

ANGLO EUROPEAN ACADEMY TRUST

(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 9
Governance Statement	10 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Governors' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Report on Regularity	19 - 20
Statement of Financial Activities Incorporating Income and Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 46

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr K Hoyle Mr P Mason Mrs H Gulowsen
Trustees/Governors	Mrs H Gulowsen, Chair of Governors Mr M Frost, Chair of Finance Committee Mr K Hoyle, Vice Chair of Finance Committee Mr D Frost Mr M Whalley (resigned 2 July 2019) Mr R Franklin Mr P Mason Mrs C Penn Mr N Richards Mrs A Rowland (resigned 29 January 2019) Mr D Barrs Mrs J Gee Mrs N Maher Mrs A Willis Mr P Clark (resigned 18 September 2019) Mrs N Chatha Mrs M Fairfield Miss C Jones Mr N Wanags Livingstone Mr O Young (appointed 9 July 2019) Mrs Y Lawrence (appointed 18 November 2019)

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

**Senior management
team**

Mr D Barrs, Head Teacher and Accounting Officer
Mrs J Gee, Head Teacher
Mr M Seager, Deputy Head Teacher
Mr D Priestly, Assistant Head Teacher
Mr G Headley, Assistant Head Teacher
Mr S Newton, Assistant Head Teacher
Mrs V Miller, Director of Finance
Mrs R Wootton, Assistant Head Teacher
Mr J Burrows, Lead Practitioner

Independent Auditors

Price Bailey LLP
Chartered Accountants
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

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
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their Annual Report together with the financial statements and Auditor's Report of Anglo European Academy Trust (the Academy) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Governors' Report, and a Directors' Report under company law.

The Academy 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.

Structure, Governance and Management

The Academy is a Company limited by guarantee and an exempt charity. The Academy's Memorandum and Articles of Association are its primary governing documents. The Governors of The Academy are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Academy 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 Academy undertakes to contribute to the assets of the Academy 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 Academy 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 (the Board). 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 Academy 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.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

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.

The Board, which meets on 4 occasions per year, the Finance & Resources Committee meets 4 times a year and other committees 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 Academy. 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 2019.

Mr David Barrs – Headteacher and Accounting Officer

Mrs Jody Gee – Headteacher

Mr Mike Seager – Deputy Headteacher

Mrs Vivienne Miller – Director of Finance- Business Manager

Mr Darren Priestley – Assistant Headteacher – Assistant Designated Safeguarding Lead

Mrs Ruth Wootton – Assistant Headteacher – Designated Safeguarding Lead

Mr Graham Headley – Assistant Headteacher

Mr Stuart Newton – Director of Sixth Form

There are three additional members of staff who form part of an extended Leadership Team as part of their professional development for a two year period giving 11 members in total until August 2019.

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.

Trade Unions

The Academy had 2 employees who were relevant union officials during the year.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

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 Governors 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 Academy 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.

Objectives, Strategies and Activities

To ensure continued School improvement by further developing its international ethos, a coherent, challenging, international, baccalaureate curriculum and the strengthening of international partnerships. ·

To secure outstanding progress for all students through an outstanding curriculum and personalisation of the learning experience for key groups ·

Continue to improve the quality of teaching, learning and assessment by ensuring that teaching is effective and challenging, particularly in KS3 and on A Level courses. ·

To embed and further develop accurate assessment and reporting systems.

To ensure financial stability, which facilitates future growth and improvement

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.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

Strategic Report

Achievements and Performance

Sixth Form	Results 2019	National 2018 results & additional information
Destinations: % Russell Group University	36%	
% First choice University	80%	
Average total point score +	119.59	
IB Diploma average point score	34	World average = 30
Average point score per entry – A Level only	34.5	National average = 33.3
Average total point score – A Level only	114.4	
Average total point score – IBDP	192.2	
Average total point score – AIB	98.6	
Average total point score – IBCP	63.3	
% A*/B (A levels) / 7-5 (IB grades)	55%	
Number entered : A Level only Route	70	
Number entered : IBDP Route	26	
Number entered : AIB Route	51	
Number entered : IBCP Route	8	
GCSE		
Average Attainment 8 score	5.37	National average = 4.65
Estimated P8	+0.04	Standardised national average = 0
Overall % pass rate A*/A / 9-7	25.6%	National average = 20.3%
Legacy MFL A*/A	100%	
Overall % pass rate 9-4	82.7%	National average = 66.6%
Overall % pass rate 9-1	98.9%	National average = 98.4%
% gaining A*-C/9-4 one or more languages	70.9%	
% gaining A*-C/9-4 two languages or more	49.5%	
% gaining English Baccalaureate	45.5%	National average = 22.6%
Number of students in year group	220	
Number of students taking examinations	220	

