
ACTIVE EDUCATION ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



ACTIVE EDUCATION ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Members

Mrs J Law
Mr J D Williets
Ms H G Barnett

Governors

Mr J D Williets
Ms H G Barnett
Ms T E Chivers
Mrs R Mahmood
Mrs L McMulkin (resigned 6 December 2018)
Dr M Y Rehman
Mrs S A Smart
Mrs S P Soora
Mr D M Sansom

Company registered number

07650619

Company name

Active Education Academy Trust

Principal and registered office

Wigmore Hall, Wigmore Valley Park, Easton Green Road, Luton, Bedfordshire, LU3 1ES

Company secretary

Mrs K C Paxton-Doggett

Senior management team

David Sansom, Headteacher
Judith Trainor, Deputy Headteacher
David Seeley, Assistant Headteacher
Jane Vale, Assistant Headteacher
Louise Marsden, Business & Operations Manager

Independent auditor

Crowe U.K. LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

Bankers

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

Lloyds Bank, 60 George Street, Luton, Bedfordshire, LU1 2BB

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019**

Advisers (continued)

Solicitors

Pictons Solicitors LLP, 28 Dunstable Road, Luton, Bedfordshire, LU1 1DY

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019. 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 statements and auditor's report of the charitable company for the 1 September 2018 to 31 August 2019. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

Active Education Academy Trust operates River Bank Primary School a free school in the Bisect ward of Luton. During the academic year 2018/2019 the school admitted pupils into Reception, Year 1, Year 2, Year 3, Year 4 and Year 5.

Structure, governance and management

a. 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.

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

c. 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.

d. Method of recruitment and appointment or election of 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

e. 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.

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

f. 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 resource
- 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. 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 governors have further agreed that they may, from time to time, establish working groups to perform specific tasks over a set time scale.

g. Pay policy for 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.

h. Connected organisations, including related party relationships

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 administration, facilities management, and educational services to support the operational management of the Academy Trust and River Bank Primary School.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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.

Objectives and Activities

a. Objects and aims

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, Year 3, Year 4 and Year 5.

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 Academy's strategy is encompassed in its vision statement which is 'Inspire, Empower, Achieve'

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

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

Our vision is ensure through the values and mission statement that every child strives to achieve their personal best.

- Physical Education and School Sport are used as a key improvement tool
- River Bank is viewed as an integral part of the wider community it serves
- River Bank is a learning community that is a positive and inspirational place to work and learn for both adults and children where everyone is valued

b. 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

The percentage of children achieving a good level of development was 65% compared to 74.6% in 2018. The national and local figures for 2019 are yet to be released. This indicates a dip in the outcomes for pupils in the early years setting for the first time in some years. The gap between boys and girls achieving GLD has increased so the percentage difference is above the 2018 national gap.

Early Years Foundation Stage

Year One

81% of pupils in year one passed the phonics screening test. This is an increase on the 2018 figure. Our 2019 figure is likely to place us in line with the national average.

%	At or above the expected level
Reading	68
Writing	57
Mathematics	61

Year Two

79% of pupils in year two who retook the phonic screening test passed – this is below the national average although matched data (for pupils who were with us in reception, year one and year two) shows a pass rate in year two of 92% (in line with national).

KS Outcomes %	Expected + School 2018	Expected + National 2018	Expected + Local 2018	Expected + School 2019	Expected + National 2019	Expected + Local 2019
Reading	65	75	72	72	76 FFT	Not available
Writing	57	70	66	65	70 FFT	Not available
Mathematics	69	76	73	77	77 FFT	Not available

KS1 Outcomes %	Greater Depth School 2018	Greater Depth National 2018	Greater Depth Local 2018	Greater Depth School 2019	Greater Depth National 2019	Greater Depth Local 2019
Reading	21	26	24	24	Not available	Not available
Writing	17	16	15	15	Not available	Not available
Mathematics	19	22	20	22	Not available	Not available

Year Three

At the end of year three; pupils achieved the following results

%	At or above the expected level
Reading	75
Writing	76
Mathematics	72

Year Four

At the end of year four; pupils achieved the following results

%	At or above the expected level
Reading	84
Writing	68
Mathematics	79

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

a. 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.

b. Going concern

After making appropriate enquiries, 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.

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 2019 and the associated expenditure are shown in the Statement of Financial activities.

