

Registered number: 07650619 (England and Wales)

ACTIVE EDUCATION ACADEMY TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 August 2017



ACTIVE EDUCATION ACADEMY TRUST

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ACTIVE EDUCATION ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members and Trustees

Mrs J Law
Mr J D Williets
MS H G Barnett

Trustees

Mrs J Law*
Mr J D Williets*
Ms H G Barnett*
Ms T E Chivers*
Mrs F E Bloxham (resigned 14 November 2016)*
Mr S D Kendall
Mrs R Mahmood*
Mr K Miah (resigned 15 October 2016)
Ms S Reay - Head Teacher (resigned 30 April 2017)*
Mrs L McMulkin (appointed 1 November 2016)
Dr M Y Rehman (appointed 14 December 2016)
Mrs S A Smart (appointed 14 December 2016)*
Mrs S P Soora (appointed 14 December 2016)*
Mr D M Sansom (appointed 1 September 2017)

* denotes member of Finance Committee

Company registered number

07650619 (England and Wales)

Registered office

Wigmore Hall
Wigmore Valley Park
Eaton Green Road
Luton
Bedfordshire
LU2 9JB

Operation Address

River Bank School
Bath Road
Luton
Bedfordshire
LU3 1ES

Company secretary

Mrs K C Paxton-Doggett

ACTIVE EDUCATION ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Senior management team

Sally Reay - Head Teacher (resigned 30 April 2017)
Judith Trainor (appointed 2 December 2016)
David Seeley (appointed 1 January 2017)
Jane Vale (appointed 1 September 2016)
Clyde Brennan (resigned 12 December 2016)
Louise Marsden (appointed 1 August 2017)
Richard Lightfoot (appointed 1 September 2016 & resigned 4 January 2017)

Independent auditor

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Bankers

The Co-operative Bank
2-6 Alma Street
Luton
Bedfordshire
LU1 2PL

Lloyds Bank
60 George Street
Luton
LU1 2BB

Solicitors

Pictons Solicitors LLP
28 Dunstable Road
Luton
LU1 1DY

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

The governors, who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2017. The governors have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The governors present their annual report together with the financial structure and auditors reports of the charitable company for the period 1st September 2016 to 31st August 2017. The annual report serves the purposes of both a trustees' report and a governors' report under company law.

Active Education Academy Trust operates River Bank Primary School a free school in the Biscot ward of Luton. During the academic year 2016/2017 the school admitted pupils into Reception, Year 1, Year 2 and Year 3.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy 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 academy trust. The governors of Active Education Academy Trust are also directors of the charitable company for the purposes of company law. The charitable company is known as Active Education Academy Trust. The free school operated by Active Education Academy Trust is known as River Bank Primary School.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the academy 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 £1, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnity

The Academy Trust's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a director, Governor, or officer of the Academy Trust.

Recruitment and appointment of new Governors

As set out in the Articles of Association the Members are responsible for the recruitment and appointment of Governors, the Members may appoint up to 8 Governors; Staff Governors including the Principal must not exceed one third of the total number of Governors; a Parent Governor must be a parent of a pupil at the Academy at the time of election.

The Members will give consideration to the skills and experience mix of Governors in order to ensure the Governors have the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Governors

Governors have agreed that on appointment all new governors will undertake an induction which includes meetings with the Head teacher, Chair of Governors and a Member. Newly appointed Governors will receive a copy of Charity Commission's 'The Essential Trustee' and the memorandum and articles of association for the Academy Trust. They are also referred to the Academies Financial Handbook and the Active Education Academy Trust Funding Agreement.

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

The Academy trust has appointed an experienced and high quality Clerk who supports Governors and notifies them of appropriate on-going Governor training.

Organisational structure

Active Education Academy Trust is governed by a board of governors (the Governing Body) constituted under a memorandum of association and articles of association. The Governing Body is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:-

- Policy development & strategic development
- Ensuring sound management and administration of the Academy
- Ensuring compliance with legal requirements
- Establishing and maintaining effective internal controls
- The management of all resources
- The monitoring of performance
- Helping the Academy to be responsive to the needs of parents, carers and the community
- Assessing and managing risk

Governors are responsible for setting general policy, adapting an annual plan and budget, monitoring the Academy by the use of Budgets and strategic development plan and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The governors meet a minimum of once per term and have also established two sub-committees, meeting a minimum of once per term. Governors have established an overall framework for the governance of the academy which determines membership, terms of reference and procedures for the full governing body and the associated subcommittee. The two sub-committees are Curriculum and Standards, and Resources, Finance and Audit.

The full governing body receives reports, including policies, from its committees for ratification. The activity of the sub-committees is monitored through minutes of meetings. The governors have further agreed that they may, from time to time, establish working groups to perform specific tasks over a set time scale.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel within the organisation are the Governors who do not receive a salary with the exception of staff Governors. Senior Management of the Trust salaries are determined in line with the Trust's Pay Policy.

