
Company Registration Number: 07650619 (England & Wales)

ACTIVE EDUCATION ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Ms H G Barnett Mr L Conway Mrs J Law Mr J D Williets Ms G Yates
Governors	Ms H G Barnett Mrs S Chaudhury (appointed 16 December 2020) Mrs R H Lowe (appointed 17 April 2020) Mrs R Mahmood Dr M Y Rehman (resigned 31 August 2021) Mr D M Sansom Mrs S A Smart Mrs S P Soora (resigned 7 September 2020) Ms T E Terleph Mrs K Walsh (appointed 16 December 2020) Mr J D Williets (resigned 31 December 2020)
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
Senior management team	David Sansom, Headteacher Judith Trainor, Deputy Headteacher Adam Haywood, Deputy Headteacher David Seeley, Assistant Headteacher Jane Vale, Assistant Headteacher Sue Jones, Chief Finance Officer
Independent auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Bankers

The Co-operative Bank
P.O. Box 101
1 Balloon Street
Manchester
M60 4EP

Lloyds Bank
60 George Street
Luton
Bedfordshire
LU1 2BB

Solicitors

Pictons Solicitors LLP
28 Dunstable Road
Luton
Bedfordshire
LU1 1DY

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

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 2021. 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 2020 to 31 August 2021. 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 Biscot ward of Luton. During the academic year 2020/2021 the school admitted pupils into Reception, Year 1, Year 2, Year 3, Year 4, Year 5 and Year 6.

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' indemnities

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 Headteacher 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)
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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 Headteacher, 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 and meet with the CFO.

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 and 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.

The day-to-day management of Active Education Academy Trusts rests with the Headteacher who has overall responsibility for the school. The Headteacher is responsible for establishing a senior management team which includes the Deputy and Assistant Heads. The CFO works with the Head to manage the financial aspects and support the Governors and Heads in the relevant areas.

g. Pay policy for key management personnel

Whilst Trustees are classed as key management personnel, they are volunteers and are not remunerated by the Academy for their work. The headteacher and the Staff Governor are remunerated by the Academy but only in respect of their work as educators. There is no additional remuneration for their work in attending committees. Other key management personnel include the two Deputy Heads and the CFO (provided by the Related Party SLA with Active Luton). All remuneration is in line with national school teachers' pay and conditions or local government pay and conditions.

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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 and facilities management and financial management and administration to support the 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.

Objectives and activities

a. Objects and aims

Objects, aims and a summary of the year

Active Education Academy Trust is a Single Academy Trust in the Biscot Ward of Luton, serving a community with high levels of deprivation.

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 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, Year 5 and Year 6.

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 ensuring through the values and mission statement that every child strives to achieve their personal best and that:

- 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.

Throughout this financial year uppermost in our minds was providing opportunities for pupils to catch up on educational, social and personal development disrupted by the Covid pandemic.

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Priorities for the Trust were also to:

- ensure the school is fully staffed with appropriately qualified workforce with high quality teaching observed across the school
- increase leadership capacity, with particular reference to the make-up of the governing body and succession planning
- develop and strengthen links between the school and the community, providing greater opportunities for parent involvement and feedback

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.

Strategic report

Impact of COVID-19 on School Performance

School opened as planned on the 1st September 2020, following the guidelines for full opening published by the Department for Education on 2nd July 2020. School attendance in the following three terms was reduced at certain times due to classes having to isolate because of positive cases within the school. Across the academic year, there were 18 occasions where classes were sent home to isolate. Two classes had to isolate on more than one occasion.

Autumn term 2020 attendance: 93.55%

Spring term 2021 attendance: 92.83%

Summer term 2021 attendance: 93.19%

The school closed as part of the national effort to suppress the virus between the 1st January and the 8th March. Remote education was delivered to pupils and staff were mobilised to be able to support pupils at home. The school's response focused on pupil well-being, safety, and remote education. Some staff attended school each day throughout the lockdown to engage in safeguarding activity. School remained open for vulnerable pupils and the children of key workers. An average of 90 pupils (13%) attended during this lockdown. The majority of planned strategic school activity was suspended throughout this time. The school followed government guidelines at all times and liaised with local public health teams where appropriate.

There was no national testing in this academic year.