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

Specific achievements were as follows:

- Managing an inadequate budget without making teaching staff redundant.
- Review of mission strategy and learner profile with 'creativity' and 'enterprising' being added to own list of attributes.
- Introduction of Arabic as eighth taught language.
- Establishment of Mandarin Excellence programme.
- New School brochures.
- Review of Leadership Team and introduction of a wider distributed leadership model based on secondments.
- Daily registration now at beginning, not end of School day.
- Positive progress 8.
- Removed asbestos.
- IB World advocate.
- Significant development of social media profile.
- Replacing subject reports with single comprehensive review.

Key Performance Indicators

The Board receive regular information at each committee meeting allowing 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 2018 were 1,455 against a forecast of 1,465.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2018/19 this was 74.6%. The Board 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 2019 the Academy received £8,342,106 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 £8,621,052 on general running costs. The Academy brought forward from 17/18, £NIL restricted funds and £1,383,132 unrestricted funding. The carry forward for 18/19 is £NIL restricted general funding and £1,557,958 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 £3,909,000. 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.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

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 £1,557,958.

The Academy's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £1,557,958.

The cash balance of the Academy has been healthy all year, ending the year with a balance of £2,115,981. The Governors monitor cash flow as part of the committees Director of Finance/ Business Manager reports.

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;

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

- 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.

Plans for Future Periods

- Three-year plan to bring finances in balance.
- Continue to secure funds from other sources to support Government funding.
- Embed National Baccalaureate for England.

Funds Held as Custodian Trustee on Behalf of Others

No funds held on behalf of other organisations

Fundraising

The Academy only held small fundraising events during the year including non-uniform days, Christmas shows, theatrical productions, film nights, cake sales and quiz nights. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of the fundraising events.

Auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the Academy'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 of Trustees, on and signed on its behalf by:

Mrs H Gulowsen
Chair of Governors

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Governors has delegated the day-to-day responsibility to David Barrs, 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 Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Governors has formally met four times during the year. The Board met fewer than six times during the year and is satisfied that through the use of sub-committees it maintains effective oversight of funds. Details of one such sub-committee is noted below.

Attendance during the year at meetings of the Board of Governors was as follows:

Trustee	Meetings attended	Out of a possible
Mrs H Gulowsen, Chair of Governors	4	4
Mr M Frost, Chair of Finance Committee	3	4
Mr K Hoyle, Vice Chair of Finance Committee	2	4
Mr D Frost	3	3
Mr M Whalley	3	3
Mr R Franklin	4	4
Mr P Mason	3	4
Mrs C Penn	3	4
Mr N Richards	4	4
Mrs A Rowland	0	2
Mr D Barrs	4	4
Mrs J Gee	4	4
Mrs N Maher	1	4
Mrs A Willis	4	4
Mr P Clark	4	4
Mrs N Chatha	2	4
Mrs M Fairfield	4	4
Miss C Jones	3	4
Mr N Wanags Livingstone	2	4
Mr O Young	0	0
Mrs Y Lawrence	0	0

Review of year

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

Particular challenges the Board of Trustees has dealt with this year are:

- Providing support and advice to the School in its work to achieve a secure financial future which enables development.
- Developing Governors' analytical ability to evaluate School performance and student outcomes more effectively.
- Supporting and monitoring the implementation of the School Development Plan with particular emphasis

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

on the IB and the School's international ethos.

The Board of Governors has implemented and continues to monitor a 3-year budget plan through its Finance Committee and frequent meetings between Chair of Finance and SLT / Finance Team. Comprehensive data on curriculum & assessment and student outcomes are available to Governors, and are provided at committee meetings and in the Headteachers' report.

