

Company Registration Number: 08707909 (England & Wales)

ACTIVATE LEARNING EDUCATION TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

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ACTIVATE LEARNING EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019

Trustees Sally Dicketts, Chair
Joanne Harper (resigned 25 October 2018)
David Kilshaw
Owain Johns (resigned 25 October 2018)
Keith Mitchell (appointed 29 October 2018)
Ms Rachel Cave (appointed 2 April 2019)
Phil Shadbolt (resigned 25 October 2018)
Placi Espajo
Lee Nicholls, Chief Executive
Beverley Ford
Helen Pike
Nicholas Evans

Company registered number 08707909

Company name Activate Learning Education Trust

Principal and registered office Activate Learning
Ospens Road
Oxford
OX1 1SA

Chief executive officer Lee Nicholls

Senior management team Joanne Harper, Principal
Owain Johns, Principal
Rob Pearson, Principal
Grae Laws, Principal

Independent auditor Mazars LLP
Chartered Accountants
90 Victoria Street
Bristol
BS1 6DP

Bankers Lloyds Bank
1 - 5 High Street
Oxford
OX1 4AA

ACTIVATE LEARNING EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. 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, Swindon UTC joined the trust in September 2017, Theale Green School joined the trust in April 2018 and UTC Heathrow joined the trust in September 2018. Pupils are admitted to the schools based on appropriate entry requirements being met.

Structure, governance and management

a. Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document 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 who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Trustees' indemnities

There were no known indemnities due in the financial year.

d. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Method of recruitment and appointment or election of Trustees

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 Chief Executive Officer) who are employees of the Academy Trust does not exceed one third of the total number of Trustees.

The Board met 5 times in the year. The Board is of the opinion that this is sufficient due to the strength of the committee, the active involvement of the Trustees on the day to day running of the schools, the provision of management accounts to Board members on a monthly basis and regular informal meetings between Board members.

f. Policies adopted for the induction and training of Trustees

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

g. 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 Trust 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 Trust; 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.

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

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.

i. Trade Union facility time

The Trust has minimal trade union activity.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

j. Risk management

For the year ended 31 August 2019 the primary activities of the Academy Trust were to operate The Bicester School, Bicester Technology Studio, (which opened on 1 September 2016), UTC Oxfordshire, UTC Reading, UTC Swindon, Theale Green School and UTC Heathrow 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.
- ALET not having the capacity to accommodate continued rapid growth. The Academy Trust took the decision to consolidate the Trust and not take on any further Academies in 2018/2019
- Maintaining a strong financial position whilst the Trust continues to grow, especially in regards to the two academies who are funded through lagged funding.

Objectives and activities

a. 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 schools offering a broad and balanced curriculum.

b. 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 below.

c. Public benefit

The vision is to 'transform lives through learning' by igniting confidence, expanding opportunities, energising the community and generating prosperity. Through and core values of empowerment, enterprise, connectedness and transformation, we will provide our students and staff with a safe and supportive environment in which to thrive. In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

a. Key achievements

Last year the key achievements of the Academy Trust were:

- a consolidation of systems and processes across the Trust in readiness for future growth;
- the formation of the Leadership Group to bring together the Principals, Headteachers and executive leadership to operate the trust on a day to day basis;

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

- a strengthening of governance from an external review, through further training and a clearer focus of trustees and local governors;

b. Key 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	UTC S Target/Actual	TGS Target/Actual	UTCH Target/Actual
Recruitment Year 7	NA	195/275	NA	NA	NA	60/128	NA
Recruitment Year 10	33/45	NA	119/120	103/96	58/55	NA	33/33
Attainment 8	28	44	47	38	38	42	40
Post 16 Average Grade	D+	D+	C	C+	C-	C+	C-

c. 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 they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

a. 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.

b. 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, who at this stage have the principle aim of increasing expendable reserves.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

c. Investment policy

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

d. Principal risks and uncertainties

The biggest future risk to the Academy Trust is student recruitment in our 14-18 technical schools and lagged funding arrangements in our comprehensive schools which are rapidly growing in student numbers. 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 ESFA which could potentially damage the Academy Trust's longer-term financial planning; thus being unable to meet its aims. The Academy Trust has a close working relationship with the ESFA to attempt to mitigate the risks of our rapidly growing schools and their funding allocations based on the previous years student numbers.

