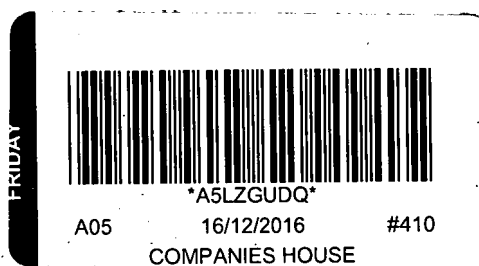


ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016



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

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	A Armstrong S Bonnell J Cowan (appointed 30 June 2016) S Edwards (resigned 30 June 2016) D Middleton
Trustees	A Armstrong, Vice Chair ¹ R A Crow (appointed 28 June 2016) S Edwards, Chief Executive Officer ¹ J Hampson T Hillier (resigned 27 June 2016) D Middleton, Chair of Trustees ¹ K Robinson L Weare (resigned 10 June 2016) ¹ Finance and Audit Committee
Company registered number	07654902
Company name	Acorn Education Trust
Principal and Registered office	Woodcock Road Warminster Wiltshire BA12 9DR
Company secretary	S George
Accounting Officer	S Edwards
Senior management team	S Edwards, Chief Executive Officer H Cowan, HR Director S George, Business and Finance Director
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT
Bankers	Lloyds Bank Plc 64 Fore Street Trowbridge Wiltshire BA14 8EU
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates academies for pupils aged 4 to 18 in Wiltshire and a trading company, Academy Collaborative Services Limited. The academies have a combined pupil capacity of 2,329 and had a roll of 2,142 in the school census on 1 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Acorn Education Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company trades as Kingdown School, Dilton Marsh Church of England Primary School, The Avenue Primary School and Children's Centre and Keevil Church of England Primary School.

Acorn Education Trust amended its articles to have 50% Diocese membership and Directorship, to be able to accept Voluntary Aided schools. The first of these, Keevil Church of England Primary School joined the Trust on 1st July 2016. Academy Collaborative Services Ltd which runs the Avenue Children's Centre and other non-core activities for the Trust is a wholly owned trading company.

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 £5,000,000 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 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;

- Finance and Audit Committee - this meets at least three 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, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

The Trustees have devolved responsibility for day to day management of the Academies to the 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.

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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 4 and 18.

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 academy'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 2016 are summarised below.

STRATEGIC REPORT

Educational Achievements

The results across the schools are mixed. Kingdown and the Avenue's results are good to very good. At Dilton Marsh and Keevil most of the attainment scores are in line with national, however the progress scores are all negative.

At KS1 the Avenue, Dilton Marsh and Keevil's results in Reading, Writing and Maths are in line with national results. At KS2 attainment is in line or above national in all schools except in Mathematics at Keevil Primary School. The combined score in Reading and Maths is well above national at The Avenue, it is in line with national at Dilton Marsh and below at Keevil.

The progress results at The Avenue are very good, placing the school in the top 25% of all schools for Maths and Writing, and the top 40% schools for Reading. Dilton Marsh is in the middle percentile for writing and in the bottom 40% of schools for Reading and Maths. At Keevil the progress score in Reading is in the middle percentile, the Writing and Maths score is in the bottom percentile.

The KS4 results at Kingdown are very good. The Attainment 8 score is expected to be about 51.5 and the Progress 8 score is expected to be around 0.4. The combined English and Maths score will be around 68%. The Alps report grades the overall KS4 performance at grade 3, which is very good. At KS5 results are good, with a 99.4% pass rate, 72.6% of passes at A – C grade. The Alps report grades the school at a 4, confirming the judgement of good.

Business Achievements

Some of the key business achievements of the Trust during the year ended 31 August 2016 are:

- Extended the IT shared service and providing an entire infrastructure replacement, including an internet line which was not fit for purpose, drastically improving the quality of provision delivered to the staff and children;
- Collaborated with a variety of schools outside of the Trust and assisted them in solving budget issues;
- Brought payroll in house saving the Trust over £30,000 per annum;
- Brought Kingdown's catering function in house, bringing in at least £40,000 additional income;
- Facilities team now providing a shared service, saving nearly £20,000 per annum;
- In discussion with Primaries and Secondaries regarding Trust membership and further developing the

**ACORN EDUCATION TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- marketing, strategies and plans for the Trust;
- Identifying systems and processes that could be better improved to redirect funds to education;
- Setting up Trust offices to redirect focus and support to whole Trust.

