

ANGLO EUROPEAN ACADEMY TRUST

A Charitable Company Limited by Guarantee

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

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ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

| | |
|--|---|
| Members | Mr K Hoyle Mr P Mason Mrs H Gulowsen |
| Trustees | Mrs H Gulowsen, Chair of Trustees Mr P Sweet, Vice Chair (resigned 1 March 2017) Mr M Frost, Chair of Finance Committee Mr K Hoyle, Vice Chair of Finance Committee Mrs J McAuliffe (resigned 4 November 2017) Mr D Frost Mr G Lafosse Mr M Whalley Mr R Franklin Mrs M Ruschen Mr P Mason, Responsible Officer Miss C Dawton Mr S Caldwell (resigned 7 December 2016) Mrs C Penn Mr N Richards Mrs A Rowland Mr D Barrs Mrs J Gee Mrs N Maher (appointed 1 March 2017) Mrs A Willis (appointed 24 February 2017) Mr P Clark (appointed 1 March 2017) Prof. R Halburd (appointed 1 March 2017) |
| Company registered number | 07846848 |
| Company name | Anglo European Academy Trust |
| Registered and principal office | Willow Green Ingatestone Essex CM4 0DJ |
| Accounting Officer | Mr D Barrs |
| Chief Executive Officers | Mr D Barrs & Mrs J Gee |
| Senior Management Team | Mr D Barrs, Headteacher and Accounting Officer Mrs J Gee, Headteacher Mr M Seager, Deputy Headteacher Mrs S Bain, Assistant Headteacher Mr D Priestley, Assistant Headteacher Mr G Headley, Assistant Headteacher Mr S Newton, Assistant Headteacher Mrs V Miller, Director of Finance |
| Independent Auditors | Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT |

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Bankers

Lloyds TSB
77-81 High Street
Chelmsford
Essex
CM1 1DU

Barclays
69 High Street
Billericay
Essex
CM12 9AU

National Savings & Investments
Glasgow
G58 1SB

ANGLO EUROPEAN ACADEMY TRUST

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their Annual Report together with the financial statements and Auditor's Report of Anglo European Academy Trust (the Academy, the Trust or Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Governors' Report, and a Directors' Report under company law.

The Charitable Company operates as a school for pupils aged 11-19 serving a catchment area of children permanently residing in the priority admission area of the parishes of Ingatestone, Mountnessing and Margaretting or children attending Ingatestone and Fryerning Junior School, Margaretting Primary School or Mountnessing Primary School and on roll for Year 6. It has a pupil capacity of 1479 and had a roll of 1382 in the October 2016 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Governors of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is commonly known as Anglo European School (the School).

Details of the Governors who served during the year are included in the Reference and Administrative Details section.

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.

Governors and Officers' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Governors

The arrangements are as set out in the Articles and Funding Agreement.

Governors are appointed for a fixed term. The Headteachers are full members of the Governing Body. Parent Governors and the Staff Governors are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for a minimum of four Staff Governors comprising of at least one professional support staff (we have 4 Staff Governors), a minimum of four Parent Governors; (we have 4 Parent Governors), a minimum of one Community Governor; (we have 2 Community Governors), the LA Governor if appointed under Article 64; (we have 1 LA Governor), a minimum of one Governor appointed by the Schools Co-operative Society; (we have 2 Co-operative Trust Governors), if the Forum so requests and the Governors agree a Governor or Governors appointed by Partner Organisations; (we have none), two Governors appointed by Anglo European Co-operative Trust which shall be a Partner Organisation; (we have none), the Principal; (we have 2 Headteachers), 3 co-opted Governors (we have 3 co-opted Governors)

Policies and Procedures Adopted for the Induction and Training of Governors

The Charitable Company is committed to providing adequate opportunities for all new Governors who are required to attend a training programme appropriate to their background and experience. The induction programme would involve a briefing by the Chair of Governors and the Headteachers, followed by a tour of the School, meetings with students and staff and provision of handbook, policy and procedures documents supplied by the Headteachers and Clerk that are appropriate to the role they undertake as Governors. Each Governor is automatically a member of all committees, but will be asked to indicate a specific committee of which they would prefer to be a member to ensure that each committee has a regular core membership.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

The Governing Body (the Board), which meets on at 4 occasions per year and each individual committee at least 3 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

One Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Headteachers have delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteachers manage the School on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets weekly to discuss emerging matters and to help to develop strategies for future development to be put to the Headteachers and the Board as required for approval. Each member of the SLT has specific responsibilities to assist the Headteachers to manage certain aspects of the Academy. The SLT consists of the following members of staff up until August 2017.

Mr David Barrs – Headteacher and Accounting Officer
Mrs Jody Gee – Headteacher
Mr Steve Cain – Deputy Headteacher
Mrs Vivienne Miller – Director of Finance- Business Manager
Mr Darren Priestley – Assistant Headteacher – Assistant Designated Safeguarding Lead
Mrs Sarah Bain – Assistant Headteacher – Designated Safeguarding Lead
Mr Graham Headley – Assistant Headteacher
Mr Stuart Newton – Director of Sixth Form

There are four additional members of staff who form part of an extended Leadership Team as part of their professional development for a two year period giving 12 members in total until August 2017.