During the year ended 31 August 2019 total operating expenditure excluding depreciation of £2,671,083 was fully covered by grant funding from the ESFA and other incoming resources.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with FRS 102. At 31 August 2019, the deficit stood at (£449,000). 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 2019 the net book value of fixed assets was £7,108,057 (2018: £7,249,629). Movements in tangible fixed assets are shown in note 12 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 90 additional 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.

The Trust achieved a positive result in the year which was mainly due to cost control on staffing despite the growth in pupil numbers..

No reserve transfers have been made this year.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

a. 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 the value of reserves to hold should equate to two months expenditure, which is currently £490,000. This would include restricted and free reserves but exclude the fixed asset fund and the pension reserve. This needs to be reviewed annually as the school income and numbers continue to grow.

Total reserves amount to £7,275,743 (2018: £7,539,877), this represents £126,677 (2018: £89,939) unrestricted funds, £435,377 (2018: £301,309) restricted funds, £7,162,689 (2018: £7,162,689) restricted fixed assets funds and a Pension Reserve of (£449,000) (2018: (£176,000)).

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 future Fixed Assets investments.

b. 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, with future investments now being considered due to cash reserve levels.

c. 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 focused 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

d. 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

The Academy's fundraising has begun to increase and be more significant in the last couple of years. Fundraising venues such as the summer fayre are now planned as an annual event. Book Fairs also help to support. All the fundraising activities are carried out by the staff with assistance from the parents and pupils. The Business manager is responsible for these events.

The aim is to create funds to treat the pupils to events that otherwise the school or parents would not be able to fund. The plan for the fundraising surplus at August 2019 is to contribute to a pantomime visit for the whole school in December 2019.

As part of the future plans the school will be exploring further opportunities for fundraising and hope to set up a successful Parent Association.

The Academy does not engage in large scale fundraising activities. No direct mailing campaigns are run. The Academy does not employ a professional fundraiser and therefore to not see it as necessary to sign up to any regulatory code of fundraising practices. No complaints have been received about any aspect of the fundraising and consideration is always given to privacy and diplomacy to ensure any fundraising is appropriate.

Plans for future periods

a. Future developments

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 2018-2019 the school had pupils in early years, year one, two, three, four and five.

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.

Disclosure of information to auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 5/12/2019 and signed on its behalf by:



Mr J D Williets
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As governors, 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 Head Teacher, 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 Active Education Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of governors 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 board of governors has formally met 6 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
Mr J D Williets	6	6
Ms H G Barnett	6	6
Ms T E Chivers	6	6
Mrs R Mahmood	4	6
Mrs L McMulkin	2	2
Dr M Y Rehman	3	3
Mrs S A Smart	6	6
Mrs S P Soora	5	6
Mr D M Sansom	6	6

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

The governing body undertake self-evaluations of the effectiveness of their work on a regular basis. The self-evaluations are carried out by an experienced practitioner, experienced in Governance and a trustee of the National Governance Association. Reviews are based around the guidance given by the N.G.A. Overall the findings of the reviews have shown that it is a high performing Governing Body with the necessary skills to carry out its duties. Areas for development are addressed through training sessions, both internal and external.

During this academic year, two Governors attended the Govern-Ed training, delivered in partnership with the Department for Education, with units covering Strategic Leadership, Effective Governance & Financial Oversight and Educational Improvement.

A skills audit was undertaken in July 2018 in preparation for the academic year 2018/19. The audit confirmed that the governing body had at least one person with the desirable and essential skills identified by the NGA skills audit.

Review of Value for Money

As Accounting Officer, the Head Teacher 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

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GOVERNANCE STATEMENT (continued)

during each academic year, and reports to the board of governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by following the academy's tendering policy and procedures.

There has been an increase 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 2019 was approved by the Governing Body. 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, 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 is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Active Education Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

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 Governing body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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GOVERNANCE STATEMENT (continued)

The board of governors has considered the need for a specific internal audit function and has decided to appoint Foxley Kingham Chartered Accountants as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing cash handling procedures.

On an annual basis, the auditor reports to the board of governors through the audit committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

There were no material control issues identified as a result of the reviewers work.

