

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2017

Company Registration Number:
08707909 (England and Wales)

ACTIVATE LEARNING EDUCATION TRUST

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ACTIVATE LEARNING EDUCATION TRUST

Reference and Administrative Details

Trustees

Sally Dicketts (Chair)
Lee Nicholls (Chief Executive)
Placi Espajo
Phil Shadbolt
Rob Pearson
Grae Laws

Registered Office

Activate Learning
Oxpens Road
Oxford
United Kingdom
OX1 1SA

Company Registration Number

08707909

Independent Auditor

Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Bankers

Lloyds Bank
Carfax Oxford
1 – 5 High Street
Carfax
Oxford
OX1 4AA

ACTIVATE LEARNING EDUCATION TRUST

Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Background

On 1 August 2015 The Bicester School joined the Trust (previously known as Bicester Community College). The Trust opened a new school, Bicester Technology Studio, which accept its first pupils in year 10 and year 12 in September 2016. UTC Reading and UTC Oxfordshire joined the trust on April 2017 and Swindon UTC joined the trust in September 2017.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Activate Learning Education Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees that served during the year are included in the reference and administrative details on page 3.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

There were no known indemnities due in the financial year.

Principal Activities

The principal activity of the Academy Trust is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, managing and developing schools offering a broad and balanced curriculum.

In accordance with the articles of association, the Academy Trust has entered into a relevant funding agreement with the Secretary of State. The funding agreement specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn and that the curriculum should be broad and balanced.

Method of Recruitment and Appointment or Election of Governors

The Members may appoint up to 10 Trustees provided that in making such appointments the Members shall ensure that nominees of the Industry Partners and Academic Partner form a majority of the total number of Trustees.

The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Trustees (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Trustees.

Trustees are inducted and are offered training and mentorship to enable them to enact their duties to the best of their ability.

ACTIVATE LEARNING EDUCATION TRUST

Trustees' Report *(continued)*

Organisational Structure

The Trustees shall exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Academy and shall consider any advice given by the Chief Executive Officer.

The Chief Executive Officer is responsible for the internal organisation, management and control of the Academy; and for advising on and implementing the Academy Trust's strategic framework. In particular the Chief Executive Officer will formulate aims and objectives, policies and targets for the Board to consider adopting.

The role of the Accounting Officer is a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all the resources in their charge.

The Governor Trustees of the Trust receive no remuneration other than the reimbursement of evidenced out of pocket expenses.

Staff members who are key to management personnel, other than the Chief Executive Officer, have their pay reviewed annually against performance criteria.

Activate Learning is the lead sponsor and 2 trustees are executive directors of Activate Learning. The lead sponsor provides shared services to the Trust.

ACTIVATE LEARNING EDUCATION TRUST

Trustees' Report *(continued)*

Risk Management

For the year ended 31 August 2017 the primary activities of the Academy Trust were to operate The Bicester School and the Bicester Technology Studio, (which opened on 1 September 2016) and to accommodate growth.

Therefore, during the financial year, the following were the key risks identified:

- A potential shortfall in student recruitment at UTC's which was managed through enhanced recruitment plans, 'keep warm' activities for students who had applied and ongoing monitoring.
- A shortfall of the budget at the Bicester School due to rapid growth and student numbers and the lag funding rules. Mitigations are in place such as larger class sizes and the use of balance sheet reserves.
- ALET not having the capacity to accommodate rapid growth. A 'capacity fund' grant was accessed and successful integration of four schools during the year suggests the risk is mitigated.

Objectives and Activities

Objects and Aims

The Academy Trust's object 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.

Objectives, Strategies and Activities

The Academy Trust intends to ensure that all students go into employment, further/higher education or training. The strategy to achieve this will include strong Alumni with talks from past students inspiring current students.

A summary of key achievements is shown on page 7.