Achievements and performance

The stated attainment of pupils below is based on an internal assessment for the end of the 2020-2021 academic year. These assessments were made using information that included teacher assessment, standardised test scores and the evidence seen in pupils' class work.

Early Years Foundation Stage

The percentage of children assessed to have achieved a good level of development in 2021 was 26% compared to 65.9% in 2019.

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Year One

74% of pupils in year one passed the internal phonics screening test in 2020-2021.

Year Two

47% of pupils in year two passed the re-take of the phonics screening test in 2020-2021.

The below tables show predictions for 2019-2020 and internal assessment grades for 2020-2021

KS1 Outcomes %	Expected + National 2019	Expected + Local 2019	Predicted Expected + School 2020	Actual Expected + School 2021
Reading	74.9%	70.6%	62.5%	56%
Writing	69.2%	64.4%	53.4%	50%
Mathematics	75.6%	72.6%	68.1%	60%

KS1 Outcomes %	Greater Depth National 2019	Greater Depth Local 2019	Predicted Greater Depth + School 2020	Actual Greater Depth + School 2021
Reading	25%	24.9%	21.5%	21%
Writing	14.7%	14.3%	12.5%	14%
Mathematics	21.7%	21.4%	22.7%	9%

Year Four

In the optional multiplication tables check, our year four pupils averaged 21.3 out of 25 questions correct.

Year Six

The below tables show predictions for 2019-2020 and internal assessment grades for 2020-2021

KS2 Outcomes %	Expected + School 2019	Expected + National 2019	Expected + Local 2019	Predicted Expected + School 2020	Actual Expected + School 2021
Reading	No data	73.1%	69.8%	74%	75%
Writing	No data	78.4%	74.5%	76%	55%
Mathematics	No data	78.6%	76.6%	76%	72%

Recruitment as a Positive Performance Indicator

Recruitment of teachers in Luton is often very difficult. The school has overturned this trend in its own recruitment for the last three consecutive years. To facilitate growth and to meet the needs of the community; large scale recruitment campaigns have been run to attract high quality teachers and non-teaching staff.

2018-2019 – eight teachers, eleven teaching assistants, one ICT technician and one librarian

2019-2020 – nine teachers, ten teaching assistants, two extended day leaders and one site agent

2020-2021 – eight teachers and eight teaching assistants.

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Management of Operations for the Academic Year 2020-2021

Full opening is planned for September 2021. Ongoing additional costs are budgeted to allow for the purchase of consumables to support the school's ongoing risk assessment. These consumables include hand sanitiser, cleaning items and PPE.

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

Current pupil numbers are indicating the school still has capacity to increase with expectations on 120 pupils entering reception in the next couple of years. Staffing will be managed accordingly and due to flexible contracts where appropriate this allows for the cost base to be managed against the funding expected to be received.

Break even budgets (excluding capital reserve movements) are expected ongoing but given the level of reserves carried forward the school is in a strong position to support this and make relevant investments as needed. Further funding and income opportunities will be considered as relevant and at the right time.

The Covid pandemic in effect resulted in a stronger financial position for the Academy in the year to August 2021 due to planned expenditure for the spring and summer term being reduced in many areas. Costs were significantly reduced throughout the spring term when the teaching was carried out remotely. Reserves carried forward have therefore increased. Where possible expenditure was used for material to set up for the new academic year which further supports the results ongoing.

The budget for the current academic year to August 2022 supports a small operational surplus. Based on all these factors, the Board of Governors have 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 2021 and the associated expenditure are shown in the Statement of Financial activities.

During the year ended 31 August 2021 total operating expenditure excluding depreciation of £3,594,077 and FRS 102 adjustments was fully covered by grant funding from the ESFA and other incoming resources creating a surplus of £34,938. The school saw an surplus of funds of £25,662 (inclusive of fund transfers) being the difference between total revenue income and transfers (restricted general funds and unrestricted funds: £3,629,015) and total revenue expenditure (restricted general funds excluding LGPS, and unrestricted funds: £3,603,353) in the financial year, decreasing the carried forward surplus held in reserve for contingencies in accordance with the reserve policy and for future investment in educational facilities and resources. The reserves as at 31 August 2021 of the restricted general funds, excluding pension reserves plus unrestricted funds are £887,712. This surplus was generated by consistent and careful management of resources and

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budget monitoring. The financial year ended 31 August 2021 was interrupted by the Covid-19 pandemic and therefore the income and expenditure for part of the year differed from the expected results. The school budget for 2021-22 reflects the changes that have been made for the future year and the school is continuing to pay particular attention to careful use of resources.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with FRS 102. At 31 August 2021, the deficit increased to (£1,858,000). 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 2021 the net book value of fixed assets was £6,642,429 (2020: £6,857,399). 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 and includes class equipment.