Arrangements for setting pay and remuneration of key management personnel

Key Management Personnel include Staff Governors and those staff to whom the Governors have delegated significant authority and responsibility in the day-to-day running of the School.

Pay and remuneration of Key Management Personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the School's appointment and pay policies.

All amendments to Key Management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Academy's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Governor may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Academy cooperated with the following organisations during the academic year in pursuit of its charitable activities: Anglia Ruskin University and Chelmsford Star Co-operative.

The Academy does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of Anglo European School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, Strategies and Activities

The School aims to develop inquiring, knowledgeable and caring young people who help to create a better and more peaceful world through intercultural understanding and respect.

Our educational programmes encourage students from diverse backgrounds to become active, compassionate and lifelong learners who understand that other people, with their differences, can also be right.

The aim of all programmes is to develop internationally minded people who, recognising their common humanity and shared guardianship of the planet, help to create a better and more peaceful world.

Strategic Aims – 2016 - 2017

To ensure continued School improvement by further developing its international ethos, an inter-disciplinary International curriculum with our Trust partners and the strengthening of international partnerships.

To secure outstanding progress for all students through outstanding teaching and learning, diversification of provision and personalisation of the learning experience.

To develop a new coherent assessment, data, recording, target setting and reporting systems to ensure accurate monitoring of levels of progress and to inform focused intervention, providing clear guidance for students and parents about how to improve.

During the year the School has worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements; and
- conducting the Academy's business in accordance with the highest standards of integrity.

At the Anglo European School we aim to get the best for, and from, each child. We intend to enable each child to realise her or his full academic, creative and physical potential and to develop positive social and moral values. This is achieved in the context of a deeply imbedded international ethos which permeates all aspects of the School.

Our success in fulfilling our aims can be measured by:

- Student destination data.
- Applications for places at the School.
- Examination results.

Public Benefit

The Governors believe that by working towards the objects and aims of the Academy as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

UCAS Points Guide: A* 140, A 120, B 100, C 80, D 60, E 40.

IBDP – International Baccalaureate Diploma Programme (an academic post-16 qualification recognised by universities throughout the world for its academic rigour).

IBCP – International Baccalaureate Career Programme (a career-related post-16 programme of study).

The School continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students to suitable destinations when they left the School.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Specific achievements were as follows:

- the examination results as stated on the previous page;
- one of two comprehensive schools in the Mandarin Expansion Programme;
- IB points score above world average again;
- 42% of upper sixth achieved places at Russell Group Universities;
- restructuring to achieve a balanced budget; and
- ongoing asbestos removal programme.

Key Performance Indicators

The Board receive regular information at each committee meeting to enable them to monitor the performance of the Academy compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016 were 1,382 against a forecast of 1,378.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 68.5%. The Governing Body is confident that staffing levels are closely monitored to agreed full time equivalent and staffing structures all approved by them.

The Finance and Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board.

Going Concern

After making appropriate enquiries, the Board has a reasonable expectation that the Academy 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.

Financial Review

The principal source of funding for the Academy is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2017 the Academy received £7,008,807 of GAG and other funding (excluding capital grants). A high percentage of this income is spent on salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy spent £7,919,691 on general running costs. The Academy brought forward from 15/16, £Nil restricted funds and £464,915 unrestricted funding. The carry forward for 16/17 is £Nil restricted general funding and £1,145,587 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £3,570,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Governors are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Governors monitor estimated year-end carry forward figures via the monthly reports from the Director of Finance/Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,145,587.

The Academy's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £1,145,587.

The cash balance of the Academy has been healthy all year, ending the year with a balance of £1,577,723. The Governors monitor cash flow as part of the committees Director of Finance/ Business Manager reports.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Investment Policy

An Investment Policy was approved by the Board as part of the Financial Regulations policy March 2014.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Academy maintains a risk register identifying the major risks to which it is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Governors at each Finance meeting. The principal risks facing the Academy are outlined below; those facing it at an operational level are addressed by its systems and by internal financial and other controls.

The Governors Report that the Academy's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an Academy School, the level of financial risk is medium. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Governors assess the other principal risks and uncertainties facing the Academy as follows:

- the Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the School is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the School is reliant on the quality of its staff and the Governors monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Governors take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Plans for Future Periods

- three year plan to bring finances in balance;
- introduce charges for various non-statutory services and encourage donations;
- Performing Arts Centre;
- maintain unique Baccalaureate education whilst responding to ongoing changes to curriculum and exams; and
- Introduce Arabic.