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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

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

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

Approved by order of the members of the board of governors on ^{5th} December ~~2019~~ and signed on their behalf, by:
2019



Mr JD WILLIETS
Chair of Trustees



Mr D M Sansom
Accounting Officer

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STATEMENT ON 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



Mr D M Sansom
Accounting Officer

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

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Governors 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 Governors 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 Governors 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 governors on 5/12/2019 and signed on its behalf by:



Mr J D Williets
Chair of Trustees

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

Opinion

We have audited the financial statements of Active Education Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

Other information

The Governors 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

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(A company limited by guarantee)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the academy'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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

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

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 Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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



Janette Joyce (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL
Date: 16.12.19

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 14 March 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Active Education Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Active Education Academy Trust and the 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Active Education Academy Trust and the 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

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

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 year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date: 16.12.19

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	2	-	-	108,324	108,324	82,257
Charitable activities	3	36,633	2,782,409	-	2,819,042	2,263,173
Other trading activities	4	24,441	-	-	24,441	86,833
Investments	5	841	-	-	841	-
Total income		61,915	2,782,409	108,324	2,952,648	2,432,263
Expenditure on:						
Raising funds		-	-	-	-	61,955
Academy trust educational operations		25,177	2,745,346	270,264	3,040,787	2,508,637
Total expenditure	6	25,177	2,745,346	270,264	3,040,787	2,570,592
Net surplus/(loss) before transfers		36,738	37,063	(161,940)	(88,139)	(138,329)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(174,000)	-	(174,000)	105,000
Net movement in funds		36,738	(136,937)	(161,940)	(262,139)	(33,329)
Reconciliation of funds:						
Total funds brought forward		89,939	125,309	7,324,629	7,539,877	7,573,206
Total funds carried forward		126,677	(11,628)	7,162,689	7,277,738	7,539,877

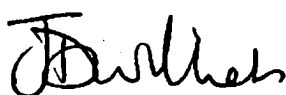
The notes on pages 24 to 44 form part of these financial statements.

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07650619

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	12		7,108,057		7,249,629
Current assets					
Debtors	13	131,010		178,883	
Cash at bank and in hand		872,167		771,227	
		<u>1,003,177</u>		<u>950,110</u>	
Creditors: amounts falling due within one year	14	(384,496)		(483,862)	
Net current assets			618,681		466,248
Total assets less current liabilities			<u>7,726,738</u>		<u>7,715,877</u>
Defined benefit pension scheme liability	21	(449,000)		(176,000)	
Net assets including pension scheme liabilities			<u><u>7,277,738</u></u>		<u><u>7,539,877</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	15	437,372		301,309	
Restricted fixed asset funds	15	7,162,689		7,324,629	
Restricted income funds excluding pension liability		<u>7,600,061</u>		<u>7,625,938</u>	
Pension reserve		<u>(449,000)</u>		<u>(176,000)</u>	
Total restricted income funds			7,151,061		7,449,938
Unrestricted income funds	15		<u>126,677</u>		<u>89,939</u>
Total funds			<u><u>7,277,738</u></u>		<u><u>7,539,877</u></u>

The financial statements on pages 21 to 44 were approved by the Governors, and authorised for issue, on 5/12/2019 and are signed on their behalf, by:



Mr J D Williets
Chair of Trustees

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

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>123,418</u>	<u>177,571</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		841	-
Purchase of tangible fixed assets		(131,643)	(104,746)
Capital grants from DfE Group		<u>108,324</u>	<u>82,260</u>
Net cash used in investing activities		<u>(22,478)</u>	<u>(22,486)</u>
Change in cash and cash equivalents in the year		100,940	155,085
Cash and cash equivalents brought forward		<u>771,227</u>	<u>616,142</u>
Cash and cash equivalents carried forward	18	<u><u>872,167</u></u>	<u><u>771,227</u></u>

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Active Education Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Charity Information

The principal activity of Active Education Academy Trust is currently to run River Bank Primary School, a free school in the Biscot Ward of Luton. The Trust is an exempt charity and a company limited by guarantee (company number: 07650619). It is incorporated and domiciled in the UK. The address of the registered office is Wigmore Hall, Wigmore Valley Park, Easton Green Road, Luton, Bedfordshire.

1.3 Going concern

The Governors 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 to continue as a going concern. The Governors 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
(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.4 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

ACTIVE EDUCATION ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%
Furniture and fixtures	-	20%
Plant and equipment	-	33%

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 incorporating income and expenditure account.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

ACTIVE EDUCATION ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting Policies (continued)

1.10 Liabilities and provisions

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

1.11 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 costs. 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 instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 21, 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.