Connected Organisations including related parties

Active Luton Limited is a related party entity and a founder member of the academy. Active Luton Limited provided services relating to project management, financial, facilities management, professional and educational services to support the premises and operational management of the Academy Trust and River Bank Primary School.

Service Level Agreements were established to clearly identify the role of Active Luton Limited in the provision of the above services which have been provided on a cost only basis.

Service Level Agreements were also established with Luton Borough Council for the provision of support related to School Improvement; Appeals & Admissions; HR Support & Payroll; Occupational Health, Special Education Needs and Education welfare

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

OBJECTIVES AND ACTIVITIES

Objects, aims and a summary of the year

The object of the academy trust is to advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

During the financial year the Academy provided free education to pupils of Reception, Year 1, Year 2 and Year 3 age.

In accordance with the articles of association the Academy has adopted a funding agreement approved by the Secretary of State for Education. The funding agreement specifies amongst other things, the basis for admitting pupils to the Academy and that the Academy provides a broad and balanced curriculum.

The aims of the Active Education Academy Trust are as follows:

- A school where Physical Education and School Sport are at the heart and used as a key tool to raise standards and drive forward the whole school agenda, addressing the wider issues such as health and well-being, behaviour, confidence and self-esteem, providing a model of excellence and an enrichment of the curriculum.
- A school where the specialism is embedded within the ethos and integrated into every aspect of it through the associated sporting values, aptitudes and skills that impact on learning.
- An outstanding, values based, school that provides the pupils and wider community with the best possible opportunities to develop their knowledge, skills and attributes, to secure both educational and personal achievement and success and to transform their lives.
- An inspirational school where everyone wants and strives to achieve their personal best, where everyone is accountable and where everyone has a responsibility for learning.
- A school that offers value for money, without compromising high quality teaching and learning.
- A school where all children are taught the values of belonging, the importance of team work, collaboration, respect, motivation and determination, so that they strive to improve, have pride and achieve high academic standards.
- A school where all children are given the opportunity to work collectively and support one another, taking pride in being part of a team with a clear identity within the school.
- A school where the curriculum is motivational, inspirational and enjoyable, relating to the needs and interests of the children, giving pupils the knowledge, skills and understanding they require to succeed in life and develop into successful local and global citizens.
- A school that is responsive to an ever-changing technological society, being sufficiently adaptable and flexible to be able to reflect changes in understanding concerning how children learn, so ensuring it is always 'fit for purpose' and meets the needs of all the pupils.
- A school where there is a balance between structure and flexibility with the curriculum itself being designed to communicate to people from all backgrounds and experiences, preparing pupils for life in the 21st Century.
- A school where the ethos is underpinned by a sense of community where pupils learn to respect and celebrate one another's differences.
- A school where there is the provision of a rich and varied menu of sporting and cultural opportunities to pupils both before and after school, during lunchtimes and on Saturday mornings.

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

Objectives, Strategies and Activities

The Academy's main strategy is encompassed in its vision statements which is Inspire, Empower, Achieve. The school's objective is outlined by its vision, to improve the life chances and raise the aspirations of our pupils through the high expectations we set, inspiring achievement and using innovative teaching pedagogy to ensure the diverse learning needs of all the pupils are met and that learning is put into a context that is meaningful and enjoyable.

Our values are based on those of the Olympic and Paralympic games:

- Friendship
- Respect
- Excellence
- Determination
- Inspiration
- Courage
- Equality

Public benefit

The Governors have referred to the guidance contained in the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by School are for the public benefit.

The Academy provides a state primary education to boys and girls aged 3 to 11 living in the local area. This Academy is specifically restricted to advance, for public benefit, education in the United Kingdom.

STRATEGIC REPORT

Achievement and Performance

Early Years Foundation Stage

The percentage of children achieving a good level of development was 73% (101 pupils) compared to 68% (111 pupils) in 2016. The national figure for 2017 was 71% and the local authority average was 68%. This indicates significant improvements in the outcomes for pupils in the early years setting – an increase of 22% of pupils achieving a good level of development in the last three years. River Bank's good level of development put is in the top ten for schools in the local authority. 11 pupils in early years were 'disadvantaged' – they did not perform as well and the 'non-disadvantaged' pupils in the school in achieving a good level of development (64% against 74%).

Year One

82% of pupils in year one passed the phonics screening test. This is a 10% increase on the 72% figure for 2016. Our 2017 figure places us in line with national average and 2% above the local authority average. 18 pupils in year one were 'disadvantaged' – they performed much better than the 'non-disadvantaged' pupils in the school (94% against 79%).

Year Two

70% of pupils in year two who retook the phonic screening test passed – this is 20% below the national average.

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

KS1 Outcomes %	Expected + School 2016	Expected + National 2016	Expected + Local 2016	Expected + School 2017	Expected + National 2017	Expected + Local 2017
Reading	54	74	70	65	75	71
Writing	39	65	62	42	68	64
Mathematics	67	73	69	51	75	71

KS1 Outcomes %	Greater Depth School 2016	Greater Depth National 2016	Greater Depth Local 2016	Greater Depth School 2017	Greater Depth National 2017	Greater Depth Local 2017
Reading	5	24	23	34	25	22
Writing	0	13	12	10	16	14
Mathematics	9	18	17	0	26	19

Year Three

At the end of year three, pupils achieved the following results (this is based on a etacher assessment using a purchased assessment package).

