

Company Registration Number: 07654902 (United Kingdom)

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**ACORN EDUCATION TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	A Armstrong S Bonnell J Cowan D Middleton
Trustees	A Armstrong ¹ J Cowan (appointed 1 April 2018) R Crow S Edwards, Chief Executive ^{1,2} G Gosling (appointed 30 November 2017) ² J Hampson R Hendrickse (appointed 20 April 2018) ² D Middleton, Chair of Trustees ¹ K Robinson ¹ Business Committee ² Risk and Audit Committee
Company registered number	07654902
Company name	Acorn Education Trust
Principal and Registered office	Kingdown School Woodcock Road Warminster Wiltshire BA12 9DR
Company secretary	S Reynolds
Chief executive officer	S Edwards
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

**ACORN EDUCATION TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 9 academies in Wiltshire. Its academies have a combined pupil capacity of 3,080 and had a roll of 2,593 in the school census on 1 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Trust.

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

Details of the Trustees who served throughout the year, except as noted, 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 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 they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees comprises the Chief Executive Officer, up to 5 directors appointed by the Members and up to six foundation members approved by the Diocesan Board of Education. The number of Trustees who are employees of the Company, including the Chief Executive Officer, must not exceed one third of the total number of Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Trust and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

During the year there were committees as follows;

- **Business Committee** - this meets at least ten times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting and drafting the annual budget including setting staffing levels.
- **Risk and Audit Committee** - this meets at least three times per year and is responsible for maintaining and assessing the risk register and reporting outcomes and changes to the Board of Trustees. It also receives internal audit reports and the annual accounts.
- **Remuneration Committee** - The Trust, through the Remuneration Committee, ensures its decisions about levels of executive pay follow a robust, evidence-based process and are reflective of roles and responsibilities. Good quality pay award decisions are dependent on good quality strategic planning for the Trust and well executed appraisal processes.

The Trustees have devolved responsibility for day to day management of the Academies to the Trust Executive Team and Academy Councils. The Academy Councils implement the policies laid down by the Trustees and report back to them on performance.

The Chief Executive Officer is the Accounting Officer of the Multi Academy Trust.

The Chief Operating Officer of the Multi Academy Trust is the Chief Financial Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust executive business team comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees, except the Chief Executive Officer give their time freely and received no remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size. The responsibility of the post, size of the Trust and risk to the Trust of the loss of that post are all taken into account when determining pay levels. Advice is sought from external stakeholders, such as external Auditors and value for money principals are observed at all times.

The roles are also compared for parity against other roles within the Trust, comparing levels of responsibility of the posts.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Acorn Education Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academies.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academies is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Acorn Education Trust to provide free education and care for pupils of different abilities between the ages of 3 and 18.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

The Academies aim to advance for the public benefit, education in Wiltshire.

The Academies provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

The aims and achievements of the schools during the year ended 31 August 2018 are summarised below.

STRATEGIC REPORT

Educational Achievements

Achievements

Key Successes

- Leadership in all schools is good. We have appointed 9 new Headteachers
- The Executive Headteacher model is driving school improvement
- Attendance is improving in all schools
- All Primary schools have an aligned assessment, reporting and recording policy
- There is an alignment in how writing is taught in all primary schools
- Results in Early Years and KS1 are more accurate than in previous years
- Good KS2 results at The Avenue
- Good GCSE results at Kingdown
- All recent joiners - St John's, New Close, Heytesbury and Great Wishford - have made significant improvements in all aspects of school life, particularly in in-year progress
- Improving SEND provision in all schools
- Improving alternative provision for all children/ students.

Key Issues to address

- The KS2 combined results in all primary schools except The Avenue
- The KS2 progress and attainment at Dilton Marsh Primary School
- Consistency in Keevil's KS2 results
- Level 3 value added score at Kingdown School

Measure

Actual

% A* to B / Di*	47.4%
% A* to C / Di* to Di	78.9%
% A* to E / Di* to Pa	100.0%
APS / Entry	35.4%
Progress to B average	54%

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review, £806,027 was carried forward representing 7% of GAG.

Going Concern

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

FINANCIAL REVIEW

Financial Review

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also received a grant for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trust's accounting policies.

During the year ended 31 August 2018, total expenditure (excluding restricted fixed asset funds) of £15,373,974 was covered by recurrent grant funding from the DfE, together with other incoming resources of £15,077,693. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £(730,565).

At 31 August 2018 the net book value of fixed assets was £17,581,271 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in Note 26 to the financial statements.

Trustees have adopted an Internal Audit Policy and appointed Bishop Fleming to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 1 report from the Responsible Officer which contained no matters of significance.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £250,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,663,123. The Trustees are reviewing the options for how to utilise these reserves for the benefit of the Trust.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

Investment Policy

Due to the nature of funding, the Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Chief Executive Officer and Chief Operating Officer within

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The principal risks and uncertainties facing the Trust are as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 89% of the Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, 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 Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees 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 Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - the Trust has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the risks to revenue funding from a falling roll are small, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

Vision

Preparing young people for their world in their time.