Governor conference days continue to prove successful. Individual visits are still carried out by Governors with designated responsibility such as Safeguarding and SEND. Governor training this year has covered gaps in attainment and progress and improving specialist provision for specific groups, quality of assessment & feedback, development of pedagogy and practice with mixed ability groups, SDP introduction & priorities, improving learning outcomes, curriculum provision, resources and levels of challenge, and mental health training and progress.

Committee agendas are informed by the SDP, and the SDP is presented and discussed at Board of Governors meetings.

Performance against agreed objectives was discussed at the first Board of Governors meeting of the new school year in September 2019.

Governance reviews

A self-evaluation review, based on the "Twenty Questions for School Governing Bodies to ask themselves" was conducted in May 2019, and produced the following action points:

- Skills audit to be completed to use as basis for Governor appointments.
- Induction package to be put together to improve new Governors' understanding of the role and the School.
- Look at external training. In-house training is very good, but external input is limited.

A skills audit has been completed, and the induction package will be ready in December 2019. External training is planned for Governors with designated responsibility.

The next self-evaluation is planned for spring 2020, and an external governance review will be discussed.

Committees

The Finance and General Purposes Committee is a sub-committee of the Board of Governors. Its purpose is to:

- Address financial matters, set and agree a budget which is sustainable; and
- Monitor the 3-year budget plan.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
K Hoyle	3	4
P Clark	1	4
H Gulowsen	4	4
D Frost	3	3
M Frost	4	4
P Mason	4	4
N Wanags Livingston	1	4
N Richards	4	4
D Barrs	4	4
Mrs A Rowland	0	2
Mr O Young	0	0

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Visit of SMRA
- Ongoing support of parents
- Access to grant funding

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Anglo European Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Governors.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint Paul Mason as Responsible Officer.

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

- Payroll
- Purchases
- Income

On a termly basis, the Responsible Officer reports to the Board of Governors through the Finance and General Purposes committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

The Responsible Officer has delivered their schedule of work as planned and there were no material control issues arising as a result of the his work.

Review of effectiveness

As Accounting Officer, David Barrs, 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 Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Governors on

Mrs H Gulowsen
Chair of Governors

and signed on their behalf by:

Mr D Barrs
Accounting Officer

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Board of Governors are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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

Mr D Barrs
Accounting Officer
Date:

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

The Governors (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by the Board of Governors on _____ and signed on its behalf by:

Mrs H Gulowsen
Chair of Governors

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 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Governors' Report including the Strategic Report, and the Governance Statement and Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ANGLO
EUROPEAN ACADEMY TRUST (CONTINUED)**

Responsibilities of Governors

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

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

Auditors' 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 Auditors' 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 Auditors' Report.

Use of our report

This Report is made solely to the Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust's Members those matters we are required to state to them in an Auditors' 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 Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Mr Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date:

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 25 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Anglo European Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

Approach

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

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

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

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ANGLO EUROPEAN ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- 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, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date:

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	2	23,638	453,280	475,047	951,965	667,953
Charitable activities	3	491,651	7,149,316	-	7,640,967	7,193,344
Other trading activities	4	220,659	-	-	220,659	257,361
Investments	5	3,562	-	-	3,562	2,188
Total income		739,510	7,602,596	475,047	8,817,153	8,120,846
Expenditure on:						
Charitable activities	6	546,027	7,835,790	647,805	9,029,622	8,577,746
Total expenditure		546,027	7,835,790	647,805	9,029,622	8,577,746
Net income/ (expenditure)		193,483	(233,194)	(172,758)	(212,469)	(456,900)
Transfers between funds	16	(18,657)	(44,806)	63,463	-	-
Net movement in funds before other recognised gains/(losses)		174,826	(278,000)	(109,295)	(212,469)	(456,900)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(412,000)	-	(412,000)	631,000
Net movement in funds		174,826	(690,000)	(109,295)	(624,469)	174,100
Reconciliation of funds:						
Total funds brought forward		1,383,132	(3,219,000)	13,889,222	12,053,354	11,879,254
Net movement in funds		174,826	(690,000)	(109,295)	(624,469)	174,100
Total funds carried forward		1,557,958	(3,909,000)	13,779,927	11,428,885	12,053,354

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

The notes on pages 24 to 46 form part of these financial statements.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07846848