%	Below age related expectations	Broadly in line with age related expectations	At age related expectations	Above age related expectations
Reading	22	21	40	17
Writing	32	18	37	14
Mathematics	26	22	34	17

Key Performance Indicators

The key financial performance indicators are:

- The Academy will continue to operate with sufficient balances so as to maintain the infrastructure of the Academy and to ensure the continuity of the education of pupils.
- The Academy will keep within the agreed budget unless a variation is agreed by the Board of Governors.

Non-financial performance indicators are: pupil numbers and staff costs and maintaining facilities and education to a high standard.

Going concern

After making appropriate enquires the board of governors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

FINANCIAL REVIEW

The school's principal income is from the DFE in the form of recurrent, restricted grants. The grants received during the year ended 31 August 2017 and the associated expenditure are shown in the Statement of Financial activities.

During the year ended 31st August 2017 total operating expenditure excluding depreciation of £2,038,760 was in the main fully covered by grant funding from the ESFA and other incoming resources. The expenditure includes further Pension adjustments of £107,000 as a result of reflecting the FRS 102 adjustments. Excluding these figures a surplus of £57,902 was achieved.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with FRS 102. At 31 August 2017, the deficit stood at (£171,000). The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through pension contributions recommended by the pension scheme actuaries.

At 31 August 2017 the net book value of fixed assets was £7,403,418 (2016: £7,586,309). Movements in tangible fixed assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the School.

The capital grant from the ESFA received in the year has been used to fund further capital equipment needed by the school in particular IT and class equipment. The expenditure growth from the previous year is due to the increased number of pupils with the addition of an extra year group of approximately 100 more pupils. Principal expenditure was on staffing costs, education supplies & premises related expenditure. Reserves have increased and are carried forward to cover any shortfalls in future years as the post opening grant reduces, it is also there to cover unexpected expenditure or shortfalls in income.

Reserves policy

The Governing Body has developed and adopted a framework in line with the ESFA academies financial handbook. The principle source of funding for the year has been the grants received from the Education and Skills Funding Agency (ESFA) (operating and capital). These are shown as restricted funds in the Statement of Financial Activities. Grants were received for the operation of the Academy as well as capital grants received for the completion of the fit out of the classrooms in IT and furniture.

The Governing Body review the reserve policy on an annual basis to ensure that reserves are maintained at a level that is consistent with the Academy Trust having sufficient funds to operate at its planned activity levels taking into account the various financial risk factors that have been identified.

The Trustees have determined that a target of £250,000 is currently the appropriate level of free reserves (including restricted and unrestricted funds) but this needs to be reviewed annually as the school income and numbers continue to grow.

Total reserves amount to £7,573,206 (2016: £7,752,195), this represents £52,498 (2016: £24,282) unrestricted funds, £288,290 (2016: £258,604) restricted funds, £7,403,418 (2016: £7,586,309) restricted fixed assets funds and a Pension Reserve of (£171,000) (2016: (£117,000)).

The Unrestricted Fund Reserves are there to build up for future investments. The Restricted Fund Reserves are there to cover potential shortfalls in future years as the school is in a growing phase. The Restricted Fixed Asset Fund Reserves are there to cover the future depreciation of the building and other Fixed Assets as the funds were provided for the purpose of building and fitting out the new school building.

ACTIVE EDUCATION ACADEMY TRUST

TRUSTEES' REPORT

Investment policy and objectives

The Academy trust has the power to make investment decisions as it holds cash balances. Surplus funds are held in an instant access deposit account.

Principal risks and uncertainties

During the course of this academic year, the governing body has developed a comprehensive risk register and agreed a process for review. Systems and procedures have been developed by the Academy Trust to manage the identified risks. As a developing school the key risk identified and focussed on have been;

- Delivering an outstanding education to our pupils as the school grows
- Recruiting outstanding teachers to support the growth of the school
- Recruitment of pupils in line with financial plans

Risk management

The governors have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Academy follows an appropriate risk management process which identifies the types of risk the Academy faces. A risk register has been produced by the Governing Body and, is reviewed and updated regularly.

Plans for Future Periods

The future plan for the academy trust is to continue to expand annually until the academy includes all years from Year R to Year six. During the Academic Year 2016-2017 the school had pupils in early years, year one, two and three.

The Academy Trust has been working to achieve the desired aim of establishing a comprehensive programme of community use. Currently there is community use on six days per week with usage by local community groups such as the Scouts and also a number of fitness related activities for targeted groups. Holiday activities continued this year and will continue to grow in future years.

Part of the building has been designated for use by Luton Adult Learning in 2017-2018 to support community learning.