The Acorn Education Trust was formed in August 2014 to create a local solution to a national strategy. Through close collaboration and a shared vision we believe each school will achieve great things while retaining their individual identity. Underpinning this close collaboration is a strong belief in our core purpose - "excellent leadership, excellent teaching and excellent learning".

Every Acorn school will thrive, as we will ensure the 5 strands of Acorn are evident in all that we do.

Active and Visible Leadership
Care, Support and Challenge
Opportunities for all
Respect, Recognition and Resilience
Needs of all are Paramount

Objectives

A Trust:

- that has a target Ofsted rating of Outstanding for all its academies,
- that sees the development of teaching and learning as key to improvement and raising standards,
- with shared values and collective responsibility for the whole group and the community it serves made up from a group of schools in close geographical proximity and is not remote from the academies it serves.
- based on strong leadership and the development of high quality leaders in all schools and centralised services
- where each school has an agreed level of autonomy based on the school's performance and the level of support it requires.
- where schools work together to deliver value for money services by sharing and optimising resources across the group.
- where individual academies will enjoy better services and facilities, and greater security, than would be possible as a stand-alone academy
- where individual academies will have more resources to direct towards teaching and learning than would be possible as an individual academy.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

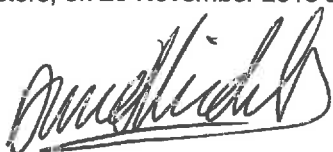
AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable Group's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 29 November 2018 and signed on the board's behalf by:



D Middleton
Chair of Trustees



S Edwards
Chief Executive Officer and Accounting Officer

**ACORN EDUCATION TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 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
A Armstrong	2	5
J Cowan	5	5
R Crow	3	5
S Edwards, Chief Executive	5	5
G Gosling	4	4
J Hampson	5	5
R Hendrickse	5	5
D Middleton, Chair of Trustees	5	5
K Robinson	5	5

The Risk and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose of the Risk and Audit Committee is to ensure that the standards of financial control and administration are adhered to, make financial plans including agreeing the draft budget, and monitor the progress of income and expenditure. It also incorporates the role of an audit committee. The Risk and Audit Committee has formally met 6 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Edwards	6	6
G Gosling	4	4
R Hendrickse	6	6

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer 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 Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 Acorn Education Trust for the year 1 September 2017 to 31 August 2018 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The 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 Risk and Audit 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 appointed Bishop Fleming LLP, the external auditors, to perform additional checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

No significant matters arose from this process.

REVIEW OF EFFECTIVENESS

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

- the work of the external 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 Risk and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 29 November 2018 and signed on their behalf,
by:



**D Middleton
Chair of Trustees**



**S Edwards
Accounting Officer**

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Acorn Education Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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.



**S Edwards
Accounting Officer**

Date: 29 November 2018

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees who are responsible for preparing the Group Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Group 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 ESFADfE 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 Group'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 and signed on its behalf by:



D Middleton
Chair of Trustees

Date: 29 November 2018

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACORN EDUCATION TRUST

OPINION

We have audited the financial statements of Acorn Education Trust (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Group Statement of Financial Activities, the Group Consolidated Balance Sheet, the Group Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Trust's affairs as at 31 August 2018 and of the Group's 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 2017 to 2018 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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.

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. 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

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACORN EDUCATION TRUST

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group 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 Group and the parent Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the 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 Group's and the parent 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 Group or the parent 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.

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACORN
EDUCATION TRUST**

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 for our audit work, for this report, or for the opinions we have formed.



Joseph Scaife FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 21/12/18

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ACORN
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Acorn Education Trust during the year 1 September 2017 to 31 August 2018 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 Acorn Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Acorn Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Acorn Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ACORN EDUCATION TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Acorn Education Trust's funding agreement with the Secretary of State for Education dated 22 December 2014, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy Trust complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO ACORN
EDUCATION TRUST 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Joseph Scaife FCA DChA

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 21/12/18

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	161,177	(364,617)	-	(203,440)	1,662
Other donations and capital grants	2	27,804	249,712	1,069,603	1,347,119	429,530
Charitable activities	3	426,585	12,788,761	-	13,215,346	11,573,729
Other trading activities	4,5	717,051	-	-	717,051	688,607
Investments	6	1,617	-	-	1,617	1,660
TOTAL INCOME		1,334,234	12,673,856	1,069,603	15,077,693	12,695,188
EXPENDITURE ON:						
Raising funds	4	593,754	-	-	593,754	528,754
Charitable activities		675,844	13,469,057	635,319	14,780,220	12,367,769
TOTAL EXPENDITURE	7	1,269,598	13,469,057	635,319	15,373,974	12,896,523
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	64,636	(795,201)	434,284	(296,281)	(201,335)
		-	(211,294)	211,294	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		64,636	(1,006,495)	645,578	(296,281)	(201,335)
Actuarial gains on defined benefit pension schemes	26	-	1,071,000	-	1,071,000	1,778,000
NET MOVEMENT IN FUNDS		64,636	64,505	645,578	774,719	1,576,665
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,598,487	(1,067,667)	17,471,481	18,002,301	16,425,636
TOTAL FUNDS CARRIED FORWARD		1,663,123	(1,003,162)	18,117,059	18,777,020	18,002,301

The notes on pages 23 to 53 form part of these financial statements.