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	13,694,677	13,868,211
Current assets			
Stocks	13	2,924	474
Debtors	14	231,610	272,990
Cash at bank and in hand	20	2,115,981	1,746,104
		2,350,515	2,019,568
Creditors: amounts falling due within one year	15	(707,307)	(615,425)
Net current assets		1,643,208	1,404,143
Net assets excluding pension liability		15,337,885	15,272,354
Defined benefit pension scheme liability	22	(3,909,000)	(3,219,000)
Total net assets		11,428,885	12,053,354
 Funds of the Trust			
Restricted funds:			
Fixed asset funds	16	13,779,927	13,889,222
Restricted funds excluding pension liability		13,779,927	13,889,222
Pension reserve	16	(3,909,000)	(3,219,000)
Total restricted funds		9,870,927	10,670,222
Unrestricted income funds	16	1,557,958	1,383,132
Total funds		11,428,885	12,053,354

The financial statements on pages 21 to 46 were approved by the Governors, and authorised for issue on and are signed on their behalf, by:

Mrs H Gulowsen
Chair of Governors

The notes on pages 24 to 46 form part of these financial statements.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	325,238	122,435
Cash flows from investing activities	19	44,639	45,946
Change in cash and cash equivalents in the year		369,877	168,381
Cash and cash equivalents at the beginning of the year		1,746,104	1,577,723
Cash and cash equivalents at the end of the year	20	<u>2,115,981</u>	<u>1,746,104</u>

The notes on pages 24 to 46 from part of these financial statements

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

The Academy is a company limited by guarantee. Its Members are noted on on page 1. The registered office is Willow Green, Ingatestone, Essex, CM4 0DJ.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Anglo European Academy Trust meets the definition of a public benefit entity under FRS 102.

The functional and presentational currency is Pounds Sterling

1.2 Going concern

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

1.3 Income

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

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

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

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

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

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

1.7 Taxation

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

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.8 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Long term leasehold land & buildings	- 125 years straight line
Long term leasehold improvements	- 35 years straight line
Furniture and equipment	- 10 years straight line
Computer equipment	- 10 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.

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.

1.10 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.

1.11 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.

1.12 Liabilities

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 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 cost 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 instrument.

1.14 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

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

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

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

1.15 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.16 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

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

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

Critical accounting estimates and areas of judgement

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 Governors 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

2. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	23,638	453,280	-	476,918	556,888
Capital grants	-	-	475,047	475,047	111,065
	<u>23,638</u>	<u>453,280</u>	<u>475,047</u>	<u>951,965</u>	<u>667,953</u>
Total 2018	<u>148,949</u>	<u>407,939</u>	<u>111,065</u>	<u>667,953</u>	

In 2018, income from donations was £556,888 of which £148,949 was unrestricted and £407,939 restricted.

In 2019, capital grants of £475,047 (2018 - £111,065) were in relation to restricted fixed assets.

3. Funding for the Trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,807,559	6,807,559	6,491,492
Other DfE / EFA grants	-	251,089	251,089	189,337
	-	7,058,648	7,058,648	6,680,829
Other Government grants				
Local Authority grants	-	10,803	10,803	6,066
Special educational projects	-	35,605	35,605	17,862
	-	46,408	46,408	23,928
Other funding				
Catering income	491,651	-	491,651	447,944
Other income	-	44,260	44,260	40,643
	491,651	44,260	535,911	488,587
	<u>491,651</u>	<u>7,149,316</u>	<u>7,640,967</u>	<u>7,193,344</u>
Total 2018	<u>447,944</u>	<u>6,745,400</u>	<u>7,193,344</u>	

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

3. Funding for the Trust's provision of education (continued)

In 2018, income from DfE/ESFA grants was £6,680,829, all of which was restricted.

In 2018, income from other Government grants was £23,928, all of which was restricted.

In 2018, income from catering was £447,944, all of which was unrestricted.

In 2018, other income was £40,643, all of which was restricted.

4. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	36,311	36,311	29,352
Other income	162,572	162,572	205,430
Music income	21,776	21,776	22,579
	220,659	220,659	257,361

In 2018, hire of facilities income was £29,352, all of which was unrestricted.

In 2018, other income was £205,430, all of which was unrestricted.

In 2018, music tuition income was £22,579, all of which was unrestricted.

5. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest received	3,562	3,562	2,188
	3,562	3,562	2,188

In 2018, all investment income was in relation to unrestricted funds.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	4,855,056	-	789,507	5,644,563	5,342,705
Support costs	1,554,518	1,080,891	749,650	3,385,059	3,235,041
	<u>6,409,574</u>	<u>1,080,891</u>	<u>1,539,157</u>	<u>9,029,622</u>	<u>8,577,746</u>
Total 2018	<u>6,065,432</u>	<u>1,005,514</u>	<u>1,506,800</u>	<u>8,577,746</u>	

In 2018, of total expenditure, £524,878 was from unrestricted funds, £7,433,339 was from restricted funds and £619,529 was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £4,559,911 staff costs and £773,324 other costs.

In 2018, support expenditure consisted of £1,505,521 staff costs, £1,005,514 premises costs and £733,476 other costs.

7. Charitable activities

	2019 £	2018 £
Direct costs	5,644,563	5,333,235
Support costs	3,385,059	3,244,511
	<u>9,029,622</u>	<u>8,577,746</u>

	2019 £	2018 £
Analysis of support costs		
Staff costs	1,554,518	1,505,521
Depreciation	239,235	231,977
Technology costs	58,546	72,022
Premises costs (excluding depreciation)	433,086	481,777
Capital grant costs	408,570	291,760
Other costs	677,278	648,844
Governance costs	13,826	12,610
	<u>3,385,059</u>	<u>3,244,511</u>

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	21,100	21,100
Depreciation of tangible fixed assets	239,235	231,977
Fees paid to Auditors for:		
- audit	7,100	6,890
- other services	4,555	4,420
	256,445	243,807

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,849,670	4,607,895
Social security costs	476,956	455,346
Pension costs	991,638	947,536
	6,318,264	6,010,777
Agency staff costs	91,310	50,094
Staff restructuring costs	-	4,561
	6,409,574	6,065,432

Staff restructuring costs comprise:

Redundancy payments	-	4,561
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ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

9. Staff costs (continued)

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	89	91
Administration and support	85	76
Management	9	9
	183	176
	183	176

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	2
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	1	1
	5	4
	5	4

d. Key management personnel

The key management personnel of the Trust comprise the Governors and the Senior Management Team as listed on page 1. The total amount of employee benefits received by key management personnel for their services to the Trust was £955,638 (2018 - £912,552).

Employer national insurance contributions included within key management personnel remuneration was £87,538 (2018 - £83,222).

Employer pension contributions included within key management personnel remuneration was £121,366 (2018 - £116,193).

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

10. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Trust. The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2019 £	2018 £
Mr D Barrs	Remuneration	100,000 - 105,000	100,000 - 105,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
Mrs J Gee	Remuneration	95,000 - 100,000	90,000 - 95,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000
Mrs A Willis	Remuneration	25,000 - 30,000	20,000 - 25,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Mrs C Penn	Remuneration	25,000 - 30,000	25,000 - 30,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mr N Richards	Remuneration	40,000 - 45,000	40,000 - 45,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Miss C Jones	Remuneration	40,000 - 45,000	35,000 - 40,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Miss C Dawton	Remuneration		10,000 - 15,000
	Pension contributions paid		0 - 5,000

During the year ended 31 August 2019, expenses related to travel costs totalling £115 were reimbursed or paid directly to 2 Governors (2018 - £25 to 1 Governor).

11. Governors' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was included in the total insurance cost.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

12. Tangible fixed assets

	Long-term leasehold property £	Assets under construction £	Furniture and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	14,366,476	67,307	1,082,709	8,925	15,525,417
Additions	-	-	65,701	-	65,701
Transfers between classes	67,307	(67,307)	-	-	-
At 31 August 2019	<u>14,433,783</u>	<u>-</u>	<u>1,148,410</u>	<u>8,925</u>	<u>15,591,118</u>
Depreciation					
At 1 September 2018	972,577	-	675,704	8,925	1,657,206
Charge for the year	116,855	-	122,380	-	239,235
At 31 August 2019	<u>1,089,432</u>	<u>-</u>	<u>798,084</u>	<u>8,925</u>	<u>1,896,441</u>
Net book value					
At 31 August 2019	<u><u>13,344,351</u></u>	<u><u>-</u></u>	<u><u>350,326</u></u>	<u><u>-</u></u>	<u><u>13,694,677</u></u>
At 31 August 2018	<u><u>13,393,899</u></u>	<u><u>67,307</u></u>	<u><u>407,005</u></u>	<u><u>-</u></u>	<u><u>13,868,211</u></u>

