

THE EDGE ACADEMY TRUST
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number
08829472 (England and Wales)

Feltons
Chartered Accountants

Birmingham
B1 3JR

The Edge Academy Trust
(A Company Limited by Guarantee)

Report and Financial Statements
Year ended 31 August 2019

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Reference and Administrative Details

Trustees

Stanley Tucker	Member Trustee and Chairperson (resigned 25/06/2019)
Ruth Harker	Member Trustee and Acting Chairperson
Caroline Lane	Member Trustee
Lucy Monk	Trustee (resigned 02/02/2019)
Simon Franks	Trustee (resigned 16/06/2019)
Eileen Schofield	Trustee
Gerard Dufficy	Trustee

Company secretary	Browne Jacobson
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Senior management team

• Principal	Andrew Wakefield
• Vice Principal	Adam Smith
• Assistant Principal	Claire Fairburn
• Assistant Principal	Charlotte Poynton

Company name	The Edge Academy Trust
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Registered office	946 Bristol Road South Northfield Birmingham B31 2LQ
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Company registration number	08829472
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Independent auditor	Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR
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Bankers	Lloyds Bank Plc 798 Bristol Road South Northfield Birmingham B31 2NP
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Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU
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The Edge Academy Trust (A Company Limited by Guarantee)

Trustees' report for the year ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates an Alternative Provision Free School for pupils aged 13 to 16 and was setup by a group of secondary schools who operate as the Edge Partnership of schools. The partnership is a mix of Academies and LA Maintained Schools. It has a pupil capacity of 73 and had a roll of 39 in the school census on 2nd October 2019.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Edge Academy are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Edge Academy Trust.

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance is provided through the Governments Risk Protection Arrangements administered by the DfE. The insurance provides cover up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

Community trustees may be appointed by the board of trustees provided that the person who is appointed as a community trustee is:

- a person who lives or works in the community served by the academy; or
- a person who, in the opinion of the board of trustees, is committed to the government and success of the academy.

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Trustees' report for the year ended 31 August 2019 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Newly elected trustees attend induction training in accordance with their needs.

The Principal is the leader for professional development in school, and he ensures that trustees are provided with opportunities to receive training in accordance with their role, and the school's training plan.

Organisational structure

The board of trustees has established committees and appoints trustees to serve on each of the committees annually. The committees for the period of the report were:

- Full Governing Body
- Finance and Pay

The board of trustees has established a Finance Committee. The written terms of reference of the committee are set out in the Academy's Finance Policy and Procedure Manual and include the monitoring and preparation of the academy's budget and implementation of financial procedures.

The board of trustees also appoints a responsible officer and this role has been fully implemented in accordance with the academy trust's financial procedures.

The staffing structure is approved by the governing body. The governing body are responsible for appointing the Principal and are involved in the appointment of senior leadership roles.

Arrangements for setting pay and remuneration of key management personnel

The governing body review pay on an annual basis. Trustees that are not employed by the school do not receive payment.

Related parties and other Connected Charities and Organisations

During this financial year, Turves Green Boys School was a related party and transactions are disclosed in note 23.

Objectives and activities

Objects and aims

The strategic goal of The Edge Academy is to provide a broad and balanced curriculum to all pupils in accordance with the funding agreement between the academy trust and the Department for Education.

Objectives, strategies and activities

The Edge Academy Trust is an Alternative Provision school offering access to learning for young people at the risk of being out of education or those who have already fallen outside of mainstream settings.

The academy's overriding aim is to provide an outstanding learning environment in which pupils can flourish and achieve their potential.

The Edge Academy offers a relevant, bespoke and personalised learning experience for pupils to ensure they have the necessary qualifications and skills to prepare them for life after school. The Edge also provides a wellbeing support package customised to the individual needs and circumstances of pupils.

The main objectives are:

- To re-engage pupils with learning and improve levels of attainment
- To narrow the gaps in attainment

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Trustees' report for the year ended 31 August 2019 (continued)

- To develop confident and avid readers
- To improve attendance
- To attain exceptional behaviour
- To improve progression routes
- To keep pupils active
- To provide strong leadership

The strategies adopted for achieving these objectives are:

- Focusing on delivering our newly devised "Safe, Ready, Respectful" curriculum and "Edge Pledge" to students.
- Continuing to maintain the rapid pace of our recent improvements in teaching and learning.