Funds Held as Custodian Trustee on Behalf of Others

No funds held on behalf of other organisations

Auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Auditors, Price Bailey LLP, are willing to continue in office and resolution to appoint them will be proposed at the Annual General Meeting

The Trustees' Report, incorporating a Strategic Report, was approved by the Board, on 6 December 2017 and signed on its behalf by:

**Mrs H Gulowsen
Chair of Trustees**

ANGLO EUROPEAN ACADEMY TRUST

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Anglo European School 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 has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Anglo European School and the Secretary of State for Education. They are also responsible for reporting to the Board 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 has formally met 4 times during the year. Attendance during the year at meetings of the Board was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| Mrs H Gulowsen | 3 | 4 |
| Mr P Sweet | 2 | 2 |
| Mr M Frost | 3 | 4 |
| Mr K Hoyle | 2 | 4 |
| Mrs J McAuliffe | 2 | 4 |
| Mr D Frost | 4 | 4 |
| Mr G Lafosse | 2 | 4 |
| Mr M Whalley | 4 | 4 |
| Mr R Franklin | 3 | 4 |
| Mrs M Ruschen | 3 | 4 |
| Mr P Mason | 4 | 4 |
| Miss C Dawton | 1 | 4 |
| Mr S Caldwell | 0 | 1 |
| Mrs C Penn | 4 | 4 |
| Mr N Richards | 3 | 4 |
| Mrs A Rowland | 1 | 4 |
| Mr D Barrs | 4 | 4 |
| Mrs J Gee | 3 | 4 |
| Mrs N Maher | 2 | 2 |
| Mrs A Willis | 1 | 2 |
| Mr P Clark | 2 | 2 |
| Prof. R Halburd | 1 | 2 |

There are no key changes in the composition of the Board.

Amongst the challenges the Board has dealt with this year are:

- Supporting and monitoring the implementation of an extensive restructuring programme, and providing advice to establish a secure financial future that enables further development.
- Developing the analytical abilities and diversity of skill sets of the Board for more effective evaluation of performance and outcomes.

A self-evaluation of the Board based on the "20 questions every governing body should ask itself", including a skills audit and a 360° review of the Chair of Governors, has been carried out.

Performance against agreed objectives was discussed at the first Board meeting of the school year 7th September 2017.

Any areas for improvement identified will be addressed in the Governors' training and visits programme, which for the next school year will include three Governors' Conference days. Recruitment of new Governors will be informed by the skills audit. It was agreed that an improved system through which objectives were monitored throughout the year was needed.

It has been agreed that this exercise should be repeated annually, and the next self-evaluation will take place during the first half of 2018.

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GOVERNANCE STATEMENT (continued)

The Finance and Resources Committee is a sub-committee of the Board. Its purpose is to address financial matters.

There are no key changes in the composition of the committee.

Attendance at meetings in the year was as follows:

| Governor | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| Mrs H Gulowsen | 4 | 4 |
| Mr M Frost | 4 | 4 |
| Mr K Hoyle | 2 | 4 |
| Mrs J McAuliffe | 3 | 4 |
| Mr D Frost | 4 | 4 |
| Mr P Mason | 1 | 4 |
| Mr N Richards | 3 | 4 |
| Mrs A Rowland | 1 | 4 |
| Mr D Barrs | 4 | 4 |
| Mrs J Gee | 4 | 4 |
| Mr P Clark | 0 | 0 |

REVIEW OF VALUE FOR MONEY

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

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

- Winning further bids for funds to deal with Asbestos and improve safeguarding in and around the school.
- Ensuring that Education standards and levels of attainment of all students, continue to improve whilst working to a balanced budget.
- Focus on continually reviewing all budget areas, ensuring accountability on all spending have been met.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Anglo European School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 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.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board;
- regular reviews by the Finance and Resources 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; and
- identification and management of risks.

The Board has considered the need for a specific internal audit function and has decided not to appoint an Internal Auditor. However, the Trustees have appointed Paul Mason, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

Main duties are to provide the Board with on-going independent assurance that:

- the financial responsibilities of the Board are being properly discharged;
- resources are managed in an efficient, economical and effective manner; and
- sound systems of internal financial control are being maintained and financial considerations are fully taken into account in reaching decisions.

The Responsible officer carries out checks in accordance with the guidelines set out in the Academies Financial Handbook. In addition he checks business credit card usage, petty cash, catering and currency cards. All items tested and documents seen are within the period currently reviewed. All necessary safeguards are checked to ensure they are in place. The Responsible Office also looks at the following:

- Supplier statements
- Expenses claims
- Payroll and evidence
- Risk assessment
- Fraud risk
- Expenditure risk
- Fixed Assets risk
- Stock risk (Catering)
- Supplier risk
- Compliance risk
- Operational risk
- Strategic reputational risks
- Macro-economic / natural disaster risk
- Technology risk

A full report is given to the Board and discussed at the Board meeting.

On a quarterly basis, the RO reports to the Board through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

The RO delivered his schedule of work as planned and no material control issues were identified.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by the Board of Trustees on 6 December 2017 and signed on their behalf, by:

Mrs H Gulowsen
Chair of Trustees

Mr D Barrs
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Anglo European Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) 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 Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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

Mr D Barrs
Accounting Officer

Date: 6 December 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who act as Trustees for charitable activities of Anglo European School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the ESFA, United Kingdom Accounting Standards (UKGAAP) 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK GAAP Accounting Standards have been followed, 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 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 the Board of Trustees on 6 December 2017 and signed on its behalf by:

Mrs H Gulowsen
Chair of Trustees

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ANGLO EUROPEAN ACADEMY TRUST

OPINION

We have audited the financial statements of Anglo European Academy Trust (the Academy) 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' 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's Members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

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 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 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.

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.

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.

