)		(207,096)	
<b>Net current assets</b>			<u>2,908,644</u>		<u>2,859,053</u>
<b>Total assets less current liabilities</b>			14,014,532		13,777,145
Defined benefit pension scheme liability	26		(3,192,000)		(2,454,000)
<b>Total net assets</b>			<u>10,822,532</u>		<u>11,323,145</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16	10,939,950		10,907,727	
Restricted income fund	16	2,805,402		2,610,619	
Pension reserve	16	<u>(3,192,000)</u>		<u>(2,454,000)</u>	
<b>Total restricted funds</b>			10,553,352		11,064,346
<b>Unrestricted income funds</b>	16		<u>269,180</u>		<u>258,799</u>
<b>Total funds</b>			<u>10,822,532</u>		<u>11,323,145</u>

The financial statements on pages 25 to 50 were approved by the Trustees and authorised for issue on 8 December 2021 and are signed on their behalf by

DocuSigned by:

*Ian Campbell*

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**I Campbell**  
Chair of The Trust Board

# Advantage Schools

## Statement of Cash Flows

### for the year ended 31 August 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash provided by/ (used in) operating activities	20	<b>194,180</b>	240,084
<b>Cash flows from investing activities</b>	21	<b>(155,227)</b>	(141,052)
<b>Cash flows from financing activities</b>		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>38,953</b>	99,032
<b>Cash and cash equivalents at 1 September 2020</b>		2,867,411	2,768,379
<b>Cash and cash equivalents at 31 August 2021</b>		<b>2,906,364</b>	2,867,411

# **Advantage Schools**

## **Notes to the Financial Statements for the year ended 31 August 2021**

### **1 Accounting Policies**

#### **General Information and Basis of Preparation**

Advantage Schools is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 1 of these financial statements. The nature of the academy trust's operations and principal activities are set out in the Trustees' Report on page 3.

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) 2019), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

#### **Going Concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of 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 receivable**

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.

# **Advantage Schools**

## **Notes to the Financial Statements for the year ended 31 August 2021 (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'.

- **Donated fixed assets**

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 2021 (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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

• Freehold & leasehold 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 and reclassified to freehold or leasehold land and buildings.

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 2021 (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. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### **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.

#### **Pension 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (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 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 Group.

#### 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 2021 (continued)

### 2 General Annual Grant (GAG)

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 2021.

### 3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Capital grants	-	331,870	331,870	21,106
Donated fixed assets	-	14,106	14,106	-
	-	345,976	345,976	
<b>2020 Total</b>	-	21,106	21,106	

### 4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	4,591,862	4,591,862	4,463,574
Other DfE/ESFA grants	-	621,430	621,430	589,117
Coronavirus support	-	78,310	78,310	-
	-	5,291,602	5,291,602	5,052,691
<b>Other Government grants</b>				
Other Government grants	-	79,743	79,743	53,036
	-	79,743	79,743	53,036
	-	5,371,345	5,371,345	5,105,727
<b>2020 Total</b>	-	5,105,727	5,105,727	

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Educational trip income	-	-	-	3,591
Catering income	675	-	675	692
Income from other charitable activities	43,807	-	43,807	48,504
	<u>44,482</u>	<u>-</u>	<u>44,482</u>	<u>52,787</u>
<b>2020 Total</b>	<u>49,196</u>	<u>3,591</u>	<u>52,787</u>	

### 6 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Short term deposits	346	-	346	2,443
	<u>346</u>	<u>-</u>	<u>346</u>	<u>2,443</u>
<b>2020 Total</b>	<u>2,443</u>	<u>-</u>	<u>2,443</u>	

### 7 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2021 £	Total 2020 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	3,567,655	-	201,346	3,769,001	3,543,627
Allocated support costs	878,888	306,018	794,855	1,979,761	1,719,729
	<u>4,446,543</u>	<u>306,018</u>	<u>996,201</u>	<u>5,748,762</u>	<u>5,263,356</u>
<b>2020 Total</b>	<u>4,058,888</u>	<u>268,092</u>	<u>936,376</u>	<u>5,263,356</u>	

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	9,847	5,487
Depreciation	313,753	291,786
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities)	-	-
Fees payable to auditor for:		
- audit	14,550	14,550