Auditor

The auditors, Moore Stephens LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Insofar as the Governors are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Governors, as the company directors, on 7 December 2017 and signed on the board's behalf by:



Mr J D Williets
Chair of Trustees

ACTIVE EDUCATION ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring that 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 Active Education Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The whole Board of Governors has formally met five times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mrs J Law	5	5
Mr J D Williets	5	5
Ms H G Barnett	5	5
Ms T E Chivers	5	5
Mrs F E Bloxham	0	1
Mr S D Kendall	3	5
Mrs R Mahmood	5	5
Mr K Miah	0	1
Ms S Reay	4	4
Mrs L McMulkin	4	4
Dr M Y Rehman	3	3
Mrs S A Smart	3	3
Mrs S P Soora	3	3

Changes in the composition of the Board of Governor can be found in the administrative details section on page 1.

The Finance Committee is a subcommittee of the main Board of Trustees. Its purpose is to be responsible for the system of internal financial control operating within the Academy and for reviewing its effectiveness. The Committee met 5 times during the year

ACTIVE EDUCATION ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs J Law	5	5
Mr J D Williets	3	5
Ms H G Barnett	5	5
Ms T E Chivers	4	5
Ms S Reay	4	4
Mrs R Mahmood	5	5
Mrs S P Soora	1	3
Mrs S A Smart	3	3
Mrs F E Bloxham	0	1

Review of Value for Money

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during the year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by following the Academy Trust's tendering policy and procedures.

There has been an increased in community services through extended school services and lettings which serve the local community and improve partnerships.

The Academy also makes effective use of budgeting. A budget for the year ended 31 August 2017 was approved by the Finance Committee. Expenditure has been controlled against this budget with any significant variances investigated and acted upon.

The Academy has maintained and developed as necessary procedures for assessing need, and obtaining goods and services which provide the best value in terms of suitability, efficiency, time and cost. These procedures were satisfactorily adopted to obtain the best possible quotes for goods and services.

The purpose of the System of Internal Control

The system of internal control has been designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for Active Education Academy Trust for the period 1st September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has continued to be developed during the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

ACTIVE EDUCATION ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Reviewing Controls and Managing Risks

A risk register has been created which assess the risks facing the School and cover a wide range of areas including finance, people, strategy, management, technology, health & safety and governance. This register is reviewed by the Governing Body. The Head Teacher and Chief Finance Officer have regular meetings to discuss the monthly management accounts and any ESFA reporting requirements. Cash Flow is tracked monthly.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- setting targets to measure financial and Other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function. Currently this has been provided by Gowing Internal Audit Services Limited who have performed an annual internal control review.

In particular checks carried out included: testing of payroll systems; testing of purchase systems and testing cash handling procedures.

The Appointee reports to the Board of Governors on the operation of the Systems of control and on the discharge of the Board of Governors' financial responsibilities. There were no significant weaknesses to report.

Review of Effectiveness

As Accounting Officer, the Head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditor;
- the financial management and governance self-assessment process;
- The work of the management team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer is advised of the implications of the result of this review of the system of internal control by the Finance Committee and addresses weaknesses, as appropriate, to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 7 December 2017 and signed on its behalf by:



Mr J D Williets
Chair of Trustees



Mr D M Sansom
Accounting Officer

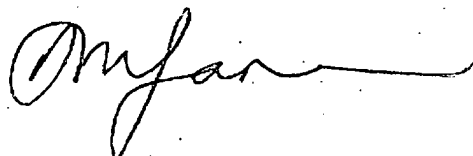
ACTIVE EDUCATION ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Active Education Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the school Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Mr D M Sansom
Accounting Officer

Date: 7 December 2017

ACTIVE EDUCATION ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgements 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 7 December 2017 and signed on its behalf by:



Mr J D Williets
Chair of Trustees

ACTIVE EDUCATION ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACTIVE EDUCATION ACADEMY TRUST

We have audited the financial statements of Active Education Academy Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, Balances Sheet, 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2016 to 2017 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 Year End and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

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 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 audit opinion.

Conclusions relating to going concern

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

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

ACTIVE EDUCATION ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACTIVE EDUCATION ACADEMY TRUST (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, including the incorporated strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, including the incorporated strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of the 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.

ACTIVE EDUCATION ACADEMY TRUST

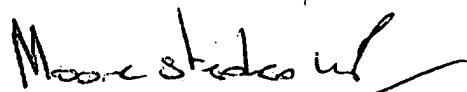
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACTIVE EDUCATION ACADEMY TRUST (CONTINUED)

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.