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ANGLO EUROPEAN ACADEMY TRUST

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 (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' 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 Strategic Report and the Directors' 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 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 Directors of the Charitable Company 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 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.

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants and Statutory Auditors

Causeway House, 1 Dane Street

Bishop's Stortford, Hertfordshire, CM23 3BT

8 December 2017

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ANGLO EUROPEAN ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Anglo European Academy 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 Anglo European Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Anglo European Academy Trust and the ESFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Anglo European Academy Trust and the ESFA, for our work, for this Report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF ANGLO EUROPEAN ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Anglo European Academy Trust's funding agreement with the Secretary of State for Education dated 1 September 2012, 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.

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

The work undertaken to draw our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ANGLO
EUROPEAN ACADEMY 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.

Reporting Accountant

Price Bailey LLP
Chartered Accountants

8 December 2017

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 603,775 | 388,995 | 1,074,508 | 2,067,278 | 410,244 |
| Charitable activities | 3 | 433,480 | 6,575,327 | - | 7,008,807 | 7,181,340 |
| Other trading activities | 4 | 340,974 | - | - | 340,974 | 343,999 |
| Investments | 5 | 1,089 | - | - | 1,089 | 1,578 |
| TOTAL INCOME | | 1,379,318 | 6,964,322 | 1,074,508 | 9,418,148 | 7,937,161 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 710,081 | 7,236,322 | 1,303,359 | 9,249,762 | 8,441,586 |
| TOTAL EXPENDITURE | 6 | 710,081 | 7,236,322 | 1,303,359 | 9,249,762 | 8,441,586 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between funds | 16 | 669,237 (15,277) | (272,000) - | (228,851) 15,277 | 168,386 - | (504,425) - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 653,960 | (272,000) | (213,574) | 168,386 | (504,425) |
| Actuarial gains/(losses) on defined benefit pension schemes | 21 | - | 654,000 | - | 654,000 | (1,376,000) |
| NET MOVEMENT IN FUNDS | | 653,960 | 382,000 | (213,574) | 822,386 | (1,880,425) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 464,915 | (3,952,000) | 14,543,953 | 11,056,868 | 12,937,293 |
| TOTAL FUNDS CARRIED FORWARD | | 1,118,875 | (3,570,000) | 14,330,379 | 11,879,254 | 11,056,868 |

The notes on pages 22 to 39 form part of these financial statements.

ANGLO EUROPEAN ACADEMY TRUST

**(A Company Limited by Guarantee)
REGISTERED NUMBER: 07846848**

**BALANCE SHEET
AS AT 31 AUGUST 2017**

| | Note | £ | 2017 £ | £ | 2016 £ |
|--|------|-------------|--------------------------|------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 14,032,881 | | 14,257,659 |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 3,226 | | 2,627 | |
| Debtors | 14 | 511,251 | | 104,953 | |
| Cash at bank and in hand | | 1,577,723 | | 1,089,273 | |
| | | | <u>2,092,200</u> | <u>1,196,853</u> | |
| CREDITORS: amounts falling due within one year | 15 | (675,827) | | (445,644) | |
| NET CURRENT ASSETS | | | <u>1,416,373</u> | | <u>751,209</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>15,449,254</u> | | <u>15,008,868</u> |
| Defined benefit pension scheme liability | 21 | | (3,570,000) | | (3,952,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>11,879,254</u></u> | | <u><u>11,056,868</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds excluding pension liability | | 14,330,379 | | 14,543,953 | |
| Pension reserve | | (3,570,000) | | (3,952,000) | |
| Total restricted income funds | | | <u>10,760,379</u> | | <u>10,591,953</u> |
| Unrestricted income funds | 16 | | <u>1,118,875</u> | | <u>464,915</u> |
| TOTAL FUNDS | | | <u><u>11,879,254</u></u> | | <u><u>11,056,868</u></u> |

The financial statements on pages 19 to 39 were approved by the Trustees, and authorised for issue, on 6 December 2017 and are signed on their behalf, by:

Mrs H Gulowsen
Chair of Trustees

ANGLO EUROPEAN ACADEMY TRUST**(A Company Limited by Guarantee)****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

| | Note | 2017 £ | 2016 £ |
|--|------|-----------|-----------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 18 | (213,855) | (86,265) |
| Capital grants from DfE/ESFA | | 716,493 | 58,305 |
| Interest received | | 1,089 | 1,578 |
| Net cash provided by investing activities | | 717,582 | 59,883 |
| Payment to acquire tangible fixed assets | | (15,277) | (27,239) |
| Net cash used in financing activities | | (15,277) | (27,239) |
| Change in cash and cash equivalents in the year | | 488,450 | (53,621) |
| Cash and cash equivalents brought forward | | 1,089,273 | 1,142,894 |
| Cash and cash equivalents carried forward | 19 | 1,577,723 | 1,089,273 |

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Anglo European Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is Pounds Sterling.