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07654902**

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		17,581,271		17,471,481
CURRENT ASSETS					
Debtors	17	988,892		409,901	
Cash at bank and in hand		3,577,918		3,247,713	
		<u>4,566,810</u>		<u>3,657,614</u>	
CREDITORS: amounts falling due within one year	18	<u>(1,490,061)</u>		<u>(1,012,794)</u>	
NET CURRENT ASSETS			<u>3,076,749</u>		<u>2,644,820</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>20,658,020</u>		<u>20,116,301</u>
Defined benefit pension scheme liability	26		<u>(1,881,000)</u>		<u>(2,114,000)</u>
NET ASSETS			<u><u>18,777,020</u></u>		<u><u>18,002,301</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	20	877,838		1,046,333	
Fixed asset funds	20	18,117,059		17,471,481	
		<u>18,994,897</u>		<u>18,517,814</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(1,881,000)</u>		<u>(2,114,000)</u>	
Total restricted funds			<u>17,113,897</u>		<u>16,403,814</u>
Unrestricted funds	20		<u>1,663,123</u>		<u>1,598,487</u>
TOTAL FUNDS			<u><u>18,777,020</u></u>		<u><u>18,002,301</u></u>

The financial statements on pages 19 to 53 were approved by the Trustees, and authorised for issue, on 29 November 2018 and are signed on their behalf, by:



**D Middleton
Chair of Trustees**



**S Edwards
Accounting Officer**

The notes on pages 23 to 53 form part of these financial statements.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07654902

TRUST BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		17,581,271		17,471,481
Investments	16		1		1
			<u>17,581,272</u>		<u>17,471,482</u>
CURRENT ASSETS					
Debtors	17	972,203		519,037	
Cash at bank and in hand		3,575,713		3,039,791	
		<u>4,547,916</u>		<u>3,558,828</u>	
CREDITORS: amounts falling due within one year	18	(1,563,952)		(1,006,792)	
NET CURRENT ASSETS			<u>2,983,964</u>		<u>2,552,036</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>20,565,236</u>		<u>20,023,518</u>
Defined benefit pension scheme liability	26		(1,881,000)		(2,114,000)
TOTAL NET ASSETS			<u><u>18,684,236</u></u>		<u><u>17,909,518</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income funds		849,183		1,046,333	
Restricted fixed asset funds		17,581,271		17,471,481	
		<u>18,430,454</u>		<u>18,517,814</u>	
Pension reserve		(1,881,000)		(2,114,000)	
Total restricted funds			<u>16,549,454</u>		<u>16,403,814</u>
Unrestricted funds			<u>2,134,782</u>		<u>1,505,704</u>
TOTAL FUNDS			<u><u>18,684,236</u></u>		<u><u>17,909,518</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 29 November 2018 and are signed on their behalf, by:



D Middleton
Chair of Trustees



S Edwards
Accounting Officer

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	22	827,556	673,874
Cash flows from investing activities:			
Interest received		1,617	1,660
Purchase of tangible fixed assets		(745,109)	(182,766)
Capital grants from ESFA		72,581	89,191
Net cash used in investing activities		(670,911)	(91,915)
Cash flows from conversion			
Cash transferred on conversion to an Academy Trust		173,560	154,346
Net cash provided by financing activities		173,560	154,346
Change in cash and cash equivalents in the year		330,205	736,305
Cash and cash equivalents brought forward		3,247,713	2,511,408
Cash and cash equivalents carried forward	23	3,577,918	3,247,713

The notes on pages 23 to 53 form part of these financial statements.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Acorn Education Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Trust alone as permitted by section 408 of the Companies Act 2006.

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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 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 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 and include grants from the Education and Skills Funding Agency.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities 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 unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are not deferred over the life of the asset on which they are expended.

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

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

1.5 EXPENDITURE

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Acorn Education Trust and all of its subsidiary undertakings ('subsidiaries').

The Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

On conversion the Trust was granted a 125 year lease from the local authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the local authority and was valued using the depreciated replacement cost method.

Land and buildings occupied under a Church Supplemental Agreement are not recognised as assets in the balance sheet. These land and buildings are occupied free of charge under a rolling two-year licence from the landowner. Due to the specialised nature of these land and buildings it is not considered practical to place a value of the notional rent donated by the landowner.

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

Long term leasehold buildings	-	50 years straight line
Long term leasehold land	-	125 years straight line
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 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 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 and cash on deposit that has a notice period of less than 30 days.