Public benefit

In setting our objectives and planning our activities, the board of trustees has given careful consideration to the general guidance on public benefit published by the Charity Commission on their website at www.gov.uk/topic/running-charity/managing-charity in exercising their powers or duties.

The Edge Academy is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic Report

Achievements and Performance

In 2018 – 2019:

- The school made major improvements to its' overall performance. Our last two OFSTED monitoring visits have confirmed that the school is taking "effective action towards the removal of special measures" and detailed improvements in a wide variety of areas.
- The school achieved its' best ever GCSE results.

Key Performance Indicators

- Direct costs as a percentage of total costs were 61.3% (2018 : 65.1%)
- Support costs as a percentage of total costs were 38.7% (2018 : 34.9%)
- Total payroll costs as a percentage of recurring income were 70.5% (2018 : 62.1%)

Going concern

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

Financial Review

The financial results of The Edge Academy are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid

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Trustees' report for the year ended 31 August 2019 (continued)

down by the Finance Handbook for Academies published by the ESFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the year ended 31 August 2019 total resources expended were £1,627,049 and the deficit of income over expenditure was £150,826 which included depreciation of £156,329.

Reserves Policy

The trustees continually monitor the reserves of the charitable company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the board of trustees' general policy to continue to build reserves which can be used for future educational purposes.

The academy had total funds at 31 August 2019 of £5,530,318 which included £833,223 restricted funds not available for general purposes of the academy trust, £4,128 of free reserves defined as unrestricted funds available for general purposes and £4,888,967 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £837,351.

In addition, the deficit on the restricted pension fund of £196,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

The trustees regularly review the level of reserves and aim to maintain them at a minimum of 3 months of expenditure.

Investment Policy

Any surplus funds are held with Lloyds Bank Plc in a current account. None are held in a deposit account.

Principal Risks and Uncertainties

The trustees have considered the major risks and uncertainties facing the charitable company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focussed on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

Fundraising

During 2018/19, funding came from government grant and commissioner fees. There were no fund raising activities.

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Trustees' report for the year ended 31 August 2019 (continued)

Plans for Future Periods

The academy has a detailed School Improvement Plan which sets out the strategic direction and the plans to achieve key financial and performance targets. The academy's overriding aim is to provide an outstanding learning environment in which pupils can flourish and achieve their potential.

The key priorities for the coming year are to:

- Implement our newly devised "Safe, Ready, Respectful" curriculum.
- Improve provision for our students with EHC (Education and Health Care) plans.
- Continue to improve Year 11 examination outcomes.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware :

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10/12/2019 2019 and signed on the board's behalf by:

Ruth Harker Ruth Harker - Chair of Trustees

The Edge Academy Trust
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Governance statement for the year ended 31 August 2019

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 The Edge Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **board of trustees** has formally met 9 times during the year. Attendance during the year at meetings of the board of trustees was as follows :

Trustee	Meetings attended	Out of a possible
Name		
Stanley Tucker (resigned 25/06/2019)	2	8
Simon Franks (resigned 16/06/2019)	5	7
Lucy Monk (resigned 02/02/2019)	0	5
Eileen Schofield	7	9
Caroline Lane	7	9
Ruth Harker	9	9
Gerard Dufficy	7	9
Andrew Wakefield	8	8

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Governance statement for the year ended 31 August 2019 (continued)

The **finance committee** is a sub-committee of the main board of trustees. Its purpose is to oversee the financial plans and performance of the school.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Name		
Gerard Dufficy	3	3
Simon Franks (resigned 16/06/2019)	2	3
Lucy Monk (resigned 02/02/2019)	0	1
Caroline Lane	3	3
Andrew Wakefield	3	3

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

During 2018/19, the governing body have revised the curriculum offer in the context of delivering greater value for money and improved educational outcomes.

The finance committee oversee the non-staffing contracts and the achievement of value for money in purchasing services.

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 the academy trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Edge Academy for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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Governance statement for the year ended 31 August 2019 (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have commissioned Birmingham Education Partnership and external financial advice to check financial controls and assist with financial planning, reporting to the finance committee on the operation of systems of control and financial performance.