1.2 Company status

The Academy is a company limited by guarantee. Those Members are noted on page 1. In the event of The Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of The Academy. The registered office is Willow Green, Ingatestone, Essex, CM4 0DJ.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income

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

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

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

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

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

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

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 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 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.7 Tangible fixed assets and depreciation

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

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

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

| | | |
|-------------------------------|---|--|
| Long term leasehold land | - | 125 years straight line |
| Long term leasehold buildings | - | over the estimated remaining useful life |
| Motor vehicles | - | 10 years straight line |
| Fixtures and fittings | - | 10 years straight line |
| Computer equipment | - | 5 years straight line |

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Taxation

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

1.11 Debtors

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

1.12 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.

1.13 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments 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 costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.15 Pensions

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

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

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 603,775 | 388,995 | - | 992,770 | 351,939 |
| Capital grants | - | - | 1,074,508 | 1,074,508 | 58,305 |
| | <u>603,775</u> | <u>388,995</u> | <u>1,074,508</u> | <u>2,067,278</u> | <u>410,244</u> |
| <i>Total 2016</i> | <u>3,399</u> | <u>348,540</u> | <u>58,305</u> | <u>410,244</u> | |

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 6,391,757 | 6,391,757 | 6,591,446 |
| Other DfE / ESFA grants | - | 142,738 | 142,738 | 135,525 |
| | <u>-</u> | <u>6,534,495</u> | <u>6,534,495</u> | <u>6,726,971</u> |
| Other government grants | | | | |
| Local Authority grants | - | 6,540 | 6,540 | 4,888 |
| Special educational projects | - | 34,292 | 34,292 | 50,629 |
| | <u>-</u> | <u>40,832</u> | <u>40,832</u> | <u>55,517</u> |
| Other funding | | | | |
| Catering income | 433,480 | - | 433,480 | 398,852 |
| | <u>433,480</u> | <u>-</u> | <u>433,480</u> | <u>398,852</u> |
| | <u>433,480</u> | <u>6,575,327</u> | <u>7,008,807</u> | <u>7,181,340</u> |
| <i>Total 2016</i> | <u><u>398,852</u></u> | <u><u>6,782,488</u></u> | <u><u>7,181,340</u></u> | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--------------------|------------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 36,812 | 36,812 | 37,075 |
| Other Income | 264,624 | 264,624 | 254,123 |
| Music tuition | 39,538 | 39,538 | 52,801 |
| | <u>340,974</u> | <u>340,974</u> | <u>343,999</u> |
| <i>Total 2016</i> | <u><u>343,999</u></u> | <u><u>343,999</u></u> | |

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5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|-----------------------------|-----------------------------|
| Interest received | 1,089 | 1,089 | 1,578 |
| <i>Total 2016</i> | <u>1,578</u> | <u>1,578</u> | |

6. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Provision of Education: | | | | | |
| Direct costs | 4,662,930 | - | 746,357 | 5,409,287 | 5,401,041 |
| Support costs | 1,539,175 | 1,662,766 | 638,534 | 3,840,475 | 3,040,545 |
| | <u>6,202,105</u> | <u>1,662,766</u> | <u>1,384,891</u> | <u>9,249,762</u> | <u>8,441,586</u> |
| <i>Total 2016</i> | <u>6,374,773</u> | <u>717,951</u> | <u>1,348,862</u> | <u>8,441,586</u> | |

7. CHARITABLE ACTIVITIES

| | 2017 £ | 2016 £ |
|---------------|------------------|------------------|
| Direct costs | 5,409,287 | 5,401,041 |
| Support costs | 3,840,475 | 3,040,545 |
| Total | <u>9,249,762</u> | <u>8,441,586</u> |

| Analysis of support costs | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Staff costs | 1,539,175 | 1,704,908 |
| Depreciation | 240,055 | 248,387 |
| Technology costs | 84,905 | 87,173 |
| Premises costs (excluding depreciation) | 359,407 | 340,985 |
| Capital grant costs | 1,063,304 | 128,579 |
| Other costs | 540,051 | 519,513 |
| Governance costs | 13,578 | 11,000 |
| Total | <u>3,840,475</u> | <u>3,040,545</u> |

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8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: - owned or leased by the Academy | 240,055 | 248,387 |
| Auditors' remuneration - audit | 6,750 | 6,500 |
| Auditors' remuneration - other services | 4,200 | 4,500 |
| Operating lease rentals | 21,100 | 21,100 |
| | <u>272,105</u> | <u>280,487</u> |

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9. STAFF COSTS

Staff costs were as follows:

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Wages and salaries | 4,646,002 | 4,896,092 |
| Social security costs | 459,459 | 399,461 |
| Operating costs of defined benefit pension schemes | 957,967 | 868,797 |
| | 6,063,428 | 6,164,350 |
| Apprenticeship levy | 3,523 | - |
| Supply teacher costs | 90,689 | 136,763 |
| Staff restructuring costs | 44,465 | 73,660 |
| | 6,202,105 | 6,374,773 |

Staff restructuring costs comprise:

| | | |
|---------------------|--------|--------|
| Redundancy payments | 44,465 | 73,660 |
|---------------------|--------|--------|

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

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Teachers | 85 | 114 |
| Administration and support | 82 | 99 |
| Management | 11 | 8 |
| | 178 | 221 |

Average headcount expressed as a full time equivalent:

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Teachers | 77 | 102 |
| Administration and support | 57 | 58 |
| Management | 11 | 8 |
| | 145 | 168 |

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

| | 2017 No. | 2016 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 3 | 2 |
| In the band £ 70,001 - £ 80,000 | 0 | 1 |
| In the band £ 80,001 - £ 90,000 | 1 | 1 |
| In the band £ 90,001 - £100,000 | 1 | 1 |

The key management personnel of the Academy comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Academy was £881,912 (2016: £894,498).