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 period under review, £413,098 was carried forward representing 4.5% of GAG.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Trust's income is obtained from the DfE via the EFA 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 2016 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 2016, total expenditure (excluding restricted fixed asset funds) of £11,779,062 was covered by recurrent grant funding from the DfE, together with other incoming resources of £11,951,063. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £175,777.

At 31 August 2016 the net book value of fixed assets was £19,987,409 and movements in tangible fixed assets are shown in note 16 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 28 to the financial statements.

Trustees have adopted a process of internal assurance reviews and appointed Bishop Fleming LLP to undertake a programme of internal checks on the financial controls.

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 reserves (total funds less the amount held in fixed assets and restricted funds) is £1,439,131.

**ACORN EDUCATION TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 Business and Finance Director within 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 EFA. In the last year 81% 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 Trust has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Trust. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 28 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 future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

Vision

Preparing young people for their world in their time:

- Each academy is recognised as a centre of learning excellence.
- Leadership at all levels is excellent, supported by strong and robust quality assurance systems.

Acorn Education Trust will seek to develop its shared services offered.

The Academies will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. They will continue to aim to attract high quality teachers and business staff in order to deliver its objectives.

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;

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- 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.

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, approved by order of the Board of Trustees, as company directors, on 8 December 2016 and signed on the board's behalf by:



D Middleton
Chair of Trustees



S Edwards
Chief Executive Officer and Accounting Officer

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

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 3 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, Vice Chair	3	3
R A Crow	1	1
S Edwards, Chief Executive Officer	3	3
J Hampson	3	3
T Hillier	1	3
D Middleton, Chair of Trustees	2	3
K Robinson	2	3
L Weare	1	3

The Finance and Audit Committee is a sub-committee of the main Trustees. The purpose of the Finance 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 Finance Committee has formally met 4 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Armstrong, Vice Chair	1	4
S Edwards	4	4
D Middleton, Chair of Trustees	4	4

REVIEW OF VALUE FOR MONEY

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

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

- Bringing in house the payroll function improving control and increasing finances available for education;
- Bringing the Catering function in house, again increasing finances available for educational purposes;
- Extending the IT bought shared service, saving funds and providing necessary expertise to deliver the curriculum effectively;
- Developing shared facilities services, saving money and giving primaries access to trades that would have in the past not been available;

GOVERNANCE STATEMENT (continued)

- Robust financial governance and budget management;
- Value for money purchasing;
- Reviewing controls and managing risk;
- Considering allocations and targeting the use of resources;
- Making comparisons with similar Academies using data provided by the EFA and the Government;
- Challenging proposals and examining their effectiveness and efficiency;
- Deploying staff effectively;
- Reviewing quality of curriculum provision and quality of teaching;
- Reviewing quality of children's learning to enable children to achieve nationally expected progress;
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

**ACORN EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

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

- Testing of payroll systems;
- Testing of purchase systems
- Testing of control account/bank account reconciliations;
- Testing of sales ledgers.

Bishop Fleming reports to the Board of Trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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 Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 8 December 2016 and signed on their behalf, by:



D Middleton
Chair of Trustees



S Edwards
Accounting Officer

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

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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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 EFA.



**S Edwards
Accounting Officer**

Date: 8 December 2016

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees who are responsible for preparing the Trustees' Report (including the Group Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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;
- 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 EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable 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: 8 December 2016

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

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

We have audited the financial statements of Acorn Education Trust for the year ended 31 August 2016 which comprise the group Statement of Financial Activities, the group and academy Balance Sheets, the group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Group Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the parent charitable academy 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 charitable academy 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.

Bishop Fleming LLP

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: 15/12/16

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

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

In accordance with the terms of our engagement letter dated 27 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA 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 EFA 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 EFA, 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 AUDITORS**

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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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.