Public Benefit

The vision is for students to be inspired by the relevance and challenge of solving real-life industrial and community problems. They will rapidly gain the confidence and both the technical and personal skills to become the creative contributors on whom our businesses and public services can rely for shaping and driving the future of our society. In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

ACTIVATE LEARNING EDUCATION TRUST

Trustees' Report *(continued)*

Strategic report

Achievements and Performance

Last year the key achievements of the Academy Trust were:

- to add two new schools in April 2017 (UTC Reading and UTC Oxfordshire);
- agree to bring UTC Swindon into the Trust on 1 September 2017;
- to successfully operate The Bicester School; and
- to open Bicester Technology Studio on time and within budget in September 2016.

Going Concern

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

Key Financial Performance Indicators

Key performance indicators have been set to achieve student recruitment numbers to capacity, good or better teaching and learning, annual student attainment targets and above national average student attendance.

Non Financial	BTS Target / Actual	TBS Target / Actual	UTC R Target / Actual	UTC O Target / Actual	Financial	Target	Actual
Recruitment	104 / 83	350 / 345	240 / 323	220 / 177	Adjusted Current Ratio	1.5	1.59
Teaching	2 / 2	2 / 2	1 / 2+	2 / 2 - 3	Total Net Assets	£44m	£44.5m
Attainment	48 / 47.6	45 / 43	50 / 50.4	50 / 50.86	Cash	£2m	£2.3m
Absence	5% / 5.1%	5% / 5%	5% / 6.3%	5% / 6.75%			

Financial Review

During the year the Academy Trust received £7,157,000 of operating grants (General Annual Grant, Start Up Grants and Other DfE/EFA Grants) and £704,000 of capital grants towards the construction of MAT facilities. After incorporating the net assets of UTC Reading and Oxfordshire at a book value of £21,478,000 incurring operating expenditure of £8,525,000 and capital expenditure of £912,000, the Academy Trust has retained an in year surplus of £21,553,000 to carry forward.

Financial and Risk Management Objectives and Policies

The Academy Trust has a Board of Trustees that meets at least termly. The Board will in due course appoint a finance committee that will have lead responsibility for considering a risk management register and ensuring that key risks are addressed. For the year under review, this responsibility was undertaken by the Board. The Academy Trust has a full set of financial policies required to meet its obligations.

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Trustees' Report *(continued)*

Principal Risks and Uncertainties

The biggest future risk to the Academy Trust is student recruitment. The Academy Trust continues to dedicate time and resources (physical and financial) to a robust marketing strategy. Failure to recruit enough students will result in financial claw back from the EFA which could potentially damage the Academy Trust's longer term financial planning; thus being unable to meet its aims.

Reserves Policy

The Trustees have reviewed the reserves of the Academy Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Trustees.

Investment Policy

The Academy Trust holds no investments. Cash is deposited in the bank.

Plans for Future Periods

The Academy Trust's plans for the coming and future periods include:

- Migrating UTC Swindon into the Academy Trust.
- Further expansion on the Academy Trust in size in the future
- A clear focus on school improvement

Funds held as Custodian Trustee on behalf of others

There are no assets being held.

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company's directors, on ¹²December 2017 and signed on the board's behalf by:



Sally Dicketts
Chair of Trustees

ACTIVATE LEARNING EDUCATION TRUST

Governance Statement

Scope of Responsibility

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

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

Governance

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

Trustee	Meetings Attended	Out of a possible
Sally Dicketts	4	4
Lee Nicholls	4	4
Rob Pearson	2	4
Grae Laws	2	4
Placi Espajo	1	4
Phil Shadbolt	3	4

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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Governance Statement *(continued)*

The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees will in due course appoint a finance committee to ensure that sufficient review and checks are carried out on the Academy Trust's financial systems. The finance committee will report to the Governing Body on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Chief Executive 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 external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust 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 the above reviews and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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Governance Statement *(continued)*

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Achieving an environment where grant funds are spent effectively and within budgetary constraints to ensure proper use of public funds. This includes capital and operating expenditure;
- Maximising synergies between academy members of the Academy Trust to enable every student to achieve their potential; and
- Procuring scalable and effective central services and overheads provision to ensure that the Academy Trust can maximise its expenditure on curriculum activities.