Review of Effectiveness

As accounting officer, Andrew Wakefield (the principal) 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 Birmingham Education Partnership and the external finance advisor
- the work of the external auditor
- the work of the finance manager within the academy trust who have responsibility for the development and maintenance of the internal control framework.

During the year, financial procedures have improved and work will continue in this area.

Approved by order of the members of the board of trustees on 10/12/ 2019 and signed on its behalf by:



Ruth Harker
Chair of Trustees



Andrew Wakefield
Accounting Officer

**The Edge Academy Trust
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**Statement of regularity, propriety and compliance
for the year ended 31 August 2019**

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

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

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



Andrew Wakefield – Accounting Officer

10/12/2019

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Statement of Trustees' Responsibilities
for the year ended 31 August 2019

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on10/12/19..... 2019 and signed on its behalf by:

.......... Ruth Harker – Chair of Trustees

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Independent Auditor's Report on the Financial Statements to the Members of
The Edge Academy Trust

Opinion

We have audited the financial statements of The Edge Academy Trust for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019

Basis for opinion

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

Conclusions relating to going concern

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

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

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Independent Auditor's Report on the Financial Statements to the Members of The Edge Academy Trust
(continued)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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Independent Auditor's Report on the Financial Statements to the Members of The Edge Academy Trust
(continued)

Responsibilities for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 11), the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy 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 trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.

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Independent Auditor's Report on the Financial Statements to the Members of The Edge Academy Trust
(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

12 December 2019

The Edge Academy Trust
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Independent Reporting Accountant's Assurance Report on Regularity to The Edge Academy and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 14 July 2015 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 The Edge Academy Trust during the period 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 The Edge Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Edge 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 The Edge Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Edge Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Edge Academy Trust's funding agreement with the Secretary of State for Education dated 16 March 2015 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 period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the academy trust's funding agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

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Independent Reporting Accountant's Assurance Report on Regularity to The Edge Academy and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

A handwritten signature in blue ink, appearing to read 'Fellons' with a horizontal line underneath.

David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor
8 Sovereign Court
8 Graham Street
Birmingham B1 3JR

12 December 2019

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Statement of financial activities for the year ended 31 August 2019
(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted pension fund £	Restricted general funds £	Restricted fixed asset funds £	Total 2018/19 £	Total 2017/18 £
Income from :							
Donations and capital grants	2	221	-	-	11,552	11,773	56,108
Charitable activities :	3						
Funding for the academy trust's educational operations		300	-	1,463,610	-	1,463,910	1,572,341
Other trading activities	4	120	-	-	-	120	600
Investments	5	420	-	-	-	420	377
Total		1,061	-	1,463,610	11,552	1,476,223	1,629,426
Expenditure on :							
Charitable activities:							
Academy trust's educational operations	6	641	42,000	1,428,079	156,329	1,627,049	1,531,262
Total		641	42,000	1,428,079	156,329	1,627,049	1,531,262
Net income/(expenditure) before transfers		420	(42,000)	35,531	(144,777)	(150,826)	98,164
Transfers between funds	14	-	-	420	(420)	-	-
Net income/(expenditure) after transfers		420	(42,000)	35,951	(145,197)	(150,826)	98,164
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	14, 22	-	(50,000)	-	-	(50,000)	46,000
Net movement in funds		420	(92,000)	35,951	(145,197)	(200,826)	144,164
Reconciliation of funds							
Total funds brought forward	14	3,708	(104,000)	797,272	5,034,164	5,731,144	5,586,980
Total funds carried forward		4,128	(196,000)	833,223	4,888,967	5,530,318	5,731,144

All of the Academy's activities derive from continuing operations during the above two financial periods.

The Edge Academy Trust
(A Company Limited by Guarantee)

Company number : 08829472

Balance sheet as at 31 August 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	11		4,888,967		5,034,164
Current assets					
Debtors	12	65,829		111,712	
Cash at bank and in hand		<u>899,376</u>		<u>731,612</u>	
		965,205		843,324	
Liabilities					
Creditors: amounts falling due within one year	13	<u>127,854</u>		<u>42,344</u>	
Net current assets			837,351		800,980
Net assets excluding pension liability			<u>5,726,318</u>		<u>5,835,144</u>
Defined benefit pension scheme liability	22		(196,000)		(104,000)
Total net assets			<u><u>5,530,318</u></u>		<u><u>5,731,144</u></u>
Funds of the academy trust :					
Restricted funds					
Fixed asset fund	14	4,888,967		5,034,164	
Restricted income fund	14	833,223		797,272	
Pension reserve	14	<u>(196,000)</u>		<u>(104,000)</u>	
Total restricted funds			5,526,190		5,727,436
Unrestricted income funds	14		4,128		3,708
Total funds			<u><u>5,530,318</u></u>		<u><u>5,731,144</u></u>