# Advantage Schools

- other services

5,3836,332

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 8 Charitable activities

	Unrestricted Funds £	Restricted General Funds £	Total 2021 £	Total 2020 £
Direct costs – educational operations	24,155	3,744,846	3,769,001	3,543,627
Support costs – educational operations	10,292	1,969,469	1,979,761	1,719,729
	<u>34,447</u>	<u>5,714,315</u>	<u>5,748,762</u>	<u>5,263,356</u>
<b>2020 Total</b>	<u>16,275</u>	<u>5,247,081</u>	<u>5,263,356</u>	

### Analysis of support costs

	Unrestricted Funds £	Restricted General Funds £	Total 2021 £	Total 2020 £
<b>Educational operations</b>				
Support staff costs	-	878,888	878,888	800,447
Depreciation	-	313,753	313,753	291,786
Technology costs	-	114,915	114,915	74,362
Premises costs	-	306,018	306,018	268,092
Catering	675	109,260	109,935	111,422
Other support costs	9,617	226,702	236,319	143,789
Governance costs	-	19,933	19,933	29,831
<b>Total support costs</b>	<u>10,292</u>	<u>1,969,469</u>	<u>1,979,761</u>	<u>1,719,729</u>
<b>2020 Total</b>	<u>1,147</u>	<u>1,718,582</u>	<u>1,719,729</u>	

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 9 Staff

#### a. Staff costs

Staff costs during the period were:

	Total 2021 £	Total 2020 £
Wages and salaries	3,172,626	2,923,292
Social security costs	302,089	277,453
Operating costs of defined benefit pension schemes	749,944	796,539
	<u>4,224,659</u>	<u>3,997,284</u>
Supply staff costs	36,885	75,029
	<u>4,261,544</u>	<u>4,072,313</u>

Wages and salaries include £17,670 (2020: £9,301) of severance payments, which related to four (2020: one) employees. This consisted of one payment of £9,600 which was non-contractual and three payments totalling £8,070 which were contractual (2020: one non-contractual payment).

#### b. Staff numbers

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

	2021 No.	2020 No.
Teachers	52	47
Administration and support	52	55
Management	7	11
	<u>111</u>	<u>113</u>

#### c. Higher paid staff

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

	2021 No.	2020 No.
£60,000 - £70,000	3	2
£70,001 - £80,000	1	1
£90,001- £100,000	1	1

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and Executive Team as listed on pages 1 and 5. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £330,415 (2020: £623,703). The total amount has decreased significantly in comparison to the previous year due to a change in how key management personnel is defined in the light of recent Trust development growth. Key management personnel are now defined for the purposes of this disclosure as the Trust's Central Executive Team.

### 10 Related Party Transactions – Trustees' remuneration and expenses

During the period ended 31 August 2021, no remuneration and other benefits or expenses were reimbursed or paid directly to Trustees (2020: £nil).

Other related party transactions involving the Trustees are set out in note 27.

### 11 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 £5m on any one claim. The cost of this insurance is included in the total insurance cost.

### 12 Central services

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

- Human resources
- Financial services
- Others as arising

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

5% of GAG top-slice basis with additional support charges as and when incurred.

The actual amounts charged in the year were as follows:

	2021 £	2020 £
Bedford Free School	152,472	145,522
Elstow School	86,100	88,882
	<b>238,572</b>	<b>234,404</b>



# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 13 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Assets under construction £	Plant & machinery £
<b>Cost</b>				
At 1 September 2020	6,730,162	5,160,000	7,930	29,686
Transfer on conversion				
Additions	114,266	-	244,613	2,109
Transfers	6,640	-	(6,640)	-
Disposals	-	-	-	-
At 31 August 2021	6,851,068	5,160,000	245,903	31,795
<b>Depreciation</b>				
At 1 September 2020	824,452	314,825	-	12,577
Charged in year	137,021	86,000	-	3,180
Disposals	-	-	-	-
At 31 August 2021	961,473	400,825	-	15,757
<b>Net book values</b>				
At 31 August 2021	5,889,595	4,759,175	245,903	16,038
At 31 August 2020	5,905,710	4,845,175	7,930	17,109