Approved by order of the members of the Board of Trustees on ^{2nd} December 2017 and signed on its behalf by:



Sally Dicketts
Chair of Trustees



Lee Nicholls
Accounting Officer

ACTIVATE LEARNING EDUCATION TRUST

Statement on Regularity, Propriety and Compliance

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

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

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



Lee Nicholls
Accounting Officer

ACTIVATE LEARNING EDUCATION TRUST

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed as per FRS102, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on ²² December 2017 and signed on its behalf by:



Sally Dicketts
Chair of Trustees

ACTIVATE LEARNING EDUCATION TRUST

Independent Auditor's report for the members of Activate Learning Education Trust

We have audited the financial statements of Activate Learning Education Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy'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 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 Members for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

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

Conclusions relating to going concern

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

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

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Independent Auditor's report for the members of Activate Learning Education Trust (*continued*)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Trustees' 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 Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the

ACTIVATE LEARNING EDUCATION TRUST

Independent Auditor's report for the members of Activate Learning Education Trust (*continued*)

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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Richard Bott (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

Date: 22 December 2017

ACTIVATE LEARNING EDUCATION TRUST

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Activate Learning Education Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Activate Learning Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Activate Learning Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Activate Learning Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Activate Learning Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Activate Learning Education Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Activate Learning Education Trust's funding agreement with the Secretary of State for Education dated 28 January 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

The work undertaken includes:

- tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament;
- Obtained the register of personal interests;
- Planned our assurance procedures including identifying key risks;
- Concluded on procedures carried out.

ACTIVATE LEARNING EDUCATION TRUST

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Activate Learning Education Trust and the Education Funding Agency (*continued*)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

Mazars LLP

Chartered Accountants
Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

Date: 22 December 2017

ACTIVATE LEARNING EDUCATION TRUST

Statement of Financial Activities for the period ended 31 August 2017

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	-	4	704	708	3,441
Transfer of UTC's into Trust	3	-	630	20,848	21,478	-
Funding for educational operations	4	-	7,157	-	7,157	4,600
Other trading activities	5	326	30	-	356	149
Total		326	7,821	21,552	29,699	8,190
Expenditure on:						
Charitable activities:						
Academy trust educational operations	7	-	7,586	939	8,525	5,134
Total		-	7,586	939	8,525	5,134
Net income / (expenditure)		326	235	20,613	21,174	3,056
Transfers between funds		-	(208)	208	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	14	-	380	-	380	(818)
Net movement in funds		326	407	20,821	21,554	2,238
Reconciliation of funds						
Total funds brought forward		27	(1,666)	24,555	22,916	20,678
Total funds carried forward		353	(1,259)	45,376	44,470	22,916

All of the Academy's activities derived from continuing operations during the above financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

ACTIVATE LEARNING EDUCATION TRUST

Balance sheet as at 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	11		45,376		24,555
Current assets					
Debtors	12	586		181	
Cash at bank and in hand		<u>2,319</u>		<u>475</u>	
		2,905		656	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(1,882)</u>		<u>(369)</u>	
Net current assets			1,023		287
Net assets excluding pension liability			<u>46,399</u>		<u>24,842</u>
Defined benefit pension scheme liability	21		(1,929)		(1,926)
Total net assets			<u>44,470</u>		<u>22,916</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	14	45,376		24,555	
General fund	14	670		260	
Pension reserve	14	<u>(1,929)</u>		<u>(1,926)</u>	
Total restricted funds			44,117		22,889
Unrestricted income funds			353		27
Total funds			<u>44,470</u>		<u>22,916</u>

The financial statements on pages 19 to 40 were approved by the Trustees, and authorised for issue on the 22 December 2017 and are signed on their behalf by:



Sally Dicketts
Chair of Trustees

ACTIVATE LEARNING EDUCATION TRUST

Cash flow statement for the year ended 31 August 2017

	<i>Note</i>	2017	2016
		£'000	£'000
Net cash provided by (used in) operating activities	17	2,052	170
Cash flow from investing activities	18	(208)	(128)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		1,844	42
Cash and cash equivalents at 1 September 2016		475	433
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2017	19	2,319	475
		<hr/> <hr/>	<hr/> <hr/>