This is the first year that the Academy has not been eligible for any Pupil Number Adjustments reflecting the growth in pupil numbers and has now moved to the 1-year lag in Annual GAG funding. The school had 709 pupils in the October 2020 census but has been funded for only 682 pupils based on numbers from the year before. As the school grows to maximum capacity there will be further years when the 1-year lag causes reduced funding, however with careful financial management and due to the healthy reserve position, this isn't foreseen to be an issue.

The expenditure growth from the previous year was mainly as a result of payroll costs including pay rises for Teachers and Educational Support. Teachers pay increases were covered by extra funding. Extra Teaching Assistants were also employed and funded where possible out of pupil premium funding to further support the relevant pupils.

The Covid catch up funding received during the year was used to fund the costs of the extended school day for pupils in year 5 and 6 during the summer term to ensure these pupils caught up as a result of the remote learning in the spring term.

Unrestricted and restricted reserves have increased and are carried forward to cover any shortfalls in future years if further investments reduce, it is also there to cover unexpected expenditure or shortfalls in income and future capital investments.

The surplus of the prior year pupil premium was used during this year and as well as extra teaching support staff the school was in a position to fund all summer term trips and activities to ensure no pupil missed out this opportunity.

The update on use of all carried forward funds is outline in note 15.

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.

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.

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The Trustees have determined that a target of the value of reserves to hold should equate to two months expenditure, which is currently £640,000. 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 £5,747,141 (2020: £6,593,449), this represents £219,252 (2020: £176,333) unrestricted funds, £668,460 (2020: £685,717) restricted funds, £6,717,429 (2020: £6,932,399) restricted fixed assets funds and a Pension Reserve of (£1,858,000) (2020: £1,201,000).

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 and educational investments as needed. The Restricted Fixed Asset Fund Reserves are there to cover the future depreciation of the building and future Fixed Assets investments and include £75,000 from previous year surpluses to support IT investment specifically.

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. Bank Accounts have been recently opened with NatWest which includes Business Reserve and a 32-notice account to maximise the interest earned but still for now allow reasonable access to cash reserves.

c. Principal risks and uncertainties

During this academic year, the governing body has developed a comprehensive risk register and agreed a process for review. An Audit & Risk committee has also been set up with a plan to meet for a minimum of 3 times a year with the responsibility of this annual review of the register.

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)
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Fundraising

The Academy's fundraising had begun to increase and was becoming more significant in the last couple of years. Fundraising ventures such as the summer fair 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 Operations 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 2021 is to contribute to future events at school e.g. pantomime visits and visiting circus.

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 do 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

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 at 120 pupils. During the Academic Year 2020-2021 the school had pupils in all year groups, but some year groups were still at lower numbers.

Ongoing from 2021, it is anticipated the school will continue to take 4 form groups into reception.

The Academy Trust had also been working to achieve the desired aim of establishing a comprehensive programme of community use for both term time and school holidays. The school had built community use to six days per week with usage by local community groups such as the Scouts and several physical activity related activities for targeted groups. The pandemic curtailed this use, but plans are in place to return to pre-pandemic levels and further develop our links with the Holiday Activity and Food programme to provide community activity in school holidays.

Governors are all keen to see the school becoming more outward focussed with increased collaboration across local schools.

Disclosure of information to auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governors 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 Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 9 December 2021 and signed on its behalf by:



Mrs R Mahmood
(Trustee)

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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.

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Governors has delegated the day-to-day responsibility to the headteacher, 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.

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GOVERNANCE STATEMENT (CONTINUED)

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 7 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
Ms H G Barnett	7	7
Mrs S Chaudhury	4	4
Mrs R H Lowe	1	2
Mrs R Mahmood	6	7
Dr M Y Rehman	3	7
Mr D M Sansom	7	7
Mrs S A Smart	7	7
Mrs S P Soora	0	0
Ms T E Terleph	7	7
Mrs K Walsh	4	4
Mr J D Williets	3	3

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.