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



Nicholas Simkins, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Date: 13/12/2017

ACTIVE EDUCATION ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 20 February 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Active Education Academy Trust during the period 1 September 2016 to 31 August 2017 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 Active Education Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Active Education Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Active Education Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Active Education Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Active Education Academy Trust's funding agreement with the Secretary of State for Education dated 11 June 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

ACTIVE EDUCATION ACADEMY TRUST

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

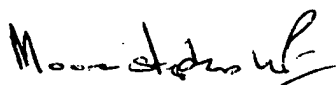
The work undertaken to draw to our conclusion includes but is not limited to the following:

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

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Academy Trust's purposes and are appropriately authorised;
- Sample testing on expenditure, review for any indication of purchase for personal use by staff, Principal or Trustees;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the period for evidence of unusual entries and making further enquiries into any such items where relevant;
- Checking a selection of nominal ledger accounts for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Academy Trust.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Moore Stephens LLP
Chartered Accountants and Registered Auditors
150 Aldersgate Street
London
EC1A 4AB

Date: 13/12/2017.

ACTIVE EDUCATION ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2017 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Re-stated Total 2016 £
Income from:						
Donations and capital grants	2	-	-	90,013	90,013	217,811
Charitable activities:						
Funding for the academy trust's educational operations	3	15,298	1,949,373	-	1,964,671	1,569,773
Other income	4	24,538	-	-	24,538	13,583
Investments	5	453	-	-	453	690
Total		40,289	1,949,373	90,013	2,079,675	1,801,857
Expenditure on:						
Raising funds	6	1,149	-	-	1,149	15,943
Charitable activities:						
Academy trust educational operations	6	10,924	2,026,687	272,904	2,310,515	1,693,549
Total	6	12,073	2,026,687	272,904	2,311,664	1,709,492
Net income / (expenditure)		28,216	(77,314)	(182,891)	(231,989)	92,365
Transfers between funds	13	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	53,000	-	53,000	(81,000)
Net movement in funds		28,216	(24,314)	(182,891)	(178,989)	11,365
Reconciliation of funds						
Total funds brought forward	13	24,282	141,604	7,586,309	7,752,195	7,740,830
Total funds carried forward	13	52,498	117,290	7,403,418	7,573,206	7,752,195

All of the School's activities derive from continuing operations during the above financial period.

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 24 to 44 form part of these financial statements

ACTIVE EDUCATION ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016 (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Re-stated Unrestricted Funds £	Re-stated Restricted General Funds £	Re-stated Restricted Fixed Asset Funds £	Re-stated Total 2016 £	Total 2015 £
Income from:					
Donations and capital grants	-	-	217,811	217,811	-
Charitable activities:					
Funding for the academy trust's educational operations	11,709	1,558,064	-	1,569,773	877,611
Other income	13,583	-	-	13,583	27,365
Investments	690	-	-	690	632
Total	25,982	1,558,064	217,811	1,801,857	905,608
Expenditure on:					
Raising funds	15,943	-	-	15,943	6,101
Charitable activities:					
Academy trust educational operations	11,747	1,448,115	233,687	1,693,549	966,853
Total	27,690	1,448,115	233,687	1,709,492	972,954
Net income / (expenditure)	(1,708)	109,949	(15,876)	92,365	(67,346)
Transfers between funds	-	21,515	(21,515)	-	-
Other recognised gains / (losses):					
Actuarial gains/(losses) on defined benefit pension schemes	-	(81,000)	-	(81,000)	(10,000)
Net movement in funds	(1,708)	50,464	(37,391)	11,365	(77,346)
Reconciliation of funds					
Total funds brought forward	25,990	91,140	7,623,700	7,740,830	7,818,176
Total funds carried forward	24,282	141,604	7,586,309	7,752,195	7,740,830

All of the School's activities derive from continuing operations during the above financial period.

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 24 to 44 form part of these financial statements

ACTIVE EDUCATION ACADEMY TRUST

BALANCE SHEET AS AT 31 AUGUST 2017 (COMPANY NUMBER: 07650619)

	Notes	2017 £	2017 £	Restated 2016 £	Restated 2016 £
Fixed assets					
Tangible assets	10		7,403,418		7,586,309
Current assets					
Stock		6,108		-	
Debtors	11	130,236		104,144	
Cash at bank and in hand	20	616,142		499,657	
		<u>752,486</u>		<u>603,801</u>	
Liabilities					
Creditors: Amounts falling due within one year	12	(411,698)		(320,915)	
Net current assets			<u>340,788</u>		<u>282,886</u>
Total assets less current liabilities			<u>7,744,206</u>		<u>7,869,195</u>
Defined benefit pension scheme liability	22		(171,000)		(117,000)
Total net assets			<u>7,573,206</u>		<u>7,752,195</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	13	7,403,418		7,586,309	
Restricted income fund	13	288,290		258,604	
Pension reserve	13	(171,000)		(117,000)	
Total restricted funds			<u>7,520,708</u>		<u>7,727,913</u>
Unrestricted income funds	13		<u>52,498</u>		<u>24,282</u>
Total funds			<u>7,573,206</u>		<u>7,752,195</u>

The financial statements were approved by the trustees and authorised for issue on 7 December 2017 and are signed on their behalf by



Jon Williets
Chair of Trustees

The notes on page 24 to 44 form part of these financial statements.