Plans for future periods

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

- A strengthening of Leadership and Governance.
- 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 were no assets being held.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy Trust's equal opportunities policy, the Academy Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Disclosure of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that 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 directors, on 16 December 2018 and signed on its behalf by:


Chair or Trustees

Trustee 

ACTIVATE LEARNING EDUCATION TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Activate Learning Education 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 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 Activate Learning Education 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 5 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sally Dicketts, Chair	5	5
Joanne Harper	5	5
David Kilshaw	4	5
Owain Johns	0	0
Keith Mitchell	2	5
Ms Rachel Cave	1	2
Phil Shadbolt	0	0
Placi Espajo	3	5
Lee Nicholls, Chief Executive	5	5
Beverley Ford	3	5
Helen Pike	2	5
Nicholas Evans	4	5

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 Academy 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 appropriate. 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.

GOVERNANCE STATEMENT (CONTINUED)

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Activate Learning Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of 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. 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 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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 Finance and General Purposes 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 Trustees has considered the need for a specific internal audit function above that already in place through the bought in financial support and decided not to pursue, however a decision has been made to carry out an internal audit specific to the Academy Trust in future years. Trustees have appointed a finance committee to ensure that sufficient review and checks are carried out on the Academy Trust's financial systems. The finance committee reports to the Trust Board on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

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GOVERNANCE STATEMENT (CONTINUED)

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.

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on their behalf by:


Chair of Trustees


Accounting Officer

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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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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.



Accounting Officer
Date: 16 December 2019

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

The Trustees (who 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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on its behalf by:

ACTIVATE LEARNING EDUCATION TRUST
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE OF ACTIVATE LEARNING EDUCATION TRUST

Opinion

We have audited the financial statements of Activate Learning Education Trust (the 'Academy Trust') for the year ended 31 August 2019 which comprise , the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The terms on which the United Kingdom may withdraw from the European Union, currently due to occur on 29 March 2019, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Academy Trust's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Academy Trust as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Academy Trust's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Academy Trust and this is particularly the case in relation to Brexit.

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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE OF ACTIVATE LEARNING EDUCATION TRUST

authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the incorporated Strategic Report.

We have nothing to report in respect of the following matters 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE OF ACTIVATE LEARNING EDUCATION TRUST

Responsibilities of Directors

As explained more fully in the Trustees responsibilities statement set out on page 12, the directors 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 directors 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 directors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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

Richard Bott (Senior statutory auditor)

for and on behalf of

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

Date:

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ACTIVATE LEARNING EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Activate Learning Education Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 Activate Learning Education 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 Activate Learning Education Trust and 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ACTIVATE
LEARNING EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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

Mazars LLP

90 Victoria Street
Bristol
BS1 6DP

Date: 16 December 2019

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	4	-	(134)	11,063	10,929	18,410
Charitable activities	5	-	17,291	-	17,291	14,438
Other trading activities	6	857	6	-	863	1,058
Investments	7	2	-	-	2	-
Total income		859	17,163	11,063	29,085	33,906
Expenditure on:						
Charitable activities	9	626	19,550	2,142	22,318	17,284
Total expenditure		626	19,550	2,142	22,318	17,284
Net income/(expenditure)		233	(2,387)	8,921	6,767	16,622
Transfers between funds	20	(554)	-	554	-	-
Net movement in funds before other recognised gains/(losses)		(321)	(2,387)	9,475	6,767	16,622
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	(1,426)	-	-	(1,426)	914
Net movement in funds		(1,747)	(2,387)	9,475	5,341	17,536
Reconciliation of funds:						
Total funds brought forward		624	(4,539)	65,921	62,006	44,470
Net movement in funds		(1,747)	(2,387)	9,475	5,341	17,536
Total funds carried forward		(1,123)	(6,926)	75,396	67,347	62,006

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

ACTIVATE LEARNING EDUCATION TRUST
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BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2019

		2019 £000	2018 £000
Fixed assets			
Tangible assets	16	75,396	65,921
		<u>75,396</u>	<u>65,921</u>
Current assets			
Debtors	17	367	945
Cash at bank and in hand		1,363	2,207
		<u>1,730</u>	<u>3,152</u>
Creditors: amounts falling due within one year	18	(2,938)	(2,528)
Net current liabilities / assets		<u>(1,208)</u>	<u>624</u>
Total assets less current liabilities		<u>74,188</u>	<u>66,545</u>
Net assets excluding pension liability		74,188	66,545
Defined benefit pension scheme liability	25	(6,841)	(4,539)
Total net assets		<u><u>67,347</u></u>	<u><u>62,006</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	20	75,396	65,921
Restricted income funds	20	(1,511)	-
Restricted funds excluding pension asset	20	73,885	65,921
Pension reserve	20	(6,841)	(4,539)
Total restricted funds	20	67,044	61,382
Unrestricted income funds	20	303	624
Total funds		<u><u>67,347</u></u>	<u><u>62,006</u></u>

The financial statements on pages 18 to 49 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:

Sally Dicketts



Joanne Harper



The notes on pages 21 to 49 form part of these financial statements.