The last skills audit was undertaken in July 2021. The skills audit is undertaken annually as part of a wider review which includes a board self evaluation and 360 review of the Chair. It is also updated if a governor leaves the board to help inform the recruitment and training process. Whilst all areas scored well, those with lowest scores were risk management, IT, and financial management.

Governors are given the opportunity at meetings to feedback on training attended. The board requires all Governors to undertake some specific training particularly in safeguarding and Prevent. Regular training and development are now included as part of board meetings to ensure that all Governors are involved. Governors are also signposted to other relevant or interesting training and encouraged to attend.

The Finance, Audit and Risk sub-committee is a sub-committee of the main Board of Governors. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. During the period, the committee has focused on ensuring good financial practice and policy is established in the school.

Attendance during the year at meetings of the Finance, Audit & Risk sub-committee was as follows:

Governor	Meetings attended	Out of a possible
Helen Barnett	3	3
David Sansom	3	3
Ruhena Mahmood	3	3

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Board of 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 had been an increase in community services through extended school services and lettings which serve the local community and improve partnerships, but this was put on hold in the current year with access allowed again from September 2021.

The Academy also makes effective use of budgeting. A budget for the year ended 31 August 2021 was approved by the Governing Body. Expenditure has been controlled against this budget with any significant variances investigated and acted upon. All costs are challenged, and surpluses have partly arisen due to this. 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.

During the period that Covid affected, as in the prior year the Academy trust continued to support relevant suppliers under the PPN/04 /20 policy guidance. This worked to support suppliers and ensure continuity of services. This was discussed by the Governors in the prior year, and it was agreed that this was relevant for catering services. The Academy worked with Luton Borough Council's catering traded services to March 2021 and agreed an appropriate charge to support for the spring term when the school was closed, and only minimal staff and pupils were on site. A new caterer was appointed as of 1st April who are proposing charging at a cost basis ongoing through the summer and this is still in discussion, but these costs have been accounted for on that basis.

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

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GOVERNANCE STATEMENT (CONTINUED)

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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors. Ongoing the sub committee of Finance, Audit & Risk will have delegated responsibility to review and make recommendations during the year.

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 headteacher and Chief Finance Officer have regular meetings to discuss the monthly management accounts and any ESFA reporting requirements. Cash Flow is tracked monthly. The Audit & Risk Committee has now expanded to include Finance and will be meeting a minimum of 3 times a year. The committee will report back to the board with its findings and recommendations.

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

The Board of Governors has considered the need for a specific internal audit function and has decided to employ 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

On an annual basis, the internal 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 Governors' financial responsibilities.

There were no material control issues identified as a result of the internal auditor's work.

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As Accounting Officer, the headteacher 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 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 *9th December 2021* and signed on their behalf by:



Mrs R Mahmood
Trustee



Mr D M Sansom
Accounting Officer

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Active Education Academy Trust I have considered my responsibility to notify the academy Board of Governors 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, under the funding agreement in place between the academy 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 2020.

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

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



Mr D Sansom
Accounting Officer

Date: 09.12.21

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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 Academies 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 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 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 and signed on its behalf by:



Mrs R Mahmood
(Trustee)



Ms H G Barnett
(Trustee)

Date: 9 December 2021

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

Opinion

We have audited the financial statements of Active Education Academy Trust (the 'academy') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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

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

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

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

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 (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Governors' responsibilities statement, 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 (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102), Companies Act 2006, Academies Accounts Direction and the Academy Trust Handbook. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context were General Data Protection Regulation, health and safety legislation, Ofsted and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquire of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the ESFA, and reading minutes of meetings of those charged with governance.

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

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.