1.12 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.13 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.14 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 basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.15 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1.16 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from New Close Primary School and Great Wishford CofE Primary School to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted funds and restricted fixed asset funds.

Pension assets and liabilities have been valued by Hyman Robertson LLP.

Further details of the transaction are set out in note 25.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.17 AGENCY ARRANGEMENTS

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at year end are disclosed in note 32.

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

The 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 26, 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 2018. 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.

Critical areas of judgment:

The Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance leases requires the Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion	161,177	(364,617)	-	(203,440)	1,662
	<u>161,177</u>	<u>(364,617)</u>	<u>-</u>	<u>(203,440)</u>	<u>1,662</u>
Donations	27,804	239,372	-	267,176	340,339
Capital Grants	-	10,340	1,069,603	1,079,943	89,191
	<u>27,804</u>	<u>249,712</u>	<u>1,069,603</u>	<u>1,347,119</u>	<u>429,530</u>
	<u>188,981</u>	<u>(114,905)</u>	<u>1,069,603</u>	<u>1,143,679</u>	<u>431,192</u>
Total 2017	<u>169,954</u>	<u>203,991</u>	<u>57,247</u>	<u>431,192</u>	

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	11,275,239	11,275,239	10,047,001
Start up Grants	-	129,404	129,404	140,000
Other ESFA grants	-	857,080	857,080	680,744
	-	12,261,723	12,261,723	10,867,745
Other Government grants				
Other government grants non capital	175,149	527,038	702,187	481,428
	175,149	527,038	702,187	481,428
Other funding				
Internal catering income	52,398	-	52,398	44,014
Sales to students	129,522	-	129,522	72,724
Other	69,516	-	69,516	107,818
	251,436	-	251,436	224,556
	426,585	12,788,761	13,215,346	11,573,729
Total 2017	297,038	11,276,691	11,573,729	

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. TRADING SUBSIDIARY ACTIVITIES

The wholly owned trading subsidiary, Academy Collaborative Services Limited, is incorporated in the United Kingdom (company number: 09360756) and pays all of its profits to the Academy Trust under the gift aid scheme. Academy Collaborative Services Limited operates a Children's Centre and also provides catering services. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
CHARITY TRADING INCOME				
Children's Centre and catering income	680,230	-	680,230	649,818
TRADING EXPENSES				
Children's Centre and catering expenditure	593,754	-	593,754	528,754
Net income from trading activities donated to Acorn Education Trust	86,476	-	86,476	121,064

In 2017, the total income from trading activities was unrestricted.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	36,821	-	36,821	38,789
Total 2017	38,789	-	38,789	

6. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,617	-	1,617	1,660
Total 2017	1,660	-	1,660	

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NOTES TO THE FINANCIAL STATEMENTS
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7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
Direct costs	393,174	-	200,580	593,754	528,754
Support costs	-	-	-	-	-
Education:					
Direct costs	9,441,554	473,153	873,328	10,788,035	9,119,891
Support costs	1,932,333	1,018,922	1,040,930	3,992,185	3,247,878
	11,767,061	1,492,075	2,114,838	15,373,974	12,896,523
Total 2017	9,908,234	1,065,040	1,923,249	12,896,523	

8. DIRECT COSTS

	Total 2018 £	Total 2017 £
Pension finance costs	29,040	76,000
Educational supplies	308,061	226,665
Examination fees	150,919	152,852
Staff development	26,289	26,180
Educational visits and other costs	359,019	425,390
Supply teachers	67,724	28,628
Wages and salaries	7,311,222	6,157,246
National insurance	667,143	539,587
Pension cost	1,395,465	1,090,510
Depreciation	473,153	396,833
	10,788,035	9,119,891
Total 2017	9,119,891	

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9. SUPPORT COSTS

	Total 2018 £	Total 2017 £
Pension finance costs	36,960	-
Staff development	21,049	6,557
Other costs	54,322	67,202
Recruitment and support	57,369	14,982
Maintenance of premises and equipment	512,978	158,615
Cleaning	92,074	54,545
Rent and rates	100,079	80,107
Energy costs	347,262	124,552
Insurance	51,882	46,009
Security and transport	54,970	47,969
Catering	168,435	144,901
Technology costs	117,013	278,043
Office overheads	28,267	16,964
Legal and professional	232,563	245,396
Bank interest and charges	2,696	2,557
Governance	19,767	18,587
Wages and salaries	1,339,499	1,236,150
National insurance	92,939	83,013
Pension cost	499,895	411,621
Depreciation	162,166	210,108
	<u>3,992,185</u>	<u>3,247,878</u>
Total 2017	<u>3,247,878</u>	

10. NET INCOME/EXPENDITURE FOR THE PERIOD

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	635,319	606,941
Auditors' remuneration - audit	17,000	15,000
Auditors' remuneration - non-audit	3,605	3,605