The financial statements on pages 18 to 40 were approved by the trustees, and authorised for issue on 10/12/2019 and are signed on their behalf by:



Ruth Harker - Chair of Trustees

The Edge Academy Trust
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2019

	Notes	2018/19 £	2017/18 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	18	166,924	(243,547)
Cash flows from investing activities	19	840	50,445
Change in cash and cash equivalents in the reporting period		<hr/> 167,764	<hr/> (193,102)
Cash and cash equivalents at 1 September 2018		731,612	924,714
Cash and cash equivalents at 31 August 2019	20	<hr/> 899,376	<hr/> 731,612

The Edge 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), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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.

The Edge Academy Trust meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period 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.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Income (continued)

- **Donations**
Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

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

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 raising funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Tangible fixed assets

Assets costing £500 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. 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 over its expected useful life as follows:

Freehold buildings	- straight line over 50 years
Fixtures and equipment	- 33% reducing balance
Computer hardware	- 33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

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. 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.

Taxation

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

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

Pension benefits

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

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

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

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Pension benefits (continued)

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

Fund accounting

Unrestricted income funds represent resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education & Skills Funding Agency or Department for Education.

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (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.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
Capital grants	-	-	11,552	11,552	56,108
Other donations	221	-	-	221	-
	<u>221</u>	<u>-</u>	<u>11,552</u>	<u>11,773</u>	<u>56,108</u>
2018 total	<u>-</u>	<u>-</u>	<u>56,108</u>	<u>56,108</u>	

3. Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
DfE/ESFA grants					
General Annual Grant (GAG)	-	1,225,905	-	1,225,905	1,231,525
Other DfE Group grants	-	17,103	-	17,103	25,362
	<u>-</u>	<u>1,243,008</u>	<u>-</u>	<u>1,243,008</u>	<u>1,256,887</u>
Other government grants					
Local authority grants	-	9,166	-	9,166	3,919
	<u>-</u>	<u>9,166</u>	<u>-</u>	<u>9,166</u>	<u>3,919</u>
Other income from the academy trust's educational operations	300	211,436	-	211,736	311,535
	<u>300</u>	<u>220,602</u>	<u>-</u>	<u>220,902</u>	<u>315,454</u>
	<u>300</u>	<u>1,463,610</u>	<u>-</u>	<u>1,463,910</u>	<u>1,572,341</u>
2018 total	<u>381</u>	<u>1,571,960</u>	<u>-</u>	<u>1,572,341</u>	

4. Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	120	-	120	600
	<u>120</u>	<u>-</u>	<u>120</u>	<u>600</u>
2018 total	<u>600</u>	<u>-</u>	<u>600</u>	

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

5. Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	420	-	420	377
2018 total	377	-	377	

6. Expenditure

	Staff costs £	Non pay expenditure Premises £	Other £	2018/19 Total £	2017/18 Total £
Academy's educational operations					
Direct costs	714,202	78,165	204,990	997,357	997,952
Allocated support costs	326,363	151,003	152,326	629,692	533,310
	<u>1,040,565</u>	<u>229,168</u>	<u>357,316</u>	<u>1,627,049</u>	<u>1,531,262</u>
2018 total	977,629	225,797	327,836	1,531,262	

Net income/(expenditure) for the period includes :

		2018/19 £	2017/18 £
Operating leases	- other	5,397	5,397
Depreciation		156,329	155,704
Fees payable to auditor	- audit	8,250	8,250
	- other services	<u>860</u>	<u>3,350</u>