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 (CONTINUED)**

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: 21 December 2021

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 AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 March 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Active Education Academy Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2012 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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'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)**

The work undertaken to draw to our conclusion includes:

- consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the Academy Trust;
- a review of Minutes of Committees and Board Meetings which may be relevant to regularity;
- consideration of discussions with key personnel, including the Accounting Officer and Governing Body;
- tests of control have been carried out on a control activity which are relevant to regularity;
- substantive testing of individual transactions

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

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

Date: 21 December 2021

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants		-	-	16,688	16,688	33,256
Other trading activities	4	15,744	-	-	15,744	18,696
Investments	5	341	-	-	341	1,715
Charitable activities	3	29,699	3,583,231	-	3,612,930	3,445,608
Total income		45,784	3,583,231	16,688	3,645,703	3,499,275
Expenditure on:						
Charitable activities	6	2,865	3,778,212	240,934	4,022,011	3,547,564
Total expenditure		2,865	3,778,212	240,934	4,022,011	3,547,564
Net income/(expenditure)						
		42,919	(194,981)	(224,246)	(376,308)	(48,289)
Transfers between funds	15	-	(9,276)	9,276	-	-
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(470,000)	-	(470,000)	(636,000)
Net movement in funds		42,919	(674,257)	(214,970)	(846,308)	(684,289)
Reconciliation of funds:						
Total funds brought forward		176,333	(515,283)	6,932,399	6,593,449	7,277,738
Net movement in funds		42,919	(674,257)	(214,970)	(846,308)	(684,289)
Total funds carried forward		219,252	(1,189,540)	6,717,429	5,747,141	6,593,449

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

The notes on pages 28 to 53 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	6,642,429	6,857,399
Current assets			
Debtors	13	152,361	142,664
Cash at bank and in hand		1,149,594	1,078,172
		<u>1,301,955</u>	<u>1,220,836</u>
Creditors: amounts falling due within one year	14	(339,243)	(283,786)
Net current assets		<u>962,712</u>	<u>937,050</u>
Net assets excluding pension liability		<u>7,605,141</u>	<u>7,794,449</u>
Defined benefit pension scheme liability	22	(1,858,000)	(1,201,000)
Total net assets		<u><u>5,747,141</u></u>	<u><u>6,593,449</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	15	6,717,429	6,932,399
Restricted income funds	15	668,460	685,717
		<u>7,385,889</u>	<u>7,618,116</u>
Restricted funds excluding pension asset	15	7,385,889	7,618,116
Pension reserve	15	(1,858,000)	(1,201,000)
Total restricted funds	15	<u>5,527,889</u>	<u>6,417,116</u>
Unrestricted income funds	15	<u>219,252</u>	<u>176,333</u>
Total funds		<u><u>5,747,141</u></u>	<u><u>6,593,449</u></u>

The financial statements on pages 25 to 53 were approved by the Governors, and authorised for issue on 9 December 2021. and are signed on their behalf, by:


Mrs R Mahmood
(Trustee)


Ms H G Barnett
(Trustee)

The notes on pages 28 to 53 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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	17	80,357	176,580
Cash flows from investing activities	18	(8,935)	29,425
		<u>71,422</u>	<u>206,005</u>
Change in cash and cash equivalents in the year		71,422	206,005
Cash and cash equivalents at the beginning of the year		1,078,172	872,167
Cash and cash equivalents at the end of the year	19, 20	<u>1,149,594</u>	<u>1,078,172</u>

The notes on pages 28 to 53 form part of these financial statements

ACTIVE EDUCATION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Active Education Academy Trust meets the definition of a public benefit entity under 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy'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 2021

1. Accounting policies (continued)

1.4 Income

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

- **Grants**

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

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

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

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

ACTIVE EDUCATION ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.6 Tangible fixed assets

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

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

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

Depreciation is provided 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.

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities 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 2021

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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 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.

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1. Accounting policies (continued)

1.13 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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.

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 the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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2. 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 or 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

3. Funding for Academy's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,027,770	3,027,770
Other DfE/ESFA grants			
Pupil Premium	-	200,629	200,629
Other DfE/ EFSA grants	-	52,728	52,728
UIFSM	-	113,932	113,932
Covid catch up grant	-	39,138	39,138
	-	3,434,197	3,434,197
Other Government grants			
Local Authority grants	-	119,540	119,540
	-	119,540	119,540
Other income from the academy's direct costs	29,699	29,494	59,193
	29,699	3,583,231	3,612,930

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3. Funding for Academy's educational operations (continued)

The academy received £56,640 of funding for catch up premium and costs incurred in respect of this funding totalled £39,138.

In addition the school was donated 88 laptops at a value of £21,392 from the DfE. Given they are below the capitalisation threshold these items have not been included within the financial statements on the grounds of immateriality.