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	8,962,555	7,685,719
Social security costs	771,778	634,230
Operating costs of defined benefit pension schemes	1,932,597	1,534,657
	<u>11,666,930</u>	<u>9,854,606</u>
Staff restructuring costs	32,407	25,000
Supply teacher costs	67,724	28,628
	<u><u>11,767,061</u></u>	<u><u>9,908,234</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	15,907	-
Settlement payments	16,500	-
	<u><u>32,407</u></u>	<u><u>-</u></u>

b. Non-statutory/non-contractual staff severance payments

The staff restructuring costs above relate to costs incurred for 1 non-statutory/non-contractual settlement and 2 redundancy payments in the year. Individually, the payments were: £16,500, £5,219 and £10,688. All payments were made on 31 August 2018.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year, expressed as full time equivalent, was as follows:

	2018 No.	2017 No.
Teachers	163	155
Administration and support	238	168
Managers	46	32
	<u><u>447</u></u>	<u><u>355</u></u>

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. STAFF COSTS (continued)

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	131	131
Administration and support	96	92
Managers	44	31
	271	254

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	8	8
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	0
In the band £100,001 - £200,000	1	1

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £274,770 (2017: £292,294).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 12 has not been included in the total benefits received by key management personnel above.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Head and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Head and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

S Edwards: Remuneration £125,000 - £130,000 (2017: £105,000 - £110,000), Employer's pension contributions £20,000 - £25,000 (2017: £15,000 - £20,000). Other related party transactions involving the Trustees are set out in note 28.

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £NIL to 0 Trustees).

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. CENTRAL SERVICES

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

- Finance, budgeting, financial returns, audit and accounts
- Payroll
- Human Resources
- Legal advice
- Strategy and MAT growth
- School improvement services
- Supplier contracts
- Asset management
- Marketing
- Policy administration
- Insurance negotiation
- Business development
- Grant sourcing
- Income generation
- Catering collaboration

The Trust charges for these services on the following basis:

The Trust charges schools a flat percentage (3.5% for Sponsored Schools and 3% for non-sponsored schools) on the total income per school, to manage the central services.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Kingdown School	217,926	216,000
Dilton Marsh C of E Primary School	21,931	23,400
The Avenue Primary School	29,532	47,500
Keevil C of E Primary School	12,557	13,200
West Ashton C of E Primary School	10,237	9,100
Heytesbury C of E Primary School	8,038	3,750
St John's C of E Primary School	15,164	3,000
New Close Primary School	15,540	-
Great Wishford CofE (VA) Primary School	6,858	-
	<u>337,783</u>	<u>315,950</u>

14. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Furniture and fixtures £	Plant and equipment £	Total £
GROUP AND ACADEMY TRUST				
COST				
At 1 September 2017	18,787,209	638,830	1,352,672	20,778,711
Additions	293,549	178,484	273,076	745,109
At 31 August 2018	19,080,758	817,314	1,625,748	21,523,820
DEPRECIATION				
At 1 September 2017	1,866,211	306,283	1,134,736	3,307,230
Charge for the year	336,554	93,712	205,053	635,319
At 31 August 2018	2,202,765	399,995	1,339,789	3,942,549
NET BOOK VALUE				
At 31 August 2018	16,877,993	417,319	285,959	17,581,271
At 31 August 2017	16,920,998	332,547	217,936	17,471,481
TRUST				
COST				
At 1 September 2017	18,787,209	638,830	1,352,672	20,778,711
Additions	293,549	178,484	273,076	745,109
At 31 August 2018	19,080,758	817,314	1,625,748	21,523,820
DEPRECIATION				
At 1 September 2017	1,866,211	306,283	1,134,736	3,307,230
Charge for the year	336,554	93,712	205,053	635,319
At 31 August 2018	2,202,765	399,995	1,339,789	3,942,549
NET BOOK VALUE				
At 31 August 2018	16,877,993	417,319	285,959	17,581,271
At 31 August 2017	16,920,998	332,547	217,936	17,471,481

16. FIXED ASSET INVESTMENTS

This £1 represents the investment in the trading subsidiary, Academy Collaborative Services Limited.

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. DEBTORS

	GROUP		TRUST	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	25,006	11,202	23,581	8,272
Amounts owed by group undertakings	-	-	-	115,930
Other debtors	30,650	169	30,427	169
Prepayments and accrued income	420,940	215,783	420,940	215,783
Tax recoverable	512,296	182,747	497,255	178,883
	988,892	409,901	972,203	519,037

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		TRUST	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	86,129	-	84,274	-
Trade creditors	735,409	403,422	726,082	399,246
Amounts owed to group undertakings	-	-	93,826	-
Other taxation and social security	208,615	188,675	208,615	187,984
Other creditors	216,043	236,571	207,290	235,436
Accruals and deferred income	243,865	184,126	243,865	184,126
	1,490,061	1,012,794	1,563,952	1,006,792

	GROUP		TRUST	
	£	£	£	£
DEFERRED INCOME				
Deferred income at 1 September 2017	161,775	157,464	161,775	157,464
Resources deferred during the year	204,434	161,775	204,434	161,775
Amounts released from previous years	(161,775)	(157,464)	(161,775)	(157,464)
Deferred income at 31 August 2018	204,434	161,775	204,434	161,775

At the balance sheet date the Group and Trust were holding ESFA grants and school trip income received in advance for the 2018/19 academic year .