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of Accounting Policies

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Activate Learning Education Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

The Trustees have reviewed the Financial Statements which incorporates the Statement of Financial Activities, Balance sheet, Statement of Cash Flows and balanced budget and are confident the Trust will continue as a going concern.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

1 Statement of Accounting Policies (continued)

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

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

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Expenditure

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

1 Statement of Accounting Policies (continued)

assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write-off the cost of each asset on a straight line basis over its expected useful life as follows:

Freehold and Leasehold Buildings	50 years
Motor Vehicles	4 years
Fixtures, Fittings and Equipment	5 years
ICT equipment	3 years
Furniture	10 years

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

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

Liabilities

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments and accrued income are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. 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.

Leased Assets

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

Stock

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

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

1 Statement of Accounting Policies (continued)

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and Education and Skills Funding Agency.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust is not subject to limits at 31 August 2017 on the amount of GAG that can be carried forward from one year to the next.

Donations and capital grants

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£000	£000	£000	£000
Capital Grants	-	704	704	3,441
Donations		4	4	
		708	708	3,441

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

3 Transfer of UTC's into Trust

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
UTC Oxfordshire				
Inherited defined pension liability	-	(65)	(65)	-
Fixed Assets transferred on acquisition	-	10,847	10,847	-
Other Assets transferred on acquisition	-	392	392	-
	<u>-</u>	<u>11,174</u>	<u>11,174</u>	<u>-</u>
	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
UTC Reading				
Inherited defined pension liability	-	(108)	(108)	-
Fixed Assets transferred on acquisition	-	10,001	10,001	-
Other Assets transferred on acquisition	-	411	411	-
	<u>-</u>	<u>10,304</u>	<u>10,304</u>	<u>-</u>
Total Voluntary Income	<u>-</u>	<u>21,478</u>	<u>21,478</u>	<u>-</u>

4 Funding for the Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / EFA grants				
General Annual Grant (GAG)	-	6,349	6,349	4,318
Other DfE/EFA grants	-	808	808	282
	<u>-</u>	<u>7,157</u>	<u>7,157</u>	<u>4,600</u>

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Uniform Sales / Sundry Income	171	26	197	67
Catering Income	155	4	159	82
	<u>326</u>	<u>30</u>	<u>356</u>	<u>149</u>

6 Expenditure on raising funds

	Staff Costs £000	Non Pay Expenditure		Total 2017 £000	Total 2016 £000
		Premises £000	Other £000		
Academy's educational operations:					
Direct costs	4,328	195	40	4,563	3,404
Allocated support costs	1,443	245	2,274	3,962	1,730
	<u>5,771</u>	<u>440</u>	<u>2,314</u>	<u>8,525</u>	<u>5,134</u>

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Depreciation	939	351
Fees payable to auditor for:		
- audit	8	3

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

7 Charitable activities – Academy’s educational operations

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,563	3,404
Support costs – educational operations	3,962	1,730
	8,525	5,134

Analysis of support costs	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	1,443	1,443	663
Depreciation	939	939	351
Technology costs	150	150	95
Premises costs	245	245	264
Governance Costs	8	8	3
Other support costs	1,177	1,179	354
Total support costs	3,962	3,962	1,730

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

8 Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	4,477	2,890
Social security costs	422	238
Operating costs of defined benefit pension schemes	872	692
	5,771	3,820
Supply staff costs	55	33
Staff restructuring costs		
	5,826	3,853

Staff numbers

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

	2017 No.	2016 No.
Teachers	110	17
Administration and support	63	5
Management	10	2
	183	24

Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	10	1
£70,001 - £80,000	7	1

Key Management Personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £596,962 (2016: £181,784).

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

9 Related Party Transactions - Trustees' Remuneration and Expenses

During the year the Trust paid £302,080 in respect of shared services received from the lead sponsor, Activate Learning, of which 2 trustees are executive directors. The services were all provided at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures in note 22. No related party transactions involving the Trustees took place in 2017 and no Trustee received any remuneration or expenses in the year.