ACTIVE EDUCATION ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting Policies (continued)

1.13 Pensions (continued)

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

1.14 Fund accounting

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

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 Group.

ACTIVE EDUCATION ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting Policies (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Other than the LGPS noted above, the Governors consider that there are no other material judgements in applying accounting policies or key sources of estimation uncertainty.

2. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Capital grants	-	-	108,324	108,324	82,257
<i>Total 2018</i>	-	-	82,257	82,257	

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

3. Funding for Academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,355,243	2,355,243	1,864,003
Other DfE/ESFA Grants	-	289,429	289,429	249,491
Start up grants	-	43,500	43,500	57,000
	-	2,688,172	2,688,172	2,170,494
Other government grants				
Local authority grants	-	48,935	48,935	38,088
	-	48,935	48,935	38,088
Other income from the academy trust's educational operations				
Catering	-	45,302	45,302	27,762
Trips and activities	36,633	-	36,633	26,829
	36,633	45,302	81,935	54,591
	36,633	2,782,409	2,819,042	2,263,173
Total 2018	26,829	2,236,344	2,263,173	

4. Other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	7,215	-	7,215	75,773
Uniforms	3,858	-	3,858	8,935
Other income	13,368	-	13,368	2,125
	24,441	-	24,441	86,833
Total 2018	86,833	-	86,833	

ACTIVE EDUCATION ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest received	841	-	841	-

6. Expenditure

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Raising funds:					
Direct costs	-	-	-	-	61,955
Educational activities:					
Direct costs	1,702,200	270,264	368,213	2,340,677	1,916,020
Support costs	347,211	-	352,899	700,110	592,617
	<u>2,049,411</u>	<u>270,264</u>	<u>721,112</u>	<u>3,040,787</u>	<u>2,508,637</u>
Total 2018	<u>1,636,580</u>	<u>258,535</u>	<u>675,477</u>	<u>2,570,592</u>	

7. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Direct costs - Educational operations	2,340,677	700,110	3,040,787	2,508,637
Total 2018	<u>1,916,020</u>	<u>592,617</u>	<u>2,508,637</u>	

ACTIVE EDUCATION ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Activities £	Total 2018 £
Trips (unrestricted)	25,177	14,268
Educational supplies	116,041	84,813
Staff development	19,002	12,253
Technology costs	-	150
Other	14,369	3,505
Curriculum support	33,299	48,068
Catering	160,325	134,711
Wages and salaries	1,702,200	1,359,716
Depreciation	270,264	258,536
	<u>2,340,677</u>	<u>1,916,020</u>
<i>At 31 August 2018</i>	<u>1,916,020</u>	

Analysis of support costs

	Activities £	Total 2018 £
Staff costs	347,211	276,864
Premises costs	65,375	62,505
Educational supplies	53,084	41,051
Other support costs	37,352	52,228
Recruitment and support	1,884	4,363
Legal and professional fees	57,121	57,032
Telephone	2,373	2,868
Printing, postage and stationery	22,959	26,719
Marketing	870	(7,341)
Maintenance of premises and equipment	63,832	37,687
Cleaning	6,941	4,683
Insurance	17,250	9,440
Pension finance costs	4,000	5,000
Governance costs	19,858	19,518
	<u>700,110</u>	<u>592,617</u>
<i>At 31 August 2018</i>	<u>592,617</u>	

ACTIVE EDUCATION ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Net income/(expenditure)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	270,264	258,535
Auditor's remuneration - audit	10,750	8,715
Auditor's remuneration - other services	3,325	6,075
	<u>284,339</u>	<u>273,325</u>

9. Staff costs

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,582,301	1,254,229
Social security costs	123,408	89,481
Operating costs of defined benefit pension schemes	343,702	292,870
	<u>2,049,411</u>	<u>1,636,580</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	31	22
Administration and support	54	45
Management	5	6
	<u>90</u>	<u>73</u>

c. Higher paid staff

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

	2019	2018
In the band £60,001 - £70,000	1	0

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10. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2019 £	2018 £
Mr D Sansom (Headteacher)	Remuneration	65,000-70,000	55,000-60,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Mrs S Smart (Staff Trustee)	Remuneration	15,000-20,000	10,000-15,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2019, no Governors received any reimbursement of expenses (2018 - £Nil).