	Motor vehicles £	Furniture and Equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2020	39,753	312,206	530,460	12,810,197
Transfer on conversion	-	-	-	-
Additions	-	28,479	112,082	501,549
Transfers	-	-	-	-
Disposals	-	(2,165)	(53,345)	(55,510)
At 31 August 2021	39,753	338,520	589,197	13,256,236
<b>Depreciation</b>				
At 1 September 2020	34,426	292,203	413,622	1,892,105
Charged in year	1,883	13,898	71,771	313,753
Disposals	-	(2,165)	(53,345)	(55,510)
At 31 August 2021	36,309	303,936	432,048	2,150,348
<b>Net book values</b>				
At 31 August 2021	3,444	34,584	157,149	11,105,888
At 31 August 2020	5,327	20,003	116,838	10,918,092

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 2021 (continued)

### 14 Debtors

	2021 £	2020 £
Other debtors	11,819	7,782
VAT recoverable	77,544	36,242
Prepayments and accrued income	257,240	154,714
	<b>346,603</b>	<b>198,738</b>

### 15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	117,403	39,580
Other taxation and social security	-	-
Other creditors	475	23,269
Accruals and deferred income	226,445	144,247
	<b>344,323</b>	<b>207,096</b>

	2021 £	2020 £
<b>Deferred income</b>		
Deferred income at 1 September 2020	83,050	88,113
Released from previous years	(55,584)	(60,647)
Resources deferred in the year	56,198	55,584
Deferred Income at 31 August 2021	<b>83,664</b>	<b>83,050</b>

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 2021 (continued)

### 16 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,537,756	4,591,862	(4,400,032)	-	2,729,586
Start-up grant	-	-	-	-	-
Other ESFA grants	30,642	335,682	(332,729)	-	33,595
Pupil Premium	16,076	249,908	(249,908)	-	16,076
Local Authority grant	-	79,743	(79,743)	-	-
Coronavirus support	-	78,310	(78,310)	-	-
DfE grants	2,694	35,840	(35,840)	-	2,694
Other activities	23,451	-	-	-	23,451
Pension reserve	(2,454,000)	-	(224,000)	(514,000)	(3,192,000)
	<b>156,619</b>	<b>5,371,345</b>	<b>(5,400,562)</b>	<b>(514,000)</b>	<b>(386,598)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	5,046,696	-	-	-	5,046,696
ESFA capital grants	3,011,031	345,976	(313,753)	-	3,043,254
Other activities	2,850,000	-	-	-	2,850,000
	<b>10,907,727</b>	<b>345,976</b>	<b>(313,753)</b>	<b>-</b>	<b>10,939,950</b>
<b>Total restricted funds</b>	<b>11,064,346</b>	<b>5,717,321</b>	<b>(5,714,315)</b>	<b>(514,000)</b>	<b>10,553,352</b>
<b>Total unrestricted funds</b>	<b>258,799</b>	<b>44,828</b>	<b>(34,447)</b>	<b>-</b>	<b>269,180</b>
<b>Total funds</b>	<b>11,323,145</b>	<b>5,762,149</b>	<b>(5,748,762)</b>	<b>(514,000)</b>	<b>10,822,532</b>

The balance of restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2021 is a net surplus of £3,074,582.

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 2021.

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 16 Funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,208,079	4,463,574	(4,133,897)	-	2,537,756
Start-up grant	-	-	-	-	-
Other ESFA grants	30,642	311,143	(311,143)	-	30,642
DfE grants	16,075	241,592	(241,591)	-	16,076
Local Authority grant	-	53,036	(53,036)	-	-
Pupil premium	621	33,382	(34,309)	-	2,694
Other activities	35,179	3,591	(15,319)	-	23,451
Pension reserve	(1,624,000)	-	(166,000)	(664,000)	(2,454,000)
	<b>666,596</b>	<b>5,109,318</b>	<b>(4,955,295)</b>	<b>(664,000)</b>	<b>156,619</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	5,046,696	-	-	-	5,046,696
ESFA capital grants	3,281,711	21,106	(291,786)	-	3,011,031
Other activities	2,850,000	-	-	-	2,850,000
	<b>11,178,407</b>	<b>21,106</b>	<b>(291,786)</b>	<b>-</b>	<b>10,907,727</b>
<b>Total restricted funds</b>	<b>11,845,003</b>	<b>5,130,424</b>	<b>(5,247,081)</b>	<b>(664,000)</b>	<b>11,064,346</b>
<b>Total unrestricted funds</b>	<b>223,435</b>	<b>51,639</b>	<b>(16,275)</b>	<b>-</b>	<b>258,799</b>
<b>Total funds</b>	<b>12,068,438</b>	<b>5,182,063</b>	<b>(5,263,356)</b>	<b>(664,000)</b>	<b>11,323,145</b>