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

10. GOVERNORS' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Co-Headteachers and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Co-Headteacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

Mr D Barrs (Co-Headteacher and trustee)

Remuneration £95,000 - £100,000 (2016: £95,000 - £100,000)

Employer's Pension contributions paid £15,000 - £20,000 (2016: £15,000 - £20,000)

Mr J Burrows (Staff trustee)

Remuneration £40,000 - £45,000 (2016: £40,000 - £45,000)

Employer's Pension contributions paid £5,000 - £10,000 (2016: £5,000 - £10,000)

Miss C Dawton (Staff trustee)

Remuneration £45,000 - £50,000 (2016: £45,000 - £50,000)

Employer's Pension contributions paid £5,000 - £10,000 (2016: £5,000 - £10,000)

Mr S Caldwell (Staff trustee)

Remuneration £15,000 - £20,000 (2016: £45,000 - £50,000)

Employer's Pension contributions paid £0 - £5,000 (2016: £5,000 - £10,000)

Mrs C Penn (Staff trustee)

Remuneration £20,000 - £25,000 (2016: £20,000 - £25,000)

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

Mrs J Gee (Co-Headteacher trustee)

Remuneration £85,000 - £90,000 (2016: £85,000 - £90,000)

Employer's Pension contributions paid £10,000 - £15,000 (2016: £10,000 - £15,000)

Mrs A Willis (Staff trustee - appointed 24 February 2017)

Remuneration £10,000 - £15,000

Employer's Pension contributions paid £0 - £5,000

During the period ended 31 August 2017, travel and subsistence expenses totalling £259 (2016: £1,055) were reimbursed or paid directly to 4 Trustees (2016: 2 trustees).

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

11. 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 2017 was included in the total insurance cost.

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12. TANGIBLE FIXED ASSETS

| | Long term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|-----------------------|---|------------------------|-------------------------------|-------------------|
| Cost | | | | |
| At 1 September 2016 | 14,366,476 | 8,925 | 1,067,432 | 15,442,833 |
| Additions | - | - | 15,277 | 15,277 |
| At 31 August 2017 | <u>14,366,476</u> | <u>8,925</u> | <u>1,082,709</u> | <u>15,458,110</u> |
| Depreciation | | | | |
| At 1 September 2016 | 742,713 | 6,375 | 436,086 | 1,185,174 |
| Charge for the year | 114,932 | 1,275 | 123,848 | 240,055 |
| At 31 August 2017 | <u>857,645</u> | <u>7,650</u> | <u>559,934</u> | <u>1,425,229</u> |
| Net book value | | | | |
| At 31 August 2017 | <u>13,508,831</u> | <u>1,275</u> | <u>522,775</u> | <u>14,032,881</u> |
| At 31 August 2016 | <u>13,623,763</u> | <u>2,550</u> | <u>631,346</u> | <u>14,257,659</u> |

13. STOCKS

| | 2017 £ | 2016 £ |
|----------|--------------|--------------|
| Catering | 3,226 | 2,627 |
| | <u>3,226</u> | <u>2,627</u> |

14. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 11,609 | 10,342 |
| VAT recoverable | 59,228 | 24,264 |
| Other debtors | 1,563 | 809 |
| Prepayments and accrued income | 438,851 | 69,538 |
| | <u>511,251</u> | <u>104,953</u> |
| | <u>511,251</u> | <u>104,953</u> |

15. CREDITORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 32,614 | 56,108 |
| Other taxation and social security | 114,627 | 117,375 |
| Other creditors | 98,405 | 96,865 |
| Accruals and deferred income | 430,181 | 175,296 |
| | <u>675,827</u> | <u>445,644</u> |
| | <u>675,827</u> | <u>445,644</u> |

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15. CREDITORS: Amounts falling due within one year (continued)

| | 2017 £ | 2016 £ |
|--------------------------------------|----------------------|----------------------|
| Deferred income | | |
| Deferred income at 1 September 2016 | 35,376 | 41,193 |
| Resources deferred during the year | 46,621 | 35,376 |
| Amounts released from previous years | (35,376) | (41,193) |
| | <u>46,621</u> | <u>35,376</u> |
| Deferred income at 31 August 2017 | <u><u>46,621</u></u> | <u><u>35,376</u></u> |

Incoming resources deferred during the year relate to devolved capital formula funding, rates relief funding, additional capital funding and catering income received in advance of the 16/17 academic year.