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash used in operating activities	22	(558)	(722)
Cash flows from investing activities	23	(286)	610
Change in cash and cash equivalents in the year		(844)	(112)
Cash and cash equivalents at the beginning of the year		2,207	2,319
Cash and cash equivalents at the end of the year	24	<u>1,363</u>	<u>2,207</u>

The notes on pages 21 to 49 from part of these financial statements

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. General information

Activate Learning Education Trust is a private company limited by guarantee, registered in England & Wales, registered number 08707909. Its registered office is Activate Learning, Ospens Road, Oxford, OX1 1SA.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2018 to 2019 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.

2.2 Going concern

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

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

2. Accounting policies (continued)

2.3 Income

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

• **Grants**

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 unspent amount is reflected as a balance in the restricted general fund.

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

• **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

• **Donated goods, facilities and services**

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Accounting policies (continued)

2.3 Income (continued)

- **Transfer of existing academies into the Academy Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

2.4 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. Other support costs are allocated based on the spread of staff costs.

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

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

2. Accounting policies (continued)

2.6 Taxation

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

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

2.7 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Freehold and leasehold buildings	- 50 years
ICT Equipment	- 3 years
Plant and machinery	- 4 years
Fixtures, fittings and equipment	- 5 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.

2.8 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.

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

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

2. Accounting policies (continued)

2.9 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.

2.10 Liabilities

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

2.11 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust 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 17. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. 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. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

ACTIVATE LEARNING EDUCATION TRUST
(A Company Limited by Guarantee)

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

2. Accounting policies (continued)

2.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

2.13 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 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.

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Academy Trust 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Similar incoming resources				
Inherited defined benefit pension scheme liability	-	(68)	-	(68)
Transfer in of an existing academy	-	10,288	-	10,288
Assets transferred on acquisition	-	(335)	-	(335)
Subtotal detailed disclosure	-	9,885	-	9,885
Donations	-	116	-	116
Capital Grants	-	-	775	775
Government grants	-	153	-	153
Subtotal	-	(10,019)	11,063	1,044
	-	(134)	11,063	10,929

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Donations	-	22	-	22
Capital Grants	-	-	373	373
Government grants	-	68	-	68
Similar incoming resources	197	(3,766)	21,516	17,947
	<u>197</u>	<u>(3,676)</u>	<u>21,889</u>	<u>18,410</u>

5. Funding for the Academy's educational operations

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants			
GAG income	10,930	10,930	1,606
Pupil premium	384	384	322
16 - 18 Funding	-	-	3,304
Other EFA grants	5,656	5,656	6,831
Deficit and restructuring income	186	186	222
Other government grants	-	-	1,878
Start Up Grant	135	135	275
Total 2019	<u>17,291</u>	<u>17,291</u>	<u>14,438</u>

6. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Catering income	324	-	324
Uniform sales/sundry income	533	6	539
Total 2019	<u>857</u>	<u>6</u>	<u>863</u>

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000
Investment income - local cash	2	2

8. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Academy's educational operations				
Direct costs	11,893	-	1,315	13,208
Allocated support costs	3,084	966	5,060	9,110
Total 2019	14,977	966	6,375	22,318

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Educational operations	626	21,692	22,318

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000
Educational operations	352	16,932	17,284

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000
Educational operations	13,208	9,110	22,318

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total funds 2018 £000
Educational operations	10,721	6,563	17,284

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Pension income	130	130	86
Staff costs	11,615	11,615	9,645
Uniforms	2	2	-
Bursaries granted	22	22	2
Childcare vouchers	11	11	(3)
CRB checks	5	5	3
Educational books and materials	480	480	396
Educational trips	137	137	46
Exams and admissions expenses	411	411	331
External providers	29	29	11
Supplies and services - educational	69	69	14
Pupil premium expenditure	20	20	8
Parent pay fees	4	4	3
Other educational services	98	98	34
Termination pay	42	42	77
Agency staff	133	133	68
Total 2019	13,208	13,208	10,721