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	-	2,975,468	2,975,468
Other DfE/ESFA grants			
Pupil Premium	-	184,718	184,718
Other DfE/ EFSA grants	-	47,361	47,361
UFSM	-	65,715	65,715
Start up grants	-	30,000	30,000
	-	3,303,262	3,303,262
Other Government grants			
Local Authority grants	-	66,571	66,571
	-	66,571	66,571
Other income from the academy's direct costs	32,450	43,325	75,775
	<u>32,450</u>	<u>3,413,158</u>	<u>3,445,608</u>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

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4. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £
Hire of facilities	1,255	1,255
Uniforms	829	829
Other income	13,660	13,660
	<u>15,744</u>	<u>15,744</u>

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Hire of facilities	4,450	4,450
Uniforms	4,336	4,336
Other income	9,910	9,910
	<u>18,696</u>	<u>18,696</u>

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Interest received	341	341

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Interest received	1,715	1,715

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Educational activities:				
Direct costs	2,515,886	240,934	379,376	3,136,196
Support costs	543,551	28,714	313,550	885,815
Total 2021	3,059,437	269,648	692,926	4,022,011
	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Educational activities:				
Direct costs	2,178,045	256,799	336,074	2,770,918
Support costs	426,472	60,088	290,086	776,646
Total 2020	2,604,517	316,887	626,160	3,547,564

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NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Direct costs - Educational operations	3,136,196	885,815	4,022,011

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Direct costs - Educational operations	2,770,918	776,646	3,547,564

Analysis of direct costs

	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	2,515,886	2,178,045
Depreciation	240,934	256,799
Trips (unrestricted)	25,237	27,805
Educational supplies	156,559	112,218
Staff development	10,326	11,478
Other	14,886	12,465
Curriculum support	8,051	8,492
Catering	164,317	163,616
	3,136,196	2,770,918

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7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	543,551	426,472
Teaching and educational support staff costs	69,171	64,551
Educational supplies	72,839	49,845
Staff development	46,187	45,325
Support staff costs	81,476	65,886
Other support costs	2,232	2,384
Premises costs	28,714	60,088
Governance costs	18,313	15,004
Maintenance of premises and equipment	45,572	44,528
Cleaning	77,569	12,608
Insurance	21,191	19,955
Pension finance costs	(121,000)	(30,000)
	885,815	776,646

Included in other support costs are legal costs of £93 (2020: £1,330).

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	<i>2020 £</i>
Depreciation of tangible fixed assets :- owned by the charity	240,934	256,799
Operating leases	26,444	10,649
Auditor's remuneration - audit	11,400	11,070
Auditor's remuneration - other services	2,495	2,420

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NOTES TO THE FINANCIAL STATEMENTS
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9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	2,193,647	1,945,582
Social security costs	149,795	140,012
Pension costs	715,995	518,923
	<u>3,059,437</u>	<u>2,604,517</u>

b. Staff numbers

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

	2021 No.	2020 No.
Teachers	31	33
Administration and support	82	68
Management	5	6
	<u>118</u>	<u>107</u>

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £411,978 (2020 - £363,490).

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NOTES TO THE FINANCIAL STATEMENTS
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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 staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2021	2020
		£	£
Mr D M Sansom (Headteacher)	Remuneration	75,000 -	70,000 -
		80,000	75,000
	Pension contributions paid	15,000 -	15,000 -
		20,000	20,000
Mrs S A Smart (Staff Trustee)	Remuneration	15,000 -	15,000 -
		20,000	20,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year ended 31 August 2021, no Governor expenses have been incurred (2020 - £NIL).