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 2015 to 31 August 2016 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 (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 15/2/16

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	3,785	(44,000)	535,542	495,327	1,123,773
Other donations and capital grants	2	23,462	266,652	100,212	390,326	463,697
Charitable activities	6	460,612	10,159,293	-	10,619,905	10,195,831
Other trading activities	3,4	442,837	-	-	442,837	242,705
Investments	5	2,668	-	-	2,668	2,668
TOTAL INCOME		933,364	10,381,945	635,754	11,951,063	12,028,674
EXPENDITURE ON:						
Raising funds	3	365,612	-	-	365,612	199,882
Charitable activities		334,107	10,439,813	639,530	11,413,450	10,663,247
TOTAL EXPENDITURE	7	699,719	10,439,813	639,530	11,779,062	10,863,129
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		233,645	(57,868)	(3,776)	172,001	1,165,545
Transfers between Funds	21	-	(354,875)	354,875	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		233,645	(412,743)	351,099	172,001	1,165,545
Actuarial gains/(losses) on defined benefit pension schemes	28	-	(1,516,000)	-	(1,516,000)	188,000
NET MOVEMENT IN FUNDS		233,645	(1,928,743)	351,099	(1,343,999)	1,353,545
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,205,486	(980,408)	19,636,310	19,861,388	18,507,843
TOTAL FUNDS CARRIED FORWARD		1,439,131	(2,909,151)	19,987,409	18,517,389	19,861,388

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

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	16		19,987,409		19,636,310
CURRENT ASSETS					
Debtors	18	313,092		247,945	
Cash at bank and in hand		2,511,408		2,273,903	
		<u>2,824,500</u>		<u>2,521,848</u>	
CREDITORS: amounts falling due within one year	19	(886,520)		(617,770)	
NET CURRENT ASSETS			<u>1,937,980</u>		<u>1,904,078</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,925,389</u>		<u>21,540,388</u>
Defined benefit pension scheme liability	28	(3,408,000)		(1,679,000)	
TOTAL NET ASSETS			<u><u>18,517,389</u></u>		<u><u>19,861,388</u></u>
FUNDS OF THE GROUP					
Restricted income funds:					
General funds	21	498,849		698,592	
Fixed asset funds	21	19,987,409		19,636,310	
		<u>20,486,258</u>		<u>20,334,902</u>	
Pension reserve		<u>(3,408,000)</u>		<u>(1,679,000)</u>	
Total restricted income funds			<u>17,078,258</u>		<u>18,655,902</u>
Unrestricted income funds	21	1,439,131		1,205,486	
TOTAL FUNDS			<u><u>18,517,389</u></u>		<u><u>19,861,388</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



D Middleton
Chair of Trustees



S Edwards
Accounting Officer

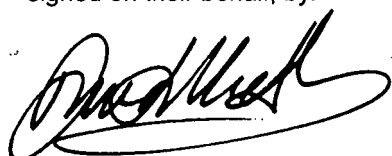
The notes on pages 22 to 50 form part of these financial statements.

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

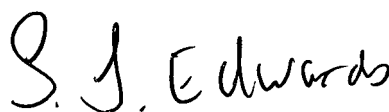
TRUST BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	16		19,987,409		19,636,310
Investments	17		1		1
			<u>19,987,410</u>		<u>19,636,311</u>
CURRENT ASSETS					
Debtors	18	348,428		251,706	
Cash at bank and in hand		2,369,646		2,168,145	
		<u>2,718,074</u>		<u>2,419,851</u>	
CREDITORS: amounts falling due within one year	19	(876,952)		(608,557)	
NET CURRENT ASSETS			<u>1,841,122</u>		<u>1,811,294</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,828,532</u>		<u>21,447,605</u>
Defined benefit pension scheme liability	28		(3,408,000)		(1,679,000)
TOTAL NET ASSETS			<u><u>18,420,532</u></u>		<u><u>19,768,605</u></u>
FUNDS OF THE TRUST					
Restricted funds:					
Restricted funds	21	498,849		698,592	
Restricted fixed asset funds	21	19,987,409		19,636,310	
		<u>20,486,258</u>		<u>20,334,902</u>	
Pension reserve		(3,408,000)		(1,679,000)	
Total restricted funds			<u>17,078,258</u>		<u>18,655,902</u>
Unrestricted funds	21		<u>1,342,274</u>		<u>1,112,703</u>
TOTAL FUNDS			<u><u>18,420,532</u></u>		<u><u>19,768,605</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