10 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy Trust purchases insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 (in the aggregate) and the cost is included in these accounts at £26,843.

11 Tangible Fixed assets

	Freehold and Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total £'000
Cost or valuation				
At 1 September 2016	24,807	-	128	24,935
Asset transfer from acquisitions	20,476	874	1,563	22,913
Additions	418	-	494	912
At 31 August 2017	45,701	874	2,185	48,760
Accumulated Depreciation				
At 1 September 2016	375	-	5	380
Charge transfer from acquisitions	877	300	888	2,065
Charge in the year	658	59	222	939
At 31 August 2017	1,910	359	1,115	3,384
Net book value				
At 31 August 2017	43,791	515	1,070	45,376
At 31 August 2016	24,432	-	123	24,555

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

12 Debtors

	2017	2016
	£'000	£'000
Trade debtors	28	37
Prepayments and accrued income	110	27
VAT recoverable	442	115
Other debtors	6	2
	<u>586</u>	<u>181</u>

13 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	591	169
Other taxation and social security	6	(1)
Accruals and deferred income	857	99
Sundry creditors	428	102
	<u>1,882</u>	<u>369</u>

Included in accruals and deferred income is an amount of deferred income of £593,000 (2016: £21,000) relating to income received from the ESFA. Of this amount, £586,000 is subject to potential clawback.

The amount is made up as follows:

	2017	2016
	£'000	£'000
Resources deferred in the year	<u>593</u>	<u>21</u>
	<u>593</u>	<u>21</u>

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

14 Funds	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	(107)	6,522	(7,172)	(208)	(965)
Transfer on Conversion of UTCs	-	630	-	-	630
Start-up Grant	132	-	-	-	132
Pupil Premium	(9)	176	(133)	-	34
Other grants	244	667	(72)	-	839
Pension reserve	(1,926)	(174)	(209)	380	(1,929)
	(1,666)	7,821	(7,586)	172	(1,259)
Restricted fixed asset funds					
DfE/EFA capital grants	3,821	704	(939)	208	3,794
Transfer on Conversion	20,734	20,848	-	-	41,582
	24,555	21,552	(939)	208	45,376
Total restricted funds	22,889	29,373	(8,525)	380	44,117
Total unrestricted funds	27	326	-	-	353
Total funds	22,916	29,699	(8,525)	380	44,470

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

Restricted General Funds

This fund relates to grant received from the ESFA for the running costs of the UTC. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Restricted Asset Funds

This relates to funding received from the ESFA for capital expenditure prior to the opening of the UTC.

Unrestricted Funds

This relates to funds generated from other income including lettings.

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

15 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	45,376	45,376
Current assets	353	2,552	-	2,905
Current liabilities	-	(1,882)	-	(1,882)
Pension scheme liability	-	(1,929)	-	(1,929)
Total net assets	353	(1,259)	45,376	44,470

16 Capital Commitments

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

	2017 £000	2016 £000
Amounts due within one year	10	13
Amounts due between one and five years	9	10
Amounts due after five years	-	-
	19	23

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

17 Reconciliation of net income to net cash inflow from operating activities

	2017 £'000	2016 £'000
Net expenditure for the reporting period	21,174	3,056
Adjusted for:		
Non Cash Assets of Incorporated Academies	(20,848)	
Depreciation charges	939	351
Capital grants from DfE and other capital income	(704)	3,441
Defined benefit pension scheme obligation inherited	173	-
Defined benefit pension scheme cost less contributions payable	169	67
Defined benefit pension scheme finance cost	41	38
(Increase)/decrease in debtors	(405)	(87)
Increase/(decrease) in creditors	1,513	186
Net cash provided by Operating Activities	2,052	170

18 Capital expenditure and financial investment:

	2017 £'000	2016 £'000
Purchase of tangible fixed assets	(912)	(3,569)
Capital grants from DfE/EFA	704	3,441
Net cash outflow from capital expenditure and financial investment	(208)	(128)

19 Analysis cash and cash equivalents

	At 1 August 2016 £'000	Cash Flows £'000	At 31 August 2016 £'000
Cash in hand and at bank	475	1,844	2,319

20 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.