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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NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 September 2020	7,622,724	321,455	380,324	8,324,503
Additions	-	5,004	20,960	25,964
At 31 August 2021	7,622,724	326,459	401,284	8,350,467
Depreciation				
At 1 September 2020	912,914	213,876	340,314	1,467,104
Charge for the year	152,455	46,608	41,871	240,934
At 31 August 2021	1,065,369	260,484	382,185	1,708,038
Net book value				
At 31 August 2021	6,557,355	65,975	19,099	6,642,429
At 31 August 2020	6,709,810	107,579	40,010	6,857,399

13. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	10,208	375
Other debtors	53,188	60,867
Prepayments and accrued income	77,671	65,448
Tax recoverable	11,294	15,974
	152,361	142,664

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14. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	39,706	80,275
Other taxation and social security	77,588	65,212
Other creditors	14,154	24,446
Accruals and deferred income	207,795	113,853
	339,243	283,786
	2021	2020
	£	£
Deferred income at 1 September 2020	84,784	29,579
Resources deferred during the year	31,460	84,784
Amounts released from previous periods	(20,411)	(29,579)
Deferred income at 31 August 2020	95,833	84,784

At the balance sheet date the academy was holding funds relating to income received for free school meals and rates for the 20/21 academic year.

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Total unrestricted funds (iii)	176,333	45,784	(2,865)	-	-	219,252
Restricted general funds						
General Annual Grant (GAG) (i)	618,319	3,027,770	(3,076,990)	(9,276)	-	559,823
Other DfE/ESFA grants	18,313	52,728	(3,596)	-	-	67,445
Pupil premium grant	49,085	200,629	(226,769)	-	-	22,945
Catering	-	29,494	(164,317)	-	-	(134,823)
UIFSM	-	113,932	-	-	-	113,932
Other government grants	-	119,540	(119,540)	-	-	-
Covid catchup	-	39,138	-	-	-	39,138
Pension reserve	(1,201,000)	-	(187,000)	-	(470,000)	(1,858,000)
	(515,283)	3,583,231	(3,778,212)	(9,276)	(470,000)	(1,189,540)
Restricted fixed asset funds						
DfE/ESFA capital grants (ii)	6,857,399	16,688	(240,934)	9,276	-	6,642,429
IT fund (iv)	75,000	-	-	-	-	75,000
	6,932,399	16,688	(240,934)	9,276	-	6,717,429
Total Restricted funds	6,417,116	3,599,919	(4,019,146)	-	(470,000)	5,527,889
Total funds	6,593,449	3,645,703	(4,022,011)	-	(470,000)	5,747,141

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

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.
- (iv) The school is holding £75,000 for future IT equipment spend.

The transfer to the restricted fixed asset fund relates to capital items purchased from other funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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

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

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds						
Unrestricted funds (iii)	126,677	52,861	(3,205)	-	-	176,333
Restricted general funds						
General Annual Grant (GAG) (i)	437,372	2,975,468	(2,649,428)	(145,093)	-	618,319
Other DfE/ESFA grants	-	327,794	(260,396)	(49,085)	-	18,313
Pupil premium grant	-	-	-	49,085	-	49,085
Catering	-	43,325	(163,616)	120,291	-	-
UIFSM	-	66,571	(66,571)	-	-	-
Pension reserve	(449,000)	-	(116,000)	-	(636,000)	(1,201,000)
	(11,628)	3,413,158	(3,256,011)	(24,802)	(636,000)	(515,283)
Restricted Fixed Asset Funds						
DfE/ESFA capital grants (ii)	7,162,689	33,256	(288,348)	(50,198)	-	6,857,399
IT fund (iv)	-	-	-	75,000	-	75,000
	7,162,689	33,256	(288,348)	24,802	-	6,932,399
Total Restricted funds	7,151,061	3,446,414	(3,544,359)	-	(636,000)	6,417,116
Total funds	7,277,738	3,499,275	(3,547,564)	-	(636,000)	6,593,449

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

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	6,642,429	6,642,429
Current assets	219,252	1,007,703	75,000	1,301,955
Creditors due within one year	-	(339,243)	-	(339,243)
Provisions for liabilities and charges	-	(1,858,000)	-	(1,858,000)
Total	<u>219,252</u>	<u>(1,189,540)</u>	<u>6,717,429</u>	<u>5,747,141</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	-	-	6,857,399	6,857,399
Current assets	176,333	969,503	75,000	1,220,836
Creditors due within one year	-	(283,786)	-	(283,786)
Provisions for liabilities and charges	-	(1,201,000)	-	(1,201,000)
Total	<u>176,333</u>	<u>(515,283)</u>	<u>6,932,399</u>	<u>6,593,449</u>