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>3,950,627</u>	<u>3,414,596</u>
Financial liabilities measured at amortised cost	<u>990,883</u>	<u>444,069</u>

Financial assets measured at amortised cost comprise cash balances, trade debtors, other debtors and accrued income.

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

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	1,598,487	1,334,234	(1,269,598)	-	-	1,663,123
RESTRICTED FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General Annual Grant (GAG)	852,860	11,260,179	(11,095,718)	(211,294)	-	806,027
Start up grant	73,986	127,804	(129,979)	-	-	71,811
School standards funds	-	522,700	(522,700)	-	-	-
Pupil Premium	-	135,243	(135,243)	-	-	-
Devolved Formula Capital	-	10,340	(10,340)	-	-	-
Other ESFA grants	-	171,147	(171,147)	-	-	-
Sponsored capacity fund	55,000	-	(55,000)	-	-	-
Named pupil allowance	-	117,092	(117,092)	-	-	-
Enhanced learning provision	-	74,051	(74,051)	-	-	-
School sports services	64,487	43,050	(107,537)	-	-	-
Young Peoples Support Services	-	156,090	(156,090)	-	-	-
Other local authority funding	-	193,788	(193,788)	-	-	-
Other donations	-	239,372	(239,372)	-	-	-
Pension reserve	(2,114,000)	(377,000)	(461,000)	-	1,071,000	(1,881,000)
	(1,067,667)	12,673,856	(13,469,057)	(211,294)	1,071,000	(1,003,162)
RESTRICTED FIXED ASSET FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed assets transferred on conversion	15,957,415	-	(336,554)	-	-	15,620,861
Fixed assets purchased from GAG and other restricted funds	1,514,066	72,581	(295,970)	211,294	-	1,501,971
Condition Improvement Funding	-	997,022	(2,795)	-	-	994,227
	17,471,481	1,069,603	(635,319)	211,294	-	18,117,059
Total restricted funds	16,403,814	13,743,459	(14,104,376)	-	1,071,000	17,113,897
Total of funds	18,002,301	15,077,693	(15,373,974)	-	1,071,000	18,777,020

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS

The General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Trust, including education and support costs.

Start up grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a School to an Academy.

Pupil Premium - This represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the underlying inequalities between those children and their wealthier peers.

Universal Infant Free School Meals (UIFSM) - This represents funding received from the ESFA to support the Trust in delivering the legal requirement to offer free school meals to all their reception, year 1 and year 2 pupils.

Devolved Formula Capital - This represents funding received from the ESFA to cover the maintenance and purchase of the Trust's assets.

Other ESFA grants - This represents other funding received from the ESFA, including rates funding and PE sport grant.

Sponsored capacity fund - This represents funding received from the ESFA to support approved Academy sponsors in setting up and expanding the Trust and its organisational structures.

Named Pupil Allowance - This represents funding received from Wiltshire County Council in addition to the funding received for High Needs.

Enhanced learning provision - This represents funding received from Wiltshire County Council, to work in partnership with the Trust in order to effectively include pupils with complex learning and communication needs.

School Sports Services - This represents funding from Schools Sport Trust to motivate and inspire young people to take part in competitive school sports.

Young Peoples Support Services - This represents funding from Wiltshire County Council as an alternative provision trial for children who have been or are at risk of being excluded.

Other local authority funding - This represents other funding from Wiltshire County Council including Pupil Premium and Resource Base funding.

Other donations - This represents contributions received from parents towards school trips as well as other funding received for specific purposes.

Pension reserve represents the Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Trust is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion represents the land, buildings and equipment donated to the Trust on conversion from the local authority.

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20. STATEMENT OF FUNDS (continued)

Fixed assets purchased from GAG and other restricted funds represents amounts spent on fixed assets from the GAG funding received from the ESFA and other specific capital grants.

Condition Improvement Fund (CIF) funding represents amounts awarded by the ESFA for significant works in order to keep the Trust buildings safe and in good working order.