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 16 Funds (continued)

#### Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Bedford Free School	<b>2,486,583</b>	2,196,268
Elstow School	<b>935,576</b>	779,606
Central Services	<b>(347,577)</b>	(106,456)
Total before fixed assets and pension reserve	<b>3,074,582</b>	2,869,418
Restricted fixed asset fund	<b>10,939,950</b>	10,907,727
Pension reserve	<b>(3,192,000)</b>	(2,454,000)
<b>Total</b>	<b>10,822,532</b>	11,323,145

#### Total cost analysis by academy

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

	<b>Teaching and Educational Support Staff Costs £</b>	<b>Other Support Staff Costs £</b>	<b>Educational Supplies £</b>	<b>Other Costs (excluding Depreciation) £</b>	<b>Total 2021 £</b>	<b>Total 2020 £</b>
Bedford Free School	2,121,992	388,766	127,015	466,259	<b>3,104,032</b>	2,846,975
Elstow School	1,202,027	300,259	74,325	261,341	<b>1,837,952</b>	1,704,955
Central Services	222,099	189,864	-	81,062	<b>493,025</b>	406,216
<b>Academy Trust</b>	<b>3,546,118</b>	<b>878,889</b>	<b>201,340</b>	<b>808,662</b>	<b>5,435,009</b>	4,958,146

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 17 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	11,105,888	11,105,888
Current assets	269,180	2,983,787	-	3,252,967
Current liabilities	-	(178,385)	(165,938)	(344,323)
Pension scheme liability	-	(3,192,000)	-	(3,192,000)
<b>Total net assets</b>	<b>269,180</b>	<b>(386,598)</b>	<b>10,939,950</b>	<b>10,822,532</b>

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

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	10,918,092	10,918,092
Current assets	258,799	2,817,715	(10,365)	3,066,149
Current liabilities	-	(207,096)	-	(207,096)
Pension scheme liability	-	(2,454,000)	-	(2,454,000)
<b>Total net assets</b>	<b>258,799</b>	<b>156,619</b>	<b>10,907,727</b>	<b>11,323,145</b>

### 18 Capital commitments

	2021	2020
Contracted for, but not provided in the financial statements	<u>134,557</u>	-

### 19 Commitments under operating leases

#### Operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases were:

	2021 £	2020 £
Amounts due within one year	10,790	9,847
Amounts due between one and five years	13,816	7,596
Amounts due after five years	-	-
	<u>24,606</u>	<u>17,443</u>

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

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

	2021 £	2020 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	13,387	(81,293)
Adjusted for:		
Amortisation	-	-
Depreciation (note 13)	313,753	291,786
Capital grants from DfE and other capital income	(345,976)	(21,106)
Loss/(Profit) on disposal of tangible assets	-	-
Interest receivable	(346)	(2,443)
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme cost less contributions payable (note 26)	185,000	137,000
Defined benefit pension scheme finance cost (note 26)	39,000	29,000
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	(147,865)	(39,588)
(Decrease)/increase in creditors	137,227	(73,272)
<b>Net cash provided by / (used in) Operating Activities</b>	<b>194,180</b>	<b>240,084</b>

### 21 Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	346	2,443
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(501,549)	(164,601)
Capital grants from DfE/ESFA	345,976	21,106
Capital funding received from sponsors and others	-	-
<b>Net cash provided by / (used in) investing activities</b>	<b>(155,227)</b>	<b>(141,052)</b>

### 22 Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	2,906,364	2,867,411
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>2,906,364</b>	<b>2,867,411</b>

### 23 Analysis of changes in net funds

	Balance at 1 September 2020 £	Cash flows £	Balance at 31 August 2021 £
Cash	2,867,411	38,953	2,906,364
Cash equivalents	-	-	-
<b>Total net funds</b>	<b>2,867,411</b>	<b>38,953</b>	<b>2,906,364</b>

# **Advantage Schools**

## **Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

### **24 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 had been applied for by agreement of all parties, and was granted until May 2017. There has been no further development in this case since and the Academy Trust's legal team are working to have the case struck off. Any future claim will be covered by the Trust's insurance provider and therefore no provision is recognised in the financial statements relating to this legal matter.