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

7. Charitable activities

	Unrestricted funds £	Restricted pension fund £	Other restricted funds £	2018/19 Total £	2017/18 Total £
Educational operations					
Direct costs	521	-	996,836	997,357	997,952
Support costs	120	42,000	587,572	629,692	533,310
	<u>641</u>	<u>42,000</u>	<u>1,584,408</u>	<u>1,627,049</u>	<u>1,531,262</u>
2018 total	<u>981</u>	<u>43,000</u>	<u>1,487,281</u>	<u>1,531,262</u>	
Analysis of support costs					
Support staff costs	-	42,000	284,363	326,363	279,989
Depreciation	-	-	78,164	78,164	55,250
Technology costs	-	-	34,668	34,668	47,046
Premises costs	120	-	78,116	78,236	75,490
Other support costs	-	-	103,151	103,151	63,935
Governance costs	-	-	9,110	9,110	11,600
Total support costs	<u>120</u>	<u>42,000</u>	<u>587,572</u>	<u>629,692</u>	<u>533,310</u>
2018 total	<u>600</u>	<u>43,000</u>	<u>489,710</u>	<u>533,310</u>	

8. Staff

a) Staff costs

Staff costs during the period were:

	2018/19 £	2017/18 £
Wages and salaries	698,149	690,319
Social security costs	67,702	59,401
Pension costs	125,469	113,226
	<u>891,320</u>	<u>862,946</u>
Agency staff costs	129,845	90,685
Staff restructuring costs	19,400	23,998
	<u>1,040,565</u>	<u>977,629</u>

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

8. Staff (continued)

a) Staff costs (continued)

	2018/19 £	2017/18 £
Staff restructuring costs comprise :		
Redundancy payments	15,000	23,998
Severance payments	4,400	-
	<u>19,400</u>	<u>23,998</u>

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £19,400 (2018: £23,998). Individually, the payments were £19,400 paid to one employee.

c) Staff numbers

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

	2018/19 Number	2017/18 Number
Teachers	5	11
Administration and support	15	16
Management	4	4
	<u>24</u>	<u>31</u>

d) Higher paid staff

	2018/19 Number	2017/18 Number
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was :		
£60,001 - £70,000	-	2
£70,001 - £80,000	<u>1</u>	<u>-</u>

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £294,034 (2018: £190,785).

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

9. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows :

A Wakefield (principal)	
Remuneration	£70,000 - £75,000 (2018 : £20,000 - £25,000)
Employer's pension contributions paid	£10,000 - £15,000 (2018 : £0 - £5,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £nil (2018 : £nil) were reimbursed or paid directly to nil (2018 : nil) trustees.

10. Trustees' and officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11. Tangible fixed assets

	Freehold land and buildings £	Fixtures and equipment £	Computer hardware £	Total £
Cost or valuation				
At 1 September 2018	5,224,931	-	202,509	5,427,440
Additions	7,213	1,594	2,325	11,132
At 31 August 2019	5,232,144	1,594	204,834	5,438,572
Depreciation				
At 1 September 2018	260,736	-	132,540	393,276
Charge for the year	89,021	526	66,782	156,329
At 31 August 2019	349,757	526	199,322	549,605
Net book values				
At 31 August 2019	4,882,387	1,068	5,512	4,888,967
At 31 August 2018	4,964,195	-	69,969	5,034,164

There is a legal charge over the property in favour of The Secretary of State for Education.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

12. Debtors

	2019	2018
	£	£
Debtors from operations	19,931	54,362
VAT recoverable	3,496	14,517
Prepayments and accrued income	42,402	42,833
Other debtors	-	-
	<u>65,829</u>	<u>111,712</u>

13. Creditors

	2019	2018
	£	£
Amounts falling due within one year :		
Creditors from operations	23,625	11,397
Other taxation and social security	-	9,993
Accruals and deferred income	27,136	20,954
Other creditors	77,093	-
	<u>127,854</u>	<u>42,344</u>
Deferred income		
Resources deferred in the year	16,178	-
Deferred income at 31 August 2019	<u>16,178</u>	<u>-</u>