TRANSFERS BETWEEN FUNDS

The transfer from the restricted fund to the restricted fixed asset fund represents the total capital expenditure from GAG and other restricted grants during the year.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Kingdown School	1,177,303	1,484,975
Dilton Marsh C of E Primary School	253,990	287,125
The Avenue Primary School	371,249	237,713
Keevil C of E Primary School	-	30,025
West Ashton C of E Primary School	9,932	30,987
Heytesbury C of E Primary School	60,786	58,638
St John's C of E Primary School	37,074	50,962
Central Services (including Trading subsidiary)	363,661	464,395
Great Wishford C of E Primary School	45,453	-
New Close Primary School	221,513	-
Total before fixed asset fund and pension reserve	2,540,961	2,644,820
Restricted fixed asset fund	18,117,059	17,471,481
Pension reserve	(1,881,000)	(2,114,000)
Total	18,777,020	18,002,301

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Kingdown School	5,631,115	1,042,311	109,351	879,474	7,662,251	8,206,747
Dilton Marsh C of E Primary School	611,369	75,752	13,227	210,138	910,486	796,111
The Avenue Primary School	1,074,216	92,209	20,191	194,534	1,381,150	1,281,232
Keevil C of E Primary School	335,995	27,670	21,650	124,827	510,142	504,688
West Ashton C of E Primary School	294,520	40,935	39,309	115,292	490,056	309,098
Heytesbury C of E Primary School	225,664	29,093	5,569	64,103	324,429	204,523
St John's C of E Primary School	416,567	62,759	21,869	92,769	593,964	116,216
Great Wishford CofE Primary School	389,952	206,562	5,024	294,140	895,678	-
New Close Primary School	353,268	62,624	2,874	115,801	534,567	-
Central Services (including Trading subsidiary)	174,470	614,174	36,178	652,675	1,477,497	945,154
	9,507,136	2,254,089	275,242	2,743,753	14,780,220	12,363,769

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	1,439,131	1,157,259	(997,903)	-	-	1,598,487

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

20. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	413,098	10,047,001	(9,481,720)	(125,519)	-	852,860
Start up grant	8,160	140,000	(74,174)	-	-	73,986
Pupil Premium	-	456,212	(456,212)	-	-	-
Universal Infant Free School Meals (UIFSM)	-	101,999	(101,999)	-	-	-
Devolved Formula Capital	-	31,944	(31,944)	-	-	-
Other ESFA grants	-	67,533	(67,533)	-	-	-
Sponsored capacity fund	28,882	55,000	(28,882)	-	-	55,000
Named pupil allowance	-	50,356	(50,356)	-	-	-
Enhanced learning provision	-	64,039	(64,039)	-	-	-
School sports services	48,709	45,480	(29,702)	-	-	64,487
Young Peoples Support Services	-	130,387	(130,387)	-	-	-
Other local authority funding	-	118,684	(118,684)	-	-	-
Other donations	-	315,047	(315,047)	-	-	-
Pension reserve	(3,408,000)	(143,000)	(341,000)	-	1,778,000	(2,114,000)
	<u>(2,909,151)</u>	<u>11,480,682</u>	<u>(11,291,679)</u>	<u>(125,519)</u>	<u>1,778,000</u>	<u>(1,067,667)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Fixed assets transferred on conversion	16,293,971	-	(336,556)	-	-	15,957,415
Fixed assets purchased from GAG and other restricted funds	1,601,685	57,247	(270,385)	125,519	-	1,514,066
	<u>17,895,656</u>	<u>57,247</u>	<u>(606,941)</u>	<u>125,519</u>	<u>-</u>	<u>17,471,481</u>
Total restricted funds	<u>14,986,505</u>	<u>11,537,929</u>	<u>(11,898,620)</u>	<u>-</u>	<u>1,778,000</u>	<u>16,403,814</u>
Total of funds	<u>16,425,636</u>	<u>12,695,188</u>	<u>(12,896,523)</u>	<u>-</u>	<u>1,778,000</u>	<u>18,002,301</u>

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	17,581,271	17,581,271
Current assets	793,422	3,237,601	535,788	4,566,811
Creditors due within one year	869,701	(2,359,763)	-	(1,490,062)
Pension scheme liability	-	(1,881,000)	-	(1,881,000)
	<u>1,663,123</u>	<u>(1,003,162)</u>	<u>18,117,059</u>	<u>18,777,020</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	17,471,481	17,471,481
Current assets	1,491,188	2,166,426	-	3,657,614
Creditors due within one year	107,299	(1,120,093)	-	(1,012,794)
Pension scheme liability	-	(2,114,000)	-	(2,114,000)
	<u>1,598,487</u>	<u>(1,067,667)</u>	<u>17,471,481</u>	<u>18,002,301</u>

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

	GROUP	
	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(296,281)	(201,335)
Adjustment for:		
Depreciation charges	635,319	606,941
Interest received	(1,617)	(1,660)
Increase in debtors	(578,991)	(45,391)
Increase in creditors	477,267	65,172
Capital grants from DfE and other capital income	(72,581)	(89,191)
Defined benefit pension scheme cost less contributions payable	395,000	265,000
Defined benefit pension scheme finance cost	66,000	76,000
Net assets and liabilities from local authority on conversion	203,440	(1,662)
Net cash provided by operating activities	827,556	673,874

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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	GROUP	
	2018	2017
	£	£
Cash at bank and in hand	3,577,918	3,247,713
	3,577,918	3,247,713

24. GENERAL INFORMATION

Acorn Education Trust is a company limited by guarantee, incorporated in the United Kingdom and registered in England and Wales. The registered office is: Kingdown School, Woodcock Road, Warminster, Wiltshire, BS12 9DR.