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17. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per Statement of financial activities)	(376,308)	(48,289)
Adjustments for:		
Depreciation charges	240,934	256,799
Interest receivable	(341)	(1,715)
Increase in debtors	(9,697)	(11,654)
Increase/(decrease) in creditors	55,457	(100,710)
Capital grants from DfE and other capital income	(16,688)	(33,256)
Defined benefit pension scheme finance cost	(121,000)	(30,000)
Defined benefit pension scheme cost less contributions payable	308,000	146,000
Profit on disposal of assets	-	(595)
Net cash provided by operating activities	80,357	176,580

18. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	341	1,715
Purchase of tangible fixed assets	(25,964)	(6,260)
Proceeds from the sale of tangible fixed assets	-	714
Capital grants from DfE Group	16,688	33,256
Net cash (used in)/provided by investing activities	(8,935)	29,425

19. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	1,149,594	1,078,172
Total cash and cash equivalents	1,149,594	1,078,172

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20. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	1,078,172	71,422	1,149,594
	<u>1,078,172</u>	<u>71,422</u>	<u>1,149,594</u>

21. 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.

22. Pension commitments

The academy'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 latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £31,873 were payable to the schemes at 31 August 2021 (2020 - £28,936) and are included within creditors.

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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22. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £253,065 (2020 - £237,500).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2021 was £212,000 (2020 - £178,000), of which employer's contributions totalled £157,000 (2020 - £135,000) and employees' contributions totalled £ 55,000 (2020 - £43,000). The agreed contribution rates for future years are 18.6 per cent for employers and 5.5 and 12.5 per cent for employees.

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

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

Principal actuarial assumptions

	2021	<i>2020</i>
	%	%
Discount rate for scheme liabilities	1.70	<i>1.65</i>
Rate of increase in salaries	3.85	<i>3.20</i>
Rate of increase for pensions in payment	2.85	<i>2.20</i>
Inflation assumption (CPI)	2.85	<i>2.20</i>
Commutation of pensions to lump sums	50	<i>50</i>

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

	2021	<i>2020</i>
	Years	Years
<i>Retiring today</i>		
Males	21.9	<i>22.2</i>
Females	24.3	<i>24.3</i>
<i>Retiring in 20 years</i>		
Males	22.9	<i>23.4</i>
Females	26.0	<i>26.1</i>

Sensitivity analysis

	2021	<i>2020</i>
	£000	£000
Discount rate +0.1%	107	<i>79</i>
Salary +0.1%	5	<i>5</i>
Pension +0.5%	104	<i>76</i>

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22. Pension commitments (continued)

Share of scheme assets

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

	2021 £	2020 £
Equities	1,136,000	938,000
Corporate bonds	304,000	222,000
Property	152,000	131,000
Cash	36,000	83,000
Total market value of assets	1,628,000	1,374,000

The actual return on scheme assets was £16,000 (2020 - £16,000).

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

	2021 £	2020 £
Current service cost	(464,000)	(280,000)
Interest income	(163,000)	(54,000)
Interest cost	42,000	24,000
Total amount recognised in the Statement of Financial Activities	(585,000)	(310,000)

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

	2021 £	2020 £
Opening defined benefit obligation	2,575,000	1,237,000
Current service cost	464,000	280,000
Interest cost	42,000	23,000
Employee contributions	55,000	43,000
Actuarial losses	470,000	977,000
Estimated benefits paid net of transfers in	(120,000)	15,000
At 31 August	3,486,000	2,575,000

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22. Pension commitments (continued)

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

	2021 £	2020 £
Opening fair value of scheme assets	1,374,000	787,000
Interest income	23,000	17,000
Return on assets less interest	140,000	37,000
Contributions by employer including unfunded	157,000	135,000
Contributions by employee	55,000	43,000
Estimated benefits paid net of transfers in	(120,000)	15,000
Other actuarial gains/(losses)	-	341,000
Administration expenses	(1,000)	(1,000)
At 31 August	1,628,000	1,374,000

23. Operating lease commitments

At 31 August 2021 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	25,227	8,174
Later than 1 year and not later than 5 years	31,163	15,121
	56,390	23,295

24. 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.

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25. Related party transactions

Owing to the nature of the academy and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy'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 £93,916 (2020: £67,310). At the year end the balance outstanding with Active Luton Limited was £nil (2020: £nil).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2020.

The element above £25,000 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 £5,080 (2020: £2,249).