ACTIVE EDUCATION ACADEMY TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	17	116,032	24,728
Cash flows from investing activities	19	453	37,730
Cash flows from financing activities	18	-	-
Change in cash and cash equivalents in the reporting period		<u>116,485</u>	<u>62,458</u>
Cash and cash equivalents at 1 September 2016		499,657	437,199
Cash and cash equivalents at 31 August 2017	20	<u>616,142</u>	<u>499,657</u>

The notes on pages 24 to 44 form part of these financial statements

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Statement of accounting policies

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

Basis of Preparation

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

Going Concern

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

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

1. Statement of accounting policies (continued)

Income

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

- **Grants**

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

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

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

- **School trips and activities**

These transactions are included in unrestricted funds. Income is recognised when received and expenditure is recognised when paid, any surpluses being carried forward within unrestricted funds until the trip or activity is completed.

- **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.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

1. Statement of accounting policies (continued)

- **Donated goods, facilities and services**

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

- **Interest receivable**

Interest receivable is included within the Statement of financial activities on an accruals basis.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

1. Statement of accounting policies (continued)

Tangible Fixed Assets

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

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

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

• Freehold buildings (except land)	2%
• Plant and machinery	33%
• Fixtures and fittings	20%

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Liabilities

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

Leased Assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

1. Statement of accounting policies (continued)

Taxation

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

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

Pensions Benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Local Government Pension Scheme

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

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

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

1. Statement of accounting policies (continued)

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 Department for Education.

Financial instruments

The only financial instruments held by the School are debtors and creditors. These are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at their transaction price less any impairment.

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 22, 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 2017. 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.

On conversion to an academy trust, the assets and liabilities of the School are measured at fair value. This includes any land and buildings. The valuation of the land and buildings involves a significant degree of estimation. Refer to note 10 for further detail on this estimation.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

2. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Restated Total 2016 £
Capital grants	-	90,013	90,013	217,811
Donated fixed assets	-	-	-	-
Other donations	-	-	-	-
	<u>-</u>	<u>90,013</u>	<u>90,013</u>	<u>217,811</u>

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Restated Total 2016 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	1,639,791	1,639,791	1,447,900
Other DfE/ESFA grants	-	290,965	290,965	106,517
	<u>-</u>	<u>1,930,756</u>	<u>1,930,756</u>	<u>1,554,418</u>
Other Government grants				
Local authority grants	-	-	-	-
Special educational projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other income from the academy trust's educational operations	15,298	18,617	33,915	15,355
	<u>15,298</u>	<u>1,949,373</u>	<u>1,964,671</u>	<u>1,569,773</u>

4. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Restated Total 2016 £
Hire of facilities	12,720	-	12,720	3,830
Uniforms	8,042	-	8,042	5,783
Other income	3,776	-	3,776	3,970
	<u>24,538</u>	<u>-</u>	<u>24,538</u>	<u>13,583</u>

5. Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Restated Total 2016 £
Bank interest	453	-	453	690
	<u>453</u>	<u>-</u>	<u>453</u>	<u>690</u>

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

6. Expenditure

	Staff Costs £	Premises £	Non Pay Expenditure Other £	Total 2017 £	Restated Total 2016 £
Expenditure on raising funds	-	-	1,149	1,149	15,943
Academy's educational operations:					
Direct costs	1,136,342	272,904	359,529	1,768,775	1,278,401
Allocated support costs	264,615	-	277,125	541,740	415,148
	<u>1,400,957</u>	<u>272,904</u>	<u>637,803</u>	<u>2,311,664</u>	<u>1,709,492</u>

Net income/(expenditure) for the period includes:

	2017 £	Restated 2016 £
Depreciation	272,904	233,687
Fees payable to auditor for:		
- audit	8,150	5,100
- other services	<u>3,700</u>	<u>1,295</u>

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

6. Expenditure (continued)

Expenditure on raising funds

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Uniforms	1,149	-	1,149	14,143
Lettings	-	-	-	1,800
Other support costs	-	-	-	-
	<u>1,149</u>	<u>-</u>	<u>1,149</u>	<u>15,943</u>

Expenditure on charitable activities

	Total 2017 £	Restated Total 2016 £
Academy's educational operations - Direct costs		
Teaching and educational support staff pay costs	1,136,342	766,071
Educational supplies	65,630	91,108
Staff development	46,944	43,159
Educational consultancy	28,414	2,471
Depreciation	272,904	233,687
Curriculum support	79,536	40,373
Technology	5,546	3,768
Trips (unrestricted)	10,924	11,747
Catering (unrestricted)	120,245	84,654
Other	2,290	1,363
	<u>1,768,775</u>	<u>1,278,401</u>

Academy's educational operations - Allocated support costs

Support staff pay costs	160,615	100,743
LGPS costs	104,000	19,000
Pension finance costs (LGPS)	3,000	1,000
Recruitment and support	22,263	19,169
Maintenance of premises and equipment	51,342	60,587
Cleaning	6,650	5,046
Rent, rates and utilities	49,521	55,463
Insurance	7,800	5,125
Telephone	8,159	10,788
Printing, postage and stationery	20,968	19,779
Marketing and advertising	2,404	10,000
Interest paid	930	746
Technology costs	26,673	13,226
Legal & professional	16,614	41,433
Governance costs	25,195	19,734
Other support costs	35,606	33,309
	<u>541,740</u>	<u>415,148</u>
Total expenditure on charitable activities	<u>2,310,515</u>	<u>1,693,549</u>