13. Stocks

	2019 £	2018 £
Raw materials and consumables	<u>2,924</u>	<u>474</u>

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	10,739	2,096
Other debtors	59,919	122,550
Prepayments and accrued income	160,952	148,344
	<u>231,610</u>	<u>272,990</u>

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	29,734	35,702
Other taxation and social security	119,174	112,419
Other creditors	102,122	101,006
Accruals and deferred income	456,277	366,298
	707,307	615,425
	707,307	615,425
	2019 £	2018 £
Deferred income at 1 September 2018	80,542	46,621
Resources deferred during the year	121,426	80,542
Amounts released from previous periods	(80,542)	(46,621)
	121,426	80,542
	121,426	80,542

Resources deferred at the year end relate mainly to rates relief income and school trips.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	1,383,132	739,510	(546,027)	(18,657)	-	1,557,958
Restricted general funds						
GAG	-	6,807,559	(6,762,753)	(44,806)	-	-
Other DfE/ESFA grants	-	251,089	(251,089)	-	-	-
Other Government grants	-	39,042	(39,042)	-	-	-
Other restricted funds	-	61,553	(61,553)	-	-	-
Restricted trip donations	-	443,353	(443,353)	-	-	-
Pension reserve	(3,219,000)	-	(278,000)	-	(412,000)	(3,909,000)
	<u>(3,219,000)</u>	<u>7,602,596</u>	<u>(7,835,790)</u>	<u>(44,806)</u>	<u>(412,000)</u>	<u>(3,909,000)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	13,868,211	-	(239,235)	65,701	-	13,694,677
Capital grants	21,011	475,047	(408,570)	(2,238)	-	85,250
	<u>13,889,222</u>	<u>475,047</u>	<u>(647,805)</u>	<u>63,463</u>	<u>-</u>	<u>13,779,927</u>
Total Restricted funds	<u>10,670,222</u>	<u>8,077,643</u>	<u>(8,483,595)</u>	<u>18,657</u>	<u>(412,000)</u>	<u>9,870,927</u>
Total funds	<u><u>12,053,354</u></u>	<u><u>8,817,153</u></u>	<u><u>(9,029,622)</u></u>	<u><u>-</u></u>	<u><u>(412,000)</u></u>	<u><u>11,428,885</u></u>

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

16. Statement of funds (continued)

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.

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.

DfE/ESFA Capital grants

This represents funding from the DfE or ESFA for specific capital projects.

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

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

16. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	1,118,875	856,442	(524,878)	(67,307)	-	1,383,132
Restricted general funds						
General Annual Grant (GAG)	-	6,491,492	(6,491,492)	-	-	-
Other DfE /ESFA grants	-	189,337	(189,337)	-	-	-
Other Government grants	-	23,928	(23,928)	-	-	-
Other restricted funds	-	45,499	(45,499)	-	-	-
Restricted trip donations	-	403,083	(403,083)	-	-	-
Pension reserve	(3,570,000)	-	(280,000)	-	631,000	(3,219,000)
	(3,570,000)	7,153,339	(7,433,339)	-	631,000	(3,219,000)
Restricted fixed asset funds						
Restricted fixed asset fund	14,032,881	-	(231,977)	67,307	-	13,868,211
Capital grants	297,498	111,065	(387,552)	-	-	21,011
	14,330,379	111,065	(619,529)	67,307	-	13,889,222
Total Restricted funds	10,760,379	7,264,404	(8,052,868)	67,307	631,000	10,670,222
Total funds	11,879,254	8,120,846	(8,577,746)	-	631,000	12,053,354

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	13,694,677	13,694,677
Current assets	1,557,958	707,307	85,250	2,350,515
Creditors due within one year	-	(707,307)	-	(707,307)
Provisions for liabilities and charges	-	(3,909,000)	-	(3,909,000)
Total	1,557,958	(3,909,000)	13,779,927	11,428,885