At the balance sheet date the academy trust was holding funds received in advance for rates 19/20.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	797,272	1,225,905	(1,190,374)	420	833,223
Pupil premium	-	17,103	(17,103)	-	-
Other grants	-	220,602	(220,602)	-	-
	<u>797,272</u>	<u>1,463,610</u>	<u>(1,428,079)</u>	<u>420</u>	<u>833,223</u>
Restricted fixed asset funds					
DfE Group capital grants	4,931,651	11,552	(152,156)	(420)	4,790,627
Capital expenditure from GAG	102,513	-	(4,173)	-	98,340
	<u>5,034,164</u>	<u>11,552</u>	<u>(156,329)</u>	<u>(420)</u>	<u>4,888,967</u>
Pension reserve	<u>(104,000)</u>	<u>-</u>	<u>(42,000)</u>	<u>(50,000)</u>	<u>(196,000)</u>
Total restricted funds	<u>5,727,436</u>	<u>1,475,162</u>	<u>(1,626,408)</u>	<u>(50,000)</u>	<u>5,526,190</u>
Unrestricted funds					
Other income	3,708	1,061	(641)	-	4,128
Total unrestricted funds	<u>3,708</u>	<u>1,061</u>	<u>(641)</u>	<u>-</u>	<u>4,128</u>
Total funds	<u>5,731,144</u>	<u>1,476,223</u>	<u>(1,627,049)</u>	<u>(50,000)</u>	<u>5,530,318</u>

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education & Skills Funding Agency and Birmingham City Council.

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

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education & Skills Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

The Edge Academy Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds (continued)

Comparative information in respect of the preceding period

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	506,821	1,231,525	(991,142)	50,068	797,272
Pupil premium	-	25,362	(25,362)	-	-
Other grants	-	315,073	(315,073)	-	-
	<u>506,821</u>	<u>1,571,960</u>	<u>(1,331,577)</u>	<u>50,068</u>	<u>797,272</u>
Restricted fixed asset funds					
DfE Group capital grants	5,027,091	56,108	(151,548)	-	4,931,651
Capital expenditure from GAG	156,737	-	(4,156)	(50,068)	102,513
	<u>5,183,828</u>	<u>56,108</u>	<u>(155,704)</u>	<u>(50,068)</u>	<u>5,034,164</u>
Pension reserve	<u>(107,000)</u>	<u>-</u>	<u>(43,000)</u>	<u>46,000</u>	<u>(104,000)</u>
Total restricted funds	<u>5,583,649</u>	<u>1,628,068</u>	<u>(1,530,281)</u>	<u>46,000</u>	<u>5,727,436</u>
Unrestricted funds					
Other income	3,331	1,358	(981)	-	3,708
Total unrestricted funds	<u>3,331</u>	<u>1,358</u>	<u>(981)</u>	<u>-</u>	<u>3,708</u>
Total funds	<u>5,586,980</u>	<u>1,629,426</u>	<u>(1,531,262)</u>	<u>46,000</u>	<u>5,731,144</u>

15. Analysis of net assets between funds

Fund balances at 31 August 2019
are represented by:

	Unrestricted funds £	Restricted pension funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	4,888,967	4,888,967
Current assets	4,128	-	961,077	-	965,205
Current liabilities	-	-	(127,854)	-	(127,854)
	<u>4,128</u>	<u>-</u>	<u>833,223</u>	<u>4,888,967</u>	<u>5,726,318</u>
Pension scheme liability	-	(196,000)	-	-	(196,000)
Total net assets	<u>4,128</u>	<u>(196,000)</u>	<u>833,223</u>	<u>4,888,967</u>	<u>5,530,318</u>

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Notes to the financial statements for the year ended 31 August 2019 (continued)

15. Analysis of net assets between funds (continued)

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

	Unrestricted funds	Restricted pension funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	5,034,164	5,034,164
Current assets	3,708	-	839,616	-	843,324
Current liabilities	-	-	(42,344)	-	(42,344)
	3,708	-	797,272	5,034,164	5,835,144
Pension scheme liability	-	(104,000)	-	-	(104,000)
Total net assets	3,708	(104,000)	797,272	5,034,164	5,731,144

16. Capital commitments

There are no capital commitments as at 31 August 2019.

17. Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Other	
	Total 2019	Total 2018
	£	£
Amounts due within one year	5,397	5,397
Amounts due between one and five years	5,397	10,795
	<u>10,794</u>	<u>16,192</u>

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018/19	2017/18
	Total	Total
	£	£
Net income/(expenditure) for reporting period (as per the SoFA)	(150,826)	98,164
Adjusted for :		
Depreciation (note 11)	156,329	155,704
Capital grants from DfE and other capital income	(11,552)	(56,108)
Interest receivable (note 5)	(420)	(377)
Defined benefit pension scheme cost less contributions payable (note 22)	39,000	40,000
Defined benefit pension scheme finance cost/(income) (note 22)	3,000	3,000
Decrease / (increase) in debtors	45,883	(65,355)
Increase / (decrease) in creditors	85,510	(418,575)
Net cash provided by / (used in) operating activities	<u>166,924</u>	<u>(243,547)</u>