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

21 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2015. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £703,261 (2016: £497,594)

A copy of the valuation report and supporting documentation can be found at www.teacherspensions.co.uk.

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £192,000 (2016: £189,000), of which employer's contributions totalled £130,000 (2016: £145,000) and employees' contributions totalled £62,000 (2016: £44,000). The agreed contribution rates for future years are 17.6%-19.6% per cent for employers and 5.5%-7% per cent for employees.

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

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.2%	4.0%
Rate of increase for pensions in payment/inflation	2.7%	2.8%
Discount rate for scheme liabilities	5.9%	5.9%
Inflation assumption (CPI)	2.6%	2.7%
Commutation of pensions to lump sums	50.0%	50.0%

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

21 Pension and similar obligations (continued)

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	23.4	23.3
Females	25.5	25.8
<i>Retiring in 20 years</i>		
Males	25.7	25.6
Females	27.9	28.1

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	862	614
Debt instruments	276	152
Property	110	67
Other	169	105
Total market value of assets	1,417	938

The actual return on scheme assets was £ 156,000 (2016: £109,000).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	380	(211)
Total operating charge	380	(211)

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017 (*continued*)

21 Pension and similar obligations (*continued*)

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

	2017 £'000	2016 £'000
At 1 September	2,864	1,648
Transfer in Value	315	-
Current Service cost	306	211
Interest cost	65	67
Employee contributions	50	44
Actuarial (gain)/loss	(257)	898
Benefits paid	3	(4)
At 31 August	3,346	2,864

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

	2017 £'000	2016 £'000
At 1 September	938	645
Transfer in Value	142	-
Interest income	24	29
Return on plan assets (excluding net interest on the net defined pension liability)	120	80
Employer contributions	137	145
Actuarial gain /(loss)	3	-
Administrative Expenses	-	(1)
Employee contributions	50	44
Benefits paid	3	(4)
At 31 August	1,417	938

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

22 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. No such related party transactions took place in the period of account.

There were no Trustees' reimbursements during the year.

During the year the ALET paid £302,080 in respect of services received from the lead sponsor, Activate Learning, of which 2 Trustees are executive directors. The services were all provided at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. At the year end, £412,357 was owed to Activate Learning (2016 £208,917).

23 Consolidation of Additional Academies

On 1 April 2017 Activate Learning Education Trust acquired UTC Oxfordshire and UTC Reading and all assets and liabilities were transferred from Berkshire and Oxfordshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Voluntary Donations.

The following table set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities

	UTC Oxfordshire £000	UTC Reading £000	Total Funds £000
Tangible Fixed Assets	10,847	10,001	20,848
Debtors due in less than 1 year	184	185	369
Cash at bank	539	809	1,348
Creditors due in less than 1 year	(331)	(583)	(914)
LGPS Pension surplus/(deficit)	(65)	(108)	(173)
	11,174	10,304	21,478

ACTIVATE LEARNING EDUCATION TRUST

Notes to the Financial Statements for the year ended 31 August 2017

(continued)

24 Statement of Funds

Fund Balances at 31 August 2017 were allocated as follows:

	Total Funds £000
The Bicester School	4,992
MAT Grant	157
Bicester Technology Studio	787
UTC Reading	1,379
UTC Oxfordshire	832
	<hr/> 8,147 <hr/>

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

Analysis of support costs	Staff Costs	Non Pay Premises	Non Pay Other	Total
	£000	£000	£000	£000
The Bicester School	4,078	299	921	5,298
MAT Grant	-	-	89	89
Bicester Technology Studio	445	5	354	804
UTC Reading	694	124	520	1,338
UTC Oxfordshire	555	12	430	997
	<hr/> 5,772 <hr/>	<hr/> 440 <hr/>	<hr/> 2,314 <hr/>	<hr/> 8,525 <hr/>