16. STATEMENT OF FUNDS

| | Balance at 1 September 2016 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|-------------------------|----------------------------|--------------------------|-------------------------|-----------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 464,915 | 1,379,318 | (710,081) | (15,277) | - | 1,118,875 |
| | <u>464,915</u> | <u>1,379,318</u> | <u>(710,081)</u> | <u>(15,277)</u> | <u>-</u> | <u>1,118,875</u> |
| Restricted funds | | | | | | |
| | Balance at 1 September 2016 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2017 £ |
| General Annual Grant (GAG) | - | 6,391,757 | (6,391,757) | - | - | - |
| Other DfE/ESFA grants | - | 142,738 | (142,738) | - | - | - |
| Other Government grants | - | 40,832 | (40,832) | - | - | - |
| Restricted donations | - | 3,419 | (3,419) | - | - | - |
| Restricted trip donations | - | 385,576 | (385,576) | - | - | - |
| Pension reserve | (3,952,000) | - | (272,000) | - | 654,000 | (3,570,000) |
| | <u>(3,952,000)</u> | <u>6,964,322</u> | <u>(7,236,322)</u> | <u>-</u> | <u>654,000</u> | <u>(3,570,000)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset fund | 14,257,659 | - | (240,055) | 15,277 | - | 14,032,881 |
| Capital grants | 286,294 | 1,074,508 | (1,063,304) | - | - | 297,498 |
| | <u>14,543,953</u> | <u>1,074,508</u> | <u>(1,303,359)</u> | <u>15,277</u> | <u>-</u> | <u>14,330,379</u> |
| Total restricted funds | <u>10,591,953</u> | <u>8,038,830</u> | <u>(8,539,681)</u> | <u>15,277</u> | <u>654,000</u> | <u>10,760,379</u> |
| Total of funds | <u><u>11,056,868</u></u> | <u><u>9,418,148</u></u> | <u><u>(9,249,762)</u></u> | <u><u>-</u></u> | <u><u>654,000</u></u> | <u><u>11,879,254</u></u> |

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16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2015 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2016 £ |
|-------------------------------------|--|------------------|----------------------------|--------------------------|-------------------------|-----------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 455,613 | 747,828 | (750,344) | 11,818 | - | 464,915 |
| | <u>455,613</u> | <u>747,828</u> | <u>(750,344)</u> | <u>11,818</u> | <u>-</u> | <u>464,915</u> |
| Restricted funds | | | | | | |
| | Balance at 1 September 2015 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2016 £ |
| General Annual Grant (GAG) | - | 6,562,261 | (6,562,261) | - | - | - |
| Other DfE/ESFA grants | - | 40,073 | (40,073) | - | - | - |
| Other Government grants | - | 50,629 | (50,629) | - | - | - |
| Restricted donations | - | 3,762 | (4,010) | 248 | - | - |
| Restricted trip donations | - | 344,778 | (344,778) | - | - | - |
| | - | 129,525 | (129,525) | - | - | - |
| Pension reserve | (2,393,000) | - | (183,000) | - | (1,376,000) | (3,952,000) |
| | <u>(2,393,000)</u> | <u>7,131,028</u> | <u>(7,314,276)</u> | <u>248</u> | <u>(1,376,000)</u> | <u>(3,952,000)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset fund | 14,478,807 | - | (248,387) | 27,239 | - | 14,257,659 |
| Capital grants | 395,873 | 58,305 | (128,579) | (39,305) | - | 286,294 |
| | <u>14,874,680</u> | <u>58,305</u> | <u>(376,966)</u> | <u>(12,066)</u> | <u>-</u> | <u>14,543,953</u> |
| Total restricted funds | <u>12,481,680</u> | <u>7,189,333</u> | <u>(7,691,242)</u> | <u>(11,818)</u> | <u>(1,376,000)</u> | <u>10,591,953</u> |
| Total of funds | <u>12,937,293</u> | <u>7,937,161</u> | <u>(8,441,586)</u> | <u>-</u> | <u>(1,376,000)</u> | <u>11,056,868</u> |

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

Unrestricted funds

This represents income received that does not have restrictions.

Other DfE/ESFA grants

Other DfE/ESFA grants relate to the restricted income received from both the Department for Education and the Education and Skills Funding Agency to assist with the costs of the School in relation to specific activities.

Other government grants

This represents allocated funding for special educational needs pupils and various other small grants from local and national government bodies for the provision of specific services to pupils of the School.

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16. STATEMENT OF FUNDS (continued)

Restricted donations

This represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips as well as other small donations for the provision of specific services to pupils of the School.

Restricted trip donations

This represents contributions made by parents towards the running costs of trips for the pupils of the School and the associated costs.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred on conversion from a state controlled school.

Restricted fixed asset fund

Restricted fixed asset fund represents the value of fixed assets held in line with the charitable objectives of the Academy. The transfer between funds represents additions purchased through GAG funding.