25. CONVERSION TO AN ACADEMY TRUST

During the year the 2 schools listed below converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Acorn Education Trust from Wiltshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities. Included below is the transfer of pension deficit liability of £377,000 on conversion.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Budget surplus on Local Authority funds	-	8,800	-	8,800
Budget surplus/(deficit) on other school funds	-	3,583	-	3,583
LGPS pension deficit	-	(377,000)	-	(377,000)
Other identified assets and liabilities	161,177	-	-	161,177
Net assets/(liabilities)	161,177	(364,617)	-	(203,440)

The above net assets include £173,560 that was transferred as cash.

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New Close Primary School (1 November 2017)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus on LA funds	-	7,830	-	7,830
Budget surplus on other school funds	-	3,240	-	3,240
Other identified assets and liabilities	142,890	-	-	142,890
Net assets	<u>142,890</u>	<u>11,070</u>	<u>-</u>	<u>153,960</u>

The above net assets include £153,960 that were transferred as cash.

Great Wishford CofE Primary School (1 March 2018)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus on LA funds	-	970	-	970
Budget surplus on other school funds	-	343	-	343
Other identified assets and liabilities	18,287	-	-	18,287
Net assets	<u>18,287</u>	<u>1,313</u>	<u>-</u>	<u>19,600</u>

The above net assets include £19,600 that were transferred as cash.

26. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. PENSION COMMITMENTS (continued)

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 period amounted to £1,199,002 (2017: £1,165,657).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £589,000 (2017: £475,000), of which employer's contributions totalled £465,000 (2017: £369,000) and employees' contributions totalled £124,000 (2017: £106,000). The agreed contribution rates for future years are 18.5% for employers and 5.5 - 12.5% for employees.

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

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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26. 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:

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.9	24.9
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate -0.5%	1,134,000	940,000
Salary increase rate +0.5%	192,000	178,000
Pension increase rate +0.5%	927,000	746,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	4,903,000	3,745,000
Bonds	967,000	739,000
Property	898,000	686,000
Cash and other liquid assets	138,000	105,000
Total market value of assets	6,906,000	5,275,000

The actual return on scheme assets was £552,000 (2017: £849,000).

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

	2018 £	2017 £
Current service cost	(859,000)	(634,000)
Interest income	151,000	91,000
Interest cost	(217,000)	(167,000)
Total	(925,000)	(710,000)
Actual return on scheme assets	552,000	849,000

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26. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	7,389,000	7,476,000
Current service cost	859,000	634,000
Interest cost	217,000	167,000
Employee contributions	124,000	106,000
Actuarial gains	(666,000)	(1,214,000)
Benefits paid	(133,000)	(52,000)
Past service costs	1,000	-
Effect of business combinations	995,000	272,000
Closing defined benefit obligation	8,786,000	7,389,000

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

	2018 £	2017 £
Opening fair value of scheme assets	5,275,000	4,068,000
Interest income	151,000	91,000
Actuarial losses	405,000	564,000
Employer contributions	465,000	369,000
Employee contributions	124,000	106,000
Benefits paid	(133,000)	(52,000)
Effect of business combinations	618,000	129,000
Closing fair value of scheme assets	6,905,000	5,275,000

27. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
GROUP AND ACADEMY TRUST		
AMOUNTS PAYABLE:		
Within 1 year	804	11,423
Between 1 and 5 years	-	804
Total	804	12,227

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NOTES TO THE FINANCIAL STATEMENTS
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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

During the year Acorn Education Trust purchased supplies of £6,500 (2017: £48,482) from Learning Futures (West Wilts) Limited of which a Trustee, S Edwards, is a director. At the year end Acorn Education Trust owed the company £Nil (2017: £18,365), this balance is included in trade creditors.

29. POST BALANCE SHEET EVENTS

An additional school joined the Academy from 1 September 2018; this school was The Clarendon Academy.

From 1 September 2018, Heytesbury Hedgehogs nursery joined the Trust's trading company.

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NOTES TO THE FINANCIAL STATEMENTS
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30. PRINCIPAL SUBSIDIARIES

Academy Collaborative Services Limited

Subsidiary name	Academy Collaborative Services Limited
Company registration number	09360756
Basis of control	Ownership
Equity shareholding %	100%
Total assets as at 31 August 2018	£ 346,285
Total liabilities as at 31 August 2018	£ (253,501)
Total equity as at 31 August 2018	£ 92,784
Turnover for the year ended 31 August 2018	£ 680,438
Expenditure for the year ended 31 August 2018	£ (564,538)
Profit for the year ended 31 August 2018	£ 115,900

31. 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.

32. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the Academy Trust received £1,098,166 and disbursed £1,075,094 from the fund. An amount of £63,617 is included in other creditors relating to undistributed funds that is repayable to ESFA.