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

7. Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £	Total 2016 £
Wages and salaries	1,052,339	715,760
Social security costs	71,745	45,770
Operating costs of defined benefit pension schemes	261,873	124,284
	<u>1,385,957</u>	<u>885,814</u>
Supply staff costs	-	-
Staff restructuring costs	15,000	-
	<u>1,400,957</u>	<u>885,814</u>

Staff restructuring costs comprise:

Severance payments	15,000	-
Other restructuring costs	-	-
	<u>15,000</u>	<u>-</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non- statutory/non- contractual severance payments totalling £15,000 paid to 1 employee (2016: £nil).

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	17	11
Administration and support	19	14
Management	4	2
	<u>40</u>	<u>27</u>

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

7. Staff (continued)

d. Higher paid staff

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	-	1
	-	1

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £208,576 (2016: £173,652).

8. Related Party Transactions – Trustees' remuneration and expenses

Two trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment.

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

Ms S Reay (Headteacher and Trustee)

Remuneration £55,000 - £60,000 (2016: £60,000 - £65,000)

Employer's pension contributions £5,000 - £10,000 (2016: £10,000 - £15,000)

Mrs F Bloxham (Staff Trustee)

Remuneration £5,000 - £10,000 (2016: £25,000-£30,000)

Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

Mrs S Smart (Staff Trustee)

Remuneration £10,000 - £15,000 (2016: £0 - £5,000)

Employer's pension contributions £0 - £5,000 (2016: £0 - £5,000)

The above amounts have been pro-rated to the time the staff members were Trustees.

During the year ended 31 August 2017, no expenses were reimbursed to the Trustees (2016: £nil).

Other related party transactions involving the trustees are set out in note 23.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

9. Trustees and officers insurance

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

10. Tangible fixed assets

	Freehold Buildings £	Furniture and Equipment £	Plant and Machinery £	Total £
Cost				
At 1 September 2016	7,602,509	165,686	239,501	8,007,696
Additions	20,215	55,265	14,533	90,013
Disposals	-	-	-	-
At 31 August 2017	<u>7,622,724</u>	<u>220,951</u>	<u>254,034</u>	<u>8,097,709</u>
Depreciation				
At 1 September 2016	303,174	27,533	90,680	421,387
Charged in year	<u>152,368</u>	<u>39,114</u>	<u>81,422</u>	<u>272,904</u>
At 31 August 2017	<u>455,542</u>	<u>66,647</u>	<u>172,102</u>	<u>694,291</u>
Net book values				
At 31 August 2016	7,299,335	138,153	148,821	7,586,309
At 31 August 2017	<u>7,167,182</u>	<u>154,304</u>	<u>81,932</u>	<u>7,403,418</u>

The freehold building represents the value of River Bank School which was funded by Department for Education.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

11. Debtors

	2017 £	2016 £
Trade debtors	2,000	350
VAT recoverable	10,892	28,698
Other debtors	70,943	67,729
Prepayments and accrued income	46,401	7,367
	<u>130,236</u>	<u>104,144</u>

12. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	66,425	86,581
Abatement of GAG	140,326	-
Other	76,052	-
Tax and social security	38,214	32,740
Accruals and deferred income	90,681	201,594
	<u>411,698</u>	<u>320,915</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	56,017	43,720
Released from previous years	(56,017)	(43,720)
Resources deferred in the year	23,212	56,017
Deferred Income at 31 August 2017	<u>23,212</u>	<u>56,017</u>

At the balance sheet date the Academy Trust was holding grants received in advance of £23,212 (2016: £56,017).

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

13. Funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted income funds					
General Annual Grant (GAG) (i)	258,604	1,639,791	(1,508,477)	(101,628)	288,290
Other DfE/ESFA grants	-	290,965	(290,965)	-	-
Catering	-	18,617	(120,245)	101,628	-
Other Government grants	-	-	-	-	-
Pension reserve	(117,000)	-	(107,000)	53,000	(171,000)
	<u>141,604</u>	<u>1,949,373</u>	<u>(2,026,687)</u>	<u>53,000</u>	<u>117,290</u>
Restricted fixed asset funds					
DfE/ESFA capital grants(ii)	7,586,309	90,013	(272,904)	-	7,403,418
	<u>7,586,309</u>	<u>90,013</u>	<u>(272,904)</u>	<u>-</u>	<u>7,403,418</u>
Total restricted funds	<u>7,727,913</u>	<u>2,039,386</u>	<u>(2,299,591)</u>	<u>53,000</u>	<u>7,520,708</u>
Total unrestricted funds (iii)	<u>24,282</u>	<u>40,289</u>	<u>(12,073)</u>	<u>-</u>	<u>52,498</u>
Total funds	<u>7,752,195</u>	<u>2,079,675</u>	<u>(2,311,664)</u>	<u>53,000</u>	<u>7,573,206</u>

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

- (i) General Annual Grant must be used for the normal running costs of the Academy.
- (ii) The Capital Grants represents fixed asset funding for various capital projects and the school building which was funded by DfE.
- (iii) Unrestricted funds included trips & activities, investment income and other income such as hire of facilities and sale of school uniform.