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities	Total	Total
	2019	funds	funds
	£000	2019	2018
		£000	£000
Staff costs	3,054	3,054	1,976
Depreciation	2,154	2,154	1,553
Repairs and maintenance	304	304	258
Postage, stationery and telephone	185	185	128
Staff training and travel	123	123	97
Technology costs	295	295	319
Premises costs	966	966	687
Bad debts	3	3	(22)
Bank charges and interest	2	2	6
Catering costs	489	489	306
Advertising, marketing and hospitality	38	38	34
Insurance	61	61	54
Indirect employee costs	11	11	1
Professional and consultancy	82	82	198
Licences and subscriptions	111	111	24
Minibus and other transport costs	74	74	108
Supplies and services - non educational	15	15	172
Activate Learning Group service charges	985	985	458
Agency Staff	30	30	111
Recruitment	90	90	38
Profit/Loss on disposal of fixed assets	(12)	(12)	-
Miscellaneous	27	27	50
Governance costs	23	23	7
Total 2019	9,110	9,110	6,563

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£000	£000
Depreciation of tangible fixed assets	2,154	1,553
Fees paid to auditor for:		
- audit	21	16
- other services	6	3
	<u> </u>	<u> </u>

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£000	£000
Wages and salaries	11,461	8,829
Social security costs	1,048	816
Pension costs	2,160	1,977
	<u>14,669</u>	<u>11,622</u>
Agency staff costs	163	179
Staff restructuring costs	42	77
	<u>14,874</u>	<u>11,878</u>

Staff restructuring costs comprise:

	2019	2018
	£000	£000
Redundancy payments - statutory	42	77
	<u>42</u>	<u>77</u>

Restructuring costs are accounted for when entitlement passes for payment to be made.

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Staff costs (continued)

b. Staff numbers

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

	2019	2018
	No.	No.
Teachers	147	128
Administration and support	128	86
Management	33	24
	<u>308</u>	<u>238</u>

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	4	3
In the band £80,001 - £90,000	2	3
In the band £90,001 - £100,000	1	-
In the band £120,000 - £130,000	1	-
	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,026,796 (2018: £923,192).

ACTIVATE LEARNING EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Central services

The Academy Trust has provided the following central services to its academies during the year:

- Financial services
- Legal services
- Human resources
- Education support services
- Governance support services
- ICT support Services
- Others as arising

The Academy Trust charges for these services on the following basis:

The Academy Trust charges for these on a percentage of GAG income that is appropriate to the individual academy.

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
The Bicester School	244	-
Bicester Technology Studio	66	-
UTC Reading	216	-
UTC Oxfordshire	115	-
UTC Swindon	67	-
Theale Green School	182	-
UTC Heathrow	182	-
Total	<u>1,072</u>	<u>-</u>

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

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Trustees 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 Trustees' remuneration and other benefits was as follows:

		2019	2018
		£000	£000
Owain Johns	Remuneration	90 - 95	85 - 90
	Pension contributions paid	15 - 20	10 - 15
Joanne Harper	Remuneration	120 - 125	115 - 120
	Pension contributions paid	15 - 20	15 - 20

During the year, retirement benefits were accruing to 2 Trustees (2018 - 2) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

15. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £[enter amount] (2018 - £40,922). The cost of this insurance is included in the total insurance cost.

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

16. Tangible fixed assets

	Freehold property £000	Furniture and equipment £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2018	67,533	1,484	-	1,813	70,830
Additions	747	78	350	165	1,340
Transfer on conversion	9,923	-	314	51	10,288
At 31 August 2019	78,203	1,562	664	2,029	82,458
Depreciation					
At 1 September 2018	2,964	651	-	1,293	4,908
Charge for the year	1,477	310	54	313	2,154
At 31 August 2019	4,441	961	54	1,606	7,062
Net book value					
At 31 August 2019	73,762	601	610	423	75,396
At 31 August 2018	64,569	833	-	519	65,921

17. Debtors

	2019 £000	2018 £000
Due after more than one year		
Other debtors	-	151
	-	151
Due within one year		
Trade debtors	28	82
Other debtors	286	413
Prepayments and accrued income	53	299
	367	945

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18. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	591	672
Other taxation and social security	257	253
Other creditors	507	205
Accruals and deferred income	1,583	1,398
	<u>2,938</u>	<u>2,528</u>
	2019	2018
	£000	£000
Deferred income at 1 September 2018	1,103	593
Resources deferred during the year	1,177	1,103
Amounts released from previous periods	(1,103)	(593)
	<u>1,177</u>	<u>1,103</u>

Amounts deferred in the year include Clawback of ESFA support packages of £996k, Pupil Number adjustment of £149k and other amounts of £32k.

19. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial assets measured at fair value through income and expenditure	1,363	2,206
Financial assets that are debt instruments measured at amortised cost	43	461
	<u>1,406</u>	<u>2,667</u>
	2019	2018
	£000	£000
Financial liabilities		
Financial liabilities measured at amortised cost	(1,504)	(1,172)

Financial assets measured at fair value through income and expenditure comprise bank and cash.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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20. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General Fund	624	859	(626)	(554)	-	303
Restricted general funds						
General Annual Grant (GAG)	-	17,096	(18,607)	-	-	(1,511)
Start-up grant	-	135	(135)	-	-	-
Pension reserve	(4,539)	(68)	(808)	-	(1,426)	(6,841)
	<u>(4,539)</u>	<u>17,163</u>	<u>(19,550)</u>	<u>-</u>	<u>(1,426)</u>	<u>(8,352)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	65,921	11,063	(2,142)	554	-	75,396
Total Restricted funds	<u>61,382</u>	<u>28,226</u>	<u>(21,692)</u>	<u>554</u>	<u>(1,426)</u>	<u>67,044</u>
Total funds	<u>62,006</u>	<u>29,085</u>	<u>(22,318)</u>	<u>-</u>	<u>(1,426)</u>	<u>67,347</u>

The specific 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 Trust.

Restricted Asset Funds

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

Unrestricted Funds

This relates to funds generated from other income including lettings.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£000	£000
The Bicester School	(84)	74
MAT Grant	356	208
Bicester Technology Studio	178	327
UTC Reading	503	487
UTC Oxfordshire	(398)	(133)
UTC Swindon	(79)	178
Theale Green School	(1,344)	(517)
UTC Heathrow	(340)	-
Total before fixed asset funds and pension reserve	(1,208)	624
Restricted fixed asset fund	75,396	65,921
Pension reserve	(6,841)	(4,539)
Total	67,347	62,006

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit
	£000
Bicester Technology Studio	(84)
UTC Oxfordshire	(398)
UTC Swindon	(79)
Theale Green School	(1,344)
UTC Heathrow	(340)

It is the policy of the Trust that all academies will operate with an annual surplus that enables them to reinvest in children's education and maintain prudent level of reserves. Where for operational reasons this is not possible, schools are permitted to run at a deficit, but are nevertheless required to take remedial action where appropriate to enable them to return to a balanced position in the medium term.

The Trust has been promised funds from the ESFA to support Schools which should enable them to return to a surplus position. The Trust is looking at steps that can be taken to remedy the issues at UTC Oxfordshire.

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20. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
The Bicester School	3,218	891	141	761	5,011
MAT Grant	1,081	256	3	66	1,406
Bicester Technology Studio	514	147	20	300	981
UTC Reading	1,709	252	92	1,019	3,072
UTC Oxfordshire	1,633	286	49	663	2,631
UTC Swindon	796	141	39	364	1,340
Theale Green School	2,553	572	135	826	4,086
UTC Heathrow	862	211	70	597	1,740
Academy Trust	12,366	2,756	549	4,596	20,267

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20. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Fund	353	1,209	(361)	(577)	-	624
Restricted general funds						
General Annual Grant (GAG)	(965)	13,126	(14,164)	2,003	-	-
Start-up grant	132	275	(275)	(132)	-	-
Pupil premium	34	-	-	(34)	-	-
Other grants	839	-	-	(839)	-	-
Transfer on conversion of UTCs	630	-	-	(630)	-	-
Pension reserve	(1,929)	(2,593)	(931)	-	914	(4,539)
	(1,259)	10,808	(15,370)	368	914	(4,539)
Restricted fixed asset funds						
Restricted fixed asset fund	45,376	21,889	(1,553)	209	-	65,921
Total Restricted funds	44,117	32,697	(16,923)	577	914	61,382
Total funds	44,470	33,906	(17,284)	-	914	62,006

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted funds - class ii 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	75,396	75,396
Current assets	1,730	-	-	1,730
Creditors due within one year	(1,427)	(1,511)	-	(2,938)
Provisions for liabilities and charges	-	(6,841)	-	(6,841)
Total	303	(8,352)	75,396	67,347