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	13,868,211	13,868,211
Current assets	1,383,132	615,425	21,011	2,019,568
Creditors due within one year	-	(615,425)	-	(615,425)
Provisions for liabilities and charges	-	(3,219,000)	-	(3,219,000)
Total	1,383,132	(3,219,000)	13,889,222	12,053,354

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(212,469)	(456,900)
Adjustments for:		
Depreciation	239,235	231,977
Capital grants from DfE and other capital income	(106,778)	(111,065)
Interest received	(3,562)	(2,188)
Defined benefit pension scheme cost	278,000	280,000
(Increase)/decrease in stocks	(2,450)	2,752
Decrease in debtors	41,380	238,261
Increase/(decrease) in creditors	91,882	(60,402)
Net cash provided by operating activities	325,238	122,435

19. Cash flows from investing activities

	2019 £	2018 £
Interest received	3,562	2,188
Purchase of tangible fixed assets	(65,701)	(67,307)
Capital grants	106,778	111,065
Net cash provided by investing activities	44,639	45,946

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	2,115,981	1,746,104

21. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Capital funded projects	85,250	21,011

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

22. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are multi-employer defined benefit 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 £102,122 were payable to the schemes at 31 August 2019 (2018 - £93,766) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

The employer's pension costs paid to TPS in the year amounted to £580,380 (2018 - £558,458).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

22. Pension commitments (continued)

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

Scheme Changes

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £278,000 (2018 - £257,000), of which employer's contributions totalled £219,000 (2018 - £200,000) and employees' contributions totalled £ 59,000 (2018 - £57,000). The agreed contribution rates for future years are 23 per cent for employers and 5.5 - 6.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.7	3.8
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	3.7	2.7
Inflation assumption (CPI)	2.2	2.3
RPI	3.2	3.3

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

22. Pension commitments (continued)

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.3	22.3
Females	23.6	24.8
<i>Retiring in 20 years</i>		
Males	23.0	24.5
Females	25.4	27.1

As at the 31 August 2019 the Trust had a pension liability £3,909,000 (2018 - £3,219,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(145,000)	(120,000)
Discount rate -0.1%	148,000	123,000
Mortality assumption - 1 year increase	272,000	197,000
Mortality assumption - 1 year decrease	(262,000)	(190,000)
CPI rate +0.1%	134,000	113,000
CPI rate -0.1%	(131,000)	(110,000)

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

	2019 £	2018 £
Equities	1,860,000	1,602,000
Gilts	162,000	135,000
Other bonds	166,000	147,000
Property	236,000	224,000
Cash and other liquid assets	86,000	86,000
Alternative assets	289,000	226,000
Other managed funds	151,000	97,000
Total market value of assets	2,950,000	2,517,000

The actual return on scheme assets was £219,000 (2018 - £142,000).

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

22. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(365,000)	(389,000)
Past service cost	(49,000)	-
Interest income	70,000	60,000
Interest cost	(152,000)	(150,000)
Administrative expenses	(1,000)	(1,000)
Total amount recognised in the Statement of Financial Activities	497,000	480,000

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

	2019 £	2018 £
At 1 September	5,736,000	5,777,000
Interest cost	152,000	150,000
Employee contributions	59,000	57,000
Actuarial losses/(gains)	561,000	(549,000)
Benefits paid	(63,000)	(88,000)
Past service costs	49,000	-
Current service costs	365,000	389,000
At 31 August	6,859,000	5,736,000

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

	2019 £	2018 £
At 1 September	2,517,000	2,207,000
Interest income	70,000	60,000
Actuarial losses	149,000	82,000
Employer contributions	219,000	200,000
Employee contributions	59,000	57,000
Benefits paid	(63,000)	(88,000)
Administration expenses	(1,000)	(1,000)
At 31 August	2,950,000	2,517,000

ANGLO EUROPEAN ACADEMY TRUST
(A Company Limited by Guarantee)

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

23. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2018 £
Not later than 1 year	21,100

24. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

25. Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor 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.

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

26. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2019 the Trust received £15,445 (2018 - £14,457) and disbursed all of this (2018 - £10,272) from the fund. An amount of £4,185 (2018 - £4,185) is included in other creditors relating to undistributed funds that is repayable to the ESFA.