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Notes to the financial statements for the year ended 31 August 2019 (continued)

19. Cash flows from investing activities

	2018/19 Total £	2017/18 Total £
Interest received	420	377
Purchase of tangible fixed assets	(11,132)	(6,040)
Capital grants from DfE Group	11,552	56,108
Net cash provided by / (used in) investing activities	840	50,445

20. Analysis of cash and cash equivalents

	At 31 August 2019 £	At 31 August 2018 £
Cash at bank and in hand	899,376	731,612
	899,376	731,612

21. 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.

22. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. 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.

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

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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the year amounted to £57,496 (2018 : £45,832).

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

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

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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

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 £34,000 (2018 : £33,000), of which employer's contributions totalled £24,000 (2018 : £24,000) and employees' contributions totalled £9,000 (2018 : 9,000). The agreed contribution rates for future years are 16.1% for employers and between 5.5% and 9.9% 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.

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 32 years.

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.65%	3.80%
Rate of increase for pensions in payment / inflation	2.15%	2.30%
Discount rate for scheme liabilities	1.90%	2.70%
Inflation assumption (CPI)	2.15%	2.30%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

	As disclosed	Discount rate	CPI rate	In life expectancy
		+ 0.1% pa	+ 0.1% pa	+ 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	418	405	431	433
Projected service cost	67	65	69	69
		- 0.1% pa	- 0.1% pa	- 1 year
	£'000s	£'000s	£'000s	£'000s
Present value of total obligation	418	432	405	404
Projected service cost	67	69	65	65

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

	At 31 August 2019	At 31 August 2018
Retiring today		
Males	20.9	21.9
Females	23.2	24.4
Retiring in 20 years		
Males	22.6	24.1
Females	25.1	26.7

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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	31 August 2019	31 August 2018
	£	£
Equities	134,000	111,000
Government bonds	21,000	13,000
Other bonds	8,000	6,000
Property	18,000	14,000
Cash/liquidity	8,000	7,000
Other	33,000	24,000
Total market value of assets	222,000	175,000

The actual return on scheme assets was £13,000 (2018 : £3,000).

	2018/19	2017/18
	£	£
Amount recognised in the statement of financial activities		
Current service cost	64,000	64,000
Net interest cost	3,000	3,000
Total amount recognised in the SoFA	67,000	67,000

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

	2018/19	2017/18
	£	£
At 1 September 2018	279,000	247,000
Current service cost	55,000	64,000
Interest cost	8,000	7,000
Employee contributions	9,000	9,000
Changes in demographic assumptions	(18,000)	-
Benefits paid	-	(1,000)
Changes in financial assumptions	76,000	(47,000)
Past service cost	9,000	-
At 31 August 2019	418,000	279,000

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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018/19	2017/18
	£	£
At 1 September 2018	175,000	140,000
Interest income	5,000	4,000
Employer contributions	25,000	24,000
Employee contributions	9,000	9,000
Benefits paid	-	(1,000)
Return on assets less interest	8,000	(1,000)
At 31 August 2019	222,000	175,000
Net pension scheme liability	(196,000)	(104,000)

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Shenley Academy

Charitable company in which L Monk is the principal and accounting officer (resigned as a trustee of The Edge Academy Trust on 2/2/19)	2019	2018
	£	£
Services charged to related company during the year	92,505	80,744
Services charged from related company during the year	-	530
Amount due from related company at period end	-	20,067

The trust conducted this transaction at arms' length in accordance with its financial regulations, which the stated trustees neither participated in, nor influenced.

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2018.

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Notes to the financial statements for the year ended 31 August 2019 (continued)

23. Related party transactions (continued)

Turves Green Boys' School

Charitable company in which S Franks is the principal and accounting officer (resigned as a trustee of The Edge Academy Trust on 16/6/19)

2019	2018
£	£

Services charged to related company during the year	<u>50,738</u>	<u>30,100</u>
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The trust conducted this transaction at arms' length in accordance with its financial regulations, which the stated trustees neither participated in, nor influenced.

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2018.