### **25 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.

### **26 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 latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

#### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions 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 every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.



# **Advantage Schools**

## **Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

### **26 Pension and similar obligations (continued)**

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £514,000 (2020: £464,000).

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

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

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £283,000 (2020: £234,000), of which employer's contributions totalled £236,000 (2020: £186,000) and employees' contributions totalled £47,000 (2020: £48,000). The agreed contribution rates for future years for Bedford Free School are 20.0% for employers and 5.5%-12.5% for employees and for Elstow School are 37.8% for employers and 5.5%-12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy trust 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 2021 (continued)

### 26 Pension and similar obligations (continued)

Principal actuarial assumptions	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.85%	3.23%
Rate of increase for pensions in payment/inflation	2.85%	2.23%
Discount rate for scheme liabilities	1.68%	1.65%
Inflation assumption (CPI)	2.85%	2.23%
Commutation of pensions to lump sums (pre April 2008 service)	50.00%	50.00%
Commutation of pensions to lump sums (post April 2008 service)	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 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21.9	22.2
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	22.9	23.4
Females	26.0	26.1

Sensitivity analysis	At 31 August 2021 £	At 31 August 2020 £
Discount rate +0.1%	(143,000)	(105,000)
Discount rate -0.1%	147,000	109,000
Mortality assumption – 1 year increase	195,000	116,000
Mortality assumption – 1 year decrease	(188,000)	(112,000)
CPI rate +0.1%	138,000	102,000
CPI rate -0.1%	(133,000)	(98,000)

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

	Fair value at 31 August 2021 £	Fair value at 31 August 2020 £
Equity instruments	1,117,000	746,000
Debt instruments	298,000	176,000
Property	149,000	103,000
Cash	36,000	66,000
<b>Total market value of assets</b>	<b>1,600,000</b>	<b>1,091,000</b>

The actual return on scheme assets was £21,000 (2020: £13,000).

# Advantage Schools

## Notes to the Financial Statements for the year ended 31 August 2021 (continued)

### 26 Pension and similar obligations (continued)

#### Amount recognised in the statement of financial activities

	2020/21 £	2019/20 £
Current service cost	(421,000)	(323,000)
Past service cost	-	-
Interest income	21,000	18,000
Interest cost	(60,000)	(47,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(78,000)	207,000
Total amount recognised in the SOFA	(538,000)	(145,000)

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

	2020/21 £	2019/20 £
<b>At 1 September</b>	<b>3,545,000</b>	<b>2,473,000</b>
Current service cost	421,000	323,000
Interest cost	60,000	47,000
Employee contributions	52,000	48,000
Actuarial (gain)/loss	716,000	490,000
Benefits paid	76,000	(43,000)
Past service cost	-	-
Plan introductions, benefit changes, curtailments and settlements	(78,000)	207,000
<b>At 31 August</b>	<b>4,792,000</b>	<b>3,545,000</b>

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

	2020/21 £	2019/20 £
<b>At 1 September</b>	<b>1,091,000</b>	<b>849,000</b>
Conversion of academy trust	-	-
Interest income	21,000	18,000
Return on plan assets (excluding net interest on the net defined pension liability)	125,000	38,000
Actuarial gain/(loss)	-	(5,000)
Employer contributions	236,000	186,000
Employee contributions	52,000	48,000
Administration expenses	(1,000)	-
Benefits paid	76,000	(43,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31 August</b>	<b>1,600,000</b>	<b>1,091,000</b>

# **Advantage Schools**

## **Notes to the Financial Statements for the year ended 31 August 2021 (continued)**

### **27 Related party transactions**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, 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:**

J Lehair, spouse of M Lehair, a member was employed by the multi academy trust during the year. The appointment was made in open competition and M Lehair was 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 member. The total remuneration received for their employment in the year was £41,391 (2020: £39,584).