The key management personnel of the academy trust comprise of the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £318,590 (2018 - £304,384).

11. Governors' and Officers' Insurance

The academy 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.

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12. Tangible fixed assets

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2018	7,622,724	246,932	332,800	8,202,456
Additions	-	84,590	47,053	131,643
Disposals	-	(3,004)	-	(3,004)
At 31 August 2019	7,622,724	328,518	379,853	8,331,095
Depreciation				
At 1 September 2018	608,005	111,941	232,881	952,827
Charge for the year	152,454	55,483	62,327	270,264
On disposals	-	(53)	-	(53)
At 31 August 2019	760,459	167,371	295,208	1,223,038
Net book value				
At 31 August 2019	6,862,265	161,147	84,645	7,108,057
At 31 August 2018	7,014,719	134,991	99,919	7,249,629

13. Debtors

	2019 £	2018 £
Trade debtors	874	23,202
Other debtors	64,680	105,055
Prepayments and accrued income	50,469	23,362
Tax recoverable	14,987	27,264
	131,010	178,883

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	123,785	145,274
Abatement of GAG	-	163,144
Other taxation and social security	35,569	46,441
Other creditors	129,838	1,982
Accruals and deferred income	95,304	127,021
	384,496	483,862

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14. Creditors: Amounts falling due within one year (continued)

	2019	2018
	£	£
Deferred income		
Deferred income at 1 September 2018	30,839	23,212
Resources deferred during the year	29,579	30,839
Amounts released from previous years	(30,839)	(23,212)
Deferred income at 31 August 2019	29,579	30,839

At the balance sheet date the academy was holding funds relating to income received for free school meals and rates for the 19/20 academic year.

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Total unrestricted funds (iii)	89,939	61,915	(25,177)	-	-	126,677
Restricted funds						
General Annual Grant (GAG) (i)	301,309	2,355,243	(2,104,157)	(115,023)	-	437,372
Other DfE/ESFA grants	-	332,929	(332,929)	-	-	-
Catering	-	45,302	(160,325)	115,023	-	-
Other government grants	-	48,935	(48,935)	-	-	-
Pension reserve	(176,000)	-	(99,000)	-	(174,000)	(449,000)
	125,309	2,782,409	(2,745,346)	-	(174,000)	(11,628)
Restricted Fixed Asset Funds - all funds						
DfE/ESFA capital grants (ii)	7,324,629	108,324	(270,264)	-	-	7,162,689
Total restricted funds	7,449,938	2,890,733	(3,015,610)	-	(174,000)	7,151,061
Total of funds	7,539,877	2,952,648	(3,040,787)	-	(174,000)	7,277,738

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 and 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 academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
Total unrestricted funds	52,500	113,662	(76,223)	-	-	89,939
Restricted funds						
General Annual Grant (GAG)	288,288	1,864,003	(1,646,545)	(204,437)	-	301,309
Other DfE/ESFA grants	-	306,491	(306,491)	-	-	-
Catering	-	27,762	(134,709)	106,947	-	-
Other government grants	-	38,088	(38,088)	-	-	-
Pension reserve	(171,000)	-	(110,000)	-	105,000	(176,000)
	<u>117,288</u>	<u>2,236,344</u>	<u>(2,235,833)</u>	<u>(97,490)</u>	<u>105,000</u>	<u>125,309</u>
Restricted Fixed Asset Funds - all funds						
DfE/ESFA capital grants	7,403,418	82,257	(258,536)	97,490	-	7,324,629
Total of funds	<u><u>7,573,206</u></u>	<u><u>2,432,263</u></u>	<u><u>(2,570,592)</u></u>	<u><u>-</u></u>	<u><u>105,000</u></u>	<u><u>7,539,877</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Analysis of net assets between funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	7,108,057	7,108,057
Current assets	126,677	821,868	54,632	1,003,177
Creditors due within one year	-	(384,496)	-	(384,496)
Provisions for liabilities and charges	-	(449,000)	-	(449,000)
Difference	(1,995)	1,995	-	-
	<u>126,677</u>	<u>(11,628)</u>	<u>7,162,689</u>	<u>7,277,738</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	7,249,629	7,249,629
Current assets	89,939	785,171	75,000	950,110
Creditors due within one year	-	(483,862)	-	(483,862)
Provisions for liabilities and charges	-	(176,000)	-	(176,000)
	<u>89,939</u>	<u>125,309</u>	<u>7,324,629</u>	<u>7,539,877</u>

17. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(88,139)	(138,329)
Adjustment for:		
Depreciation charges	270,264	258,536
Gains on investments	2,951	-
Dividends, interest and rents from investments	(841)	-
Decrease in stocks	-	6,108
Decrease/(increase) in debtors	47,873	(47,153)
(Decrease)/increase in creditors	(99,366)	70,666
Capital grants from DfE and other capital income	(108,324)	(82,257)
Defined benefit pension scheme finance cost	4,000	5,000
Defined benefit pension scheme cost less contributions payable	95,000	105,000
Net cash provided by operating activities	<u>123,418</u>	<u>177,571</u>

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18. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	872,167	771,227
Total	<u>872,167</u>	<u>771,227</u>

19. Contingent liabilities

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

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

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy.
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20. Capital commitments

At 31 August 2019 there were no capital commitments (2018: *£nil*).

21. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for 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 pension schemes.

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 £30,448 were payable to the schemes at 31 August 2019 (2018 - £24,142) and are included within creditors.

Teachers' Pension Scheme

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the

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21. Pension commitments (continued)

employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements

The employer's pension costs paid to TPS in the period amounted to £128,615 (2018 - £83,161).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £156,000 (2018 - £126,000), of which employer's contributions totalled £120,000 (2018 - £98,000) and employees' contributions totalled £36,000 (2018 - £28,000). The agreed contribution rates for future years are 18.6% for employers and 5.5 and 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 closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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21. Pension commitments (continued)

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.90 %	2.80 %
Rate of increase in salaries	2.45 %	2.60 %
Rate of increase for pensions in payment	2.15 %	2.30 %
Inflation assumption (CPI)	2.15 %	3.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2019	2018
Retiring today		
Males	20.7	22.4
Females	23.2	24.5
Retiring in 20 years		
Males	21.7	24.0
Females	24.7	26.2

	At 31 August 2019 £	At 31 August 2018 £
Sensitivity analysis		
Discount rate +0.1%	240,000	121,000
Salary +0.1%	247,000	6,000
Pension + 0.5%	254,000	115,000

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	551,000	274,920
Corporate bonds	124,000	66,030
Property	75,000	42,660
Cash	37,000	90,060
Total market value of assets	787,000	473,670

The actual return on scheme assets was £16,000 (2018 - £20,000).

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21. Pension commitments (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2019 £	2018 £
Current service cost	(215,000)	(203,000)
Interest income	(17,000)	10,000
Interest cost	21,000	(15,000)
	<u> </u>	<u> </u>
Total	(211,000)	(208,000)
	<u> </u>	<u> </u>

Movements in the present value of the defined benefit obligation were as follows:

	2019 £	2018 £
Opening defined benefit obligation	650,000	499,000
Current service cost	215,000	203,000
Interest cost	21,000	15,000
Employee contributions	36,000	38,000
Actuarial losses/(gains)	174,000	(105,000)
Estimated benefits paid net of transfers in	141,000	-
	<u> </u>	<u> </u>
Closing defined benefit obligation	1,237,000	650,000
	<u> </u>	<u> </u>

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

	2019 £	2018 £
Opening fair value of scheme assets	474,000	328,000
Interest income	17,000	10,000
Return on assets less interest	(1,000)	10,000
Contributions by employer including unfunded	120,000	98,000
Contributions by employee	36,000	38,000
Estimated benefits paid net of transfers in	141,000	-
	<u> </u>	<u> </u>
Closing fair value of scheme assets	787,000	484,000
	<u> </u>	<u> </u>

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22. Operating lease commitments

At 31 August 2019 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	8,174	3,259
Between 1 and 5 years	23,295	5,703
Total	31,469	8,962

23. 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.

24. 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 Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH 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 period:

Expenditure related party transactions:

Active Luton Limited - a charitable company with shared directors:

The Academy Trust purchased services during the year relating to project & facilities management, financial , professional, and administration services from Active Luton Limited totalling £75,204 (2018: £122,194). At the year end the balance outstanding with Active Luton Limited was £Nil (2018: £9,333).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost' and Active Luton Limited has provided a statement of assurance confirming this.

Income related party transactions:

During the year Active Luton Limited hired facilities totalling £5,287.