Condition improvement fund (CIF)

This represents income received from the ESFA for capital projects undertaken by the Academy.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 14,032,881 | 14,032,881 |
| Current assets | 1,118,875 | 405,763 | 567,562 | 2,092,200 |
| Creditors due within one year | - | (405,763) | (270,064) | (675,827) |
| Provisions for liabilities and charges | - | (3,570,000) | - | (3,570,000) |
| | <u>1,118,875</u> | <u>(3,570,000)</u> | <u>14,330,379</u> | <u>11,879,254</u> |

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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds |
|--|-----------------------|---------------------|------------------------------------|----------------|
| | 2016 | 2016 | 2016 | 2016 |
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 14,257,659 | 14,257,659 |
| Current assets | 464,915 | 445,644 | 286,294 | 1,196,853 |
| Creditors due within one year | - | (445,644) | - | (445,644) |
| Provisions for liabilities and charges | - | (3,952,000) | - | (3,952,000) |
| | 464,915 | (3,952,000) | 14,543,953 | 11,056,868 |
| | 464,915 | (3,952,000) | 14,543,953 | 11,056,868 |

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2017 | 2016 |
|--|-------------|-----------|
| | £ | £ |
| Net income/(expenditure) for the year (as per Statement of Financial Activities) | 168,386 | (504,425) |
| Adjustment for: | | |
| Depreciation charges | 240,055 | 248,387 |
| (Increase)/decrease in stocks | (599) | 376 |
| (Increase)/decrease in debtors | (48,283) | 47,596 |
| Increase/(Decrease) in creditors | 230,183 | (1,316) |
| Capital grants from DfE and other capital income | (1,074,508) | (58,305) |
| FRS102 pension adjustment | 272,000 | 183,000 |
| Interest received | (1,089) | (1,578) |
| Net cash used in operating activities | (213,855) | (86,265) |

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 | 2016 |
|--------------|-----------|-----------|
| | £ | £ |
| Cash in hand | 1,577,723 | 1,089,273 |
| Total | 1,577,723 | 1,089,273 |

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.

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21. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £98,075 were payable to the schemes at 31 August 2017 (2016 - 96,857) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £569,712 (2016 - £555,479).

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

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

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21. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £272,000 (2016 - £292,000), of which employer's contributions totalled £212,000 (2016 - £222,000) and employees' contributions totalled £60,000 (2016 - £70,000). The agreed contribution rates for future years are 12.3% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.60 % | 2.20 % |
| Rate of increase in salaries | 4.20 % | 4.10 % |
| Rate of increase for pensions in payment / inflation | 2.70 % | 2.30 % |

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

| | 2017 | 2016 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.2 | 22.9 |
| Females | 24.7 | 25.3 |
| Retiring in 20 years | | |
| Males | 24.3 | 25.2 |
| Females | 27.0 | 27.7 |

| Sensitivity analysis | At 31 August 2017 £ | At 31 August 2016 £ |
|--|---------------------------|---------------------------|
| Discount rate +0.1% | 5,656,000 | 5,491,000 |
| Discount rate -0.1% | 5,901,000 | 5,724,000 |
| Mortality assumption - 1 year increase | 5,974,000 | 5,750 |
| Mortality assumption - 1 year decrease | 5,587,000 | 5,466 |
| CPI rate +0.1% | 5,884,000 | 5,708,000 |
| CPI rate -0.1% | 5,672,000 | 5,506,000 |

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

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|-------------------------------------|---|---|
| Equities | 1,435,000 | 1,135,000 |
| Gilts | 132,000 | 133,000 |
| Corporate bonds | 88,000 | - |
| Property | 221,000 | 183,000 |
| Cash and other liquid assets | 66,000 | 50,000 |
| Alternative assets | 177,000 | 73,000 |
| Other managed funds | 88,000 | 80,000 |
| Total market value of assets | 2,207,000 | 1,654,000 |

The actual return on scheme assets was £251,000 (2016 - £196,000).

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21. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2017 £ | 2016 £ |
|----------------------|-----------|-----------|
| Current service cost | (399,000) | (314,000) |
| Interest income | 38,000 | 53,000 |
| Interest cost | (123,000) | (144,000) |
| | (484,000) | (405,000) |

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

| | 2017 £ | 2016 £ |
|------------------------------------|-----------|-----------|
| Opening defined benefit obligation | 5,606,000 | 3,563,000 |
| Current service cost | 399,000 | 314,000 |
| Interest cost | 123,000 | 144,000 |
| Employee contributions | 60,000 | 70,000 |
| Actuarial (gains)/losses | (285,000) | 1,519,000 |
| Benefits paid | (126,000) | (4,000) |
| | 5,777,000 | 5,606,000 |

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

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Opening fair value of scheme assets | 1,654,000 | 1,170,000 |
| Interest income | 38,000 | 53,000 |
| Actuarial losses | 369,000 | 143,000 |
| Employer contributions | 212,000 | 222,000 |
| Employee contributions | 60,000 | 70,000 |
| Benefits paid | (126,000) | (4,000) |
| | 2,207,000 | 1,654,000 |

22. OPERATING LEASE COMMITMENTS

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

| | 2017 £ | 2016 £ |
|-------------------------|-----------|-----------|
| Amounts payable: | | |
| Within 1 year | 21,100 | 21,100 |
| Between 1 and 5 years | 21,100 | 42,200 |
| | 42,200 | 63,300 |

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

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust'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 Trust's financial regulations and normal procurement procedures.

During the year the Trust received a donation of £600,000 from the Anglo European Co-Operative Trust, a charity with common Trustees. The amount represented consideration received on the sale of a property on the site which the Academy Trust operates. The value of the property concerned was considered incidental to the overall value of the the total site leased from the Anglo European Co-Operative Trust, as such the value of leasehold property in these financial statements has not been adjusted.

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.