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

14. Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £000
Tangible fixed assets	-	-	7,403,418	7,403,418
Current assets	52,498	699,988	-	752,486
Current liabilities	-	(411,698)	-	(411,698)
Pension scheme liability	-	(171,000)	-	(171,000)
Total net assets	52,498	117,290	7,403,418	7,573,206

15. Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	-

16. Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	-	-
Amounts due between one and five years	-	-
Amounts due after five years	-	-

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

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

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(231,989)	92,365
Adjusted for:		
Depreciation [note 10]	272,904	233,686
Capital grants from DfE and other capital income	(90,013)	(217,811)
Interest receivable [note 5]	(453)	(690)
Defined benefit pension scheme cost less contributions payable [note 22]	104,000	19,000
Defined benefit pension scheme finance cost [note 22]	3,000	1,000
(Increase)/decrease in stock	(6,108)	-
(Increase)/decrease in debtors	(26,092)	(70,099)
Increase/(decrease) in creditors	90,783	(32,723)
Net cash provided by / (used in) Operating Activities	116,032	24,728

18. Cash flows from financing activities

	2017 £	2016 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

19. Cash flows from investing activities

	2017 £	2016 £
Dividends, interest and rents from investments	453	690
Purchase of tangible fixed assets	(90,013)	(180,771)
Capital grants from DfE/ESFA	90,013	217,811
Net cash provided by / (used in) investing activities	453	37,730

20. Analysis of cash and cash equivalents

	At 31 August 2017 £	At 31 August 2016 £
Cash in hand and at bank	616,142	499,657
Total cash and cash equivalents	616,142	499,657

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

21. 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 is a member, or within one year after he ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he ceases to be a member.

22. Pension and similar obligations

The 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 Bedford Borough Council. Both are multi-employer defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £21,405 (2016: £13,220) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

22. Pension and similar obligations (continued)

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amount to £80,631 (2016: £57,284).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £96,000 (2016: £62,000), of which employer's contributions totalled £74,000 (2016: £48,000) and employees' contributions totalled £22,000 (2016: £14,000). The agreed contribution rates for future years are 17.3% for employers and between 5.5% and 12.0% for employees.

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

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

22. Pension and similar obligations (continued)

Principal actuarial assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.70%	3.10%
Rate of increase for pensions	2.40%	2.10%
Discount rate for scheme liabilities	2.50%	2.10%
Inflation assumption (CPI)	3.10%	3.10%
Commutation of pensions to lump sums	50.0%	50.0%

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 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.5	24.3
<i>Retiring in 20 years</i>		
Males	24.0	24.4
Females	26.2	26.8

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate -0.5%	91,000	58,000
Mortality assumption +1 year	-	7,000
Salary +0.5%	7,000	4,000
Pension +0.5%	84,000	54,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equity instruments	186,960	99,330
Debt instruments	49,200	12,900
Property	29,520	12,900
Cash	62,320	3,870
Total market value of assets	328,000	129,000

The actual return on scheme assets was £103,000 (2016: £14,000)

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

22. Pension and similar obligations (continued)

Amount recognised in the statement of financial activities

	2017 £	2016 £
Current service cost (net of employer contributions)	104,000	19,000
Net interest cost	3,000	1,000
Total operating charge	<u>107,000</u>	<u>20,000</u>

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

	2017 £	2016 £
At 1 September	246,000	69,000
Current service cost	178,000	67,000
Interest cost	7,000	4,000
Employee contributions	22,000	14,000
Actuarial (gain)/loss	46,000	92,000
At 31 August	<u>499,000</u>	<u>246,000</u>

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

	2017 £	2016 £
At 1 September	129,000	53,000
Interest income	4,000	3,000
Actuarial gain/(loss)	99,000	11,000
Employer contributions	74,000	48,000
Employee contributions	22,000	14,000
At 31 August	<u>328,000</u>	<u>129,000</u>

ACTIVE EDUCATION ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017 (CONTINUED)

23. Related party transactions

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

The following related party transactions took place in the period.

Active Luton limited, a charitable company, with shared directors, provided services during the year relating to project & facilities management, financial, professional and administration services to the Academy Trust of £123,128 (2016: £100,956). At the year end the balance outstanding with Active Luton Limited was £10,788 (2016: £16,638).

24. Restatement of prior period figures

Although the total funds balance did not change, the 2016 figures have been restated as there was certain income and expenditure incorrectly treated between restricted and unrestricted funds. The total value of adjustments on the Local Government Pension Scheme were also incorrectly shown as actuarial losses.