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted funds - class ii 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	65,921	65,921
Debtors due after more than one year	151	-	-	151
Current assets	3,001	-	-	3,001
Creditors due within one year	(2,528)	-	-	(2,528)
Provisions for liabilities and charges	-	(4,539)	-	(4,539)
Total	624	(4,539)	65,921	62,006

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NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£000	£000
Net income for the year (as per Statement of Financial Activities)	6,767	16,622
Adjustments for:		
Depreciation	2,154	1,553
Capital grants from DfE and other capital income	(972)	(833)
Defined benefit pension scheme obligation inherited	68	2,593
Defined benefit pension scheme cost less contributions payable	380	678
Defined benefit pension scheme finance cost	130	86
Decrease/(increase) in debtors	578	(358)
Increase in creditors	409	646
Cash transferred on merger	(82)	(360)
Non cash assets of incorporated Academies	(10,288)	(21,516)
Defined benefit pension scheme past service costs	298	167
Net cash used in operating activities	(558)	(722)

23. Cash flows from investing activities

	2019	2018
	£000	£000
Purchase of tangible fixed assets	(1,340)	(583)
Capital grants from DfE Group	972	833
Cash transferred in on conversion	82	360
Net cash (used in)/provided by investing activities	(286)	610

24. Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Notice deposits (less than 3 months)	1,363	2,207
Total cash and cash equivalents	1,363	2,207

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

25. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire Council, Oxford County Council and Royal County of Berkshire. 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 2016.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

25. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the [the Teachers' Pension Scheme](#) website.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £1,292k (2018 - £888k).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £455k (2018 - £410k), of which employer's contributions totalled £415k (2018 - £324k) and employees' contributions totalled £40k (2018 - £86k). The agreed contribution rates for future years are 16 - 28 per cent for employers and 5 - 12.5 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.

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25. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.81	3.33
Rate of increase for pensions in payment/inflation	2.71	2.33
Discount rate for scheme liabilities	1.88	2.77
Inflation assumption (CPI)		0
Commutation of pensions to lump sums	50.0	50.0

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.0	23.0
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.1	25.0
Females	25.4	27.4

Sensitivity analysis

The Academy Trust's share of the assets in the scheme was:

	At 31	At 31
	August 2019	August 2018
	£000	£000
Equities	4,794	2,293
Bonds	1,258	632
Property	804	449
Cash and other liquid assets	351	-
Other	234	618
Total market value of assets	7,441	3,992

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NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

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

	2019	2018
	£000	£000
Current service cost	(898)	(1,002)
Past service cost	(298)	(167)
Interest income	122	64
Interest cost	(252)	(150)
Total amount recognised in the Statement of Financial Activities	(1,326)	(1,255)

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

	2019	2018
	£000	£000
At 1 September	8,531	3,347
Transferred in on existing academies joining the trust	278	4,557
Current service cost	898	1,002
Interest cost	252	150
Employee contributions	152	86
Actuarial losses/(gains)	1,578	(776)
Benefits paid	(135)	(2)
Past service costs	298	167
Change in demographic assumptions	(628)	-
At 31 August	11,224	8,531

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

	2019	2018
	£000	£000
At 1 September	3,992	1,418
Transferred in on existing academies joining the trust	210	1,964
Interest income	122	64
Actuarial gains	152	138
Employer contributions	518	324
Employee contributions	152	86
Benefits paid	(135)	(2)
Administration expenses	(2)	-
At 31 August	5,009	3,992

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26. 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.

27. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

During the year the Trust paid £934,236 (2018: £1,216,678), in respect of shared services received from the lead sponsor, Activate learning, of which two 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 relating to connected and related party transactions.

28. Transfer of existing academies into the academy trust

UTC Heathrow

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Intangible assets			
Tangible fixed assets			
Long-term leasehold property	9,923	-	9,923
Plant and machinery	311	3	314
Computer equipment	103	(52)	51
Current assets			
Debtors due within one year	32	-	32
Cash at bank and in hand	82	-	82
Liabilities			
Creditors due within one year	(1,562)	1,113	(449)
Pensions			
Pensions - pension scheme assets	210	-	210
Pensions - pension scheme liabilities	(278)	-	(278)
Net assets	<u>8,821</u>	<u>1,064</u>	<u>9,885</u>