D Middleton
Chair of Trustees



S Edwards
Accounting Officer

The notes on pages 22 to 50 form part of these financial statements.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	23	<u>589,687</u>	<u>979,541</u>
Cash flows from investing activities:			
Interest received		2,668	2,668
Purchase of tangible fixed assets		(455,087)	(1,162,641)
Capital grants from DfE/EFA		<u>100,212</u>	<u>79,477</u>
Net cash used in investing activities		<u>(352,207)</u>	<u>(1,080,496)</u>
Cash flows transferred on conversion			
Cash transferred on conversion to an Academy Trust		<u>25</u>	<u>139,587</u>
Net cash provided by financing activities		<u>25</u>	<u>139,587</u>
Change in cash and cash equivalents in the year		237,505	38,632
Cash and cash equivalents brought forward		<u>2,273,903</u>	<u>2,235,271</u>
Cash and cash equivalents carried forward	24	<u><u>2,511,408</u></u>	<u><u>2,273,903</u></u>

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy 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 2015 to 2016 issued by EFA, 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 academy 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 academy alone as permitted by section 408 of the Companies Act 2006.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

First time adoption of FRS 102

These financial statements are the first financial statements of Acorn Education Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Acorn Education Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 33.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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 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 Funding Agency.

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

1.4 INCOME

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

Grants are included in the Statement of Financial Activities 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Donations are recognised on a receivable basis where there is certainty of receipt 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

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

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

Charitable activities are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust.

All resources expended are 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 results of subsidiaries acquired during the year are included from the effective date of acquisition.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.8 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

On conversion the Academy 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.

Where the Academy Trust has been granted use of school buildings from the Diocese of Salisbury under Supplemental Agreements, the Academies Accounts Direction prescribes that under this agreement the risks and rewards of ownership remain with the Academy Trust. The land and buildings have been included since conversion within the long term leasehold property of the Academy Trust. 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. This view differs from the view of the Church of England.

The Supplemental Agreement includes the right for the Diocese of Salisbury Trustees to give not less than 2 years written notice to the Academy Trust and Secretary of State for Education to terminate the agreement. No such written notice has been received as at the date of the approval of the financial statements.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.10 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.11 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.

1.12 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.13 TAXATION

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

1.14 LIABILITIES AND PROVISIONS

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

Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.15 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1. ACCOUNTING POLICIES (continued)

1.16 PENSIONS

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1.17 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 Keevil Church of England 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 the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and buildings have been included in the financial statements at an estimation of their value at the date of conversion. In determining this value the Trustees have referred to the valuations of land and buildings provided by the EFA for other local schools, which was performed using the Depreciated Replacement Cost method.

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

Further details of the transaction are set out in note 27.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.18 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA 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 funds received and paid and any balances held are disclosed in note 32.

1.19 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy 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 2016

2. INCOME FROM DONATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer from local authority on conversion	3,785	(44,000)	535,542	495,327	1,123,773
	<u>3,785</u>	<u>(44,000)</u>	<u>535,542</u>	<u>495,327</u>	<u>1,123,773</u>
Donations	23,462	266,652	-	290,114	384,220
Capital Grants	-	-	100,212	100,212	79,477
	<u>23,462</u>	<u>266,652</u>	<u>100,212</u>	<u>390,326</u>	<u>463,697</u>
	<u>27,247</u>	<u>222,652</u>	<u>635,754</u>	<u>885,653</u>	<u>1,587,470</u>

In 2015, £324,384 of the total income from donations was unrestricted funds and £1,263,086 was restricted funds.

3. 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 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
CHARITY TRADING INCOME				
Children's Centre and catering income	406,763	-	406,763	203,956
	<u>406,763</u>	<u>-</u>	<u>406,763</u>	<u>203,956</u>
TRADING EXPENSES				
Children's Centre and catering expenditure	365,612	-	365,612	199,882
	<u>365,612</u>	<u>-</u>	<u>365,612</u>	<u>199,882</u>
Net income from trading activities donated to Acorn Education Trust	41,151	-	41,151	4,074
	<u>41,151</u>	<u>-</u>	<u>41,151</u>	<u>4,074</u>

In 2015, the total income from trading activities of £203,956 was unrestricted.

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	36,074	-	36,074	37,371
Consultancy	-	-	-	1,378
	<u>36,074</u>	<u>-</u>	<u>36,074</u>	<u>38,749</u>

In 2015, the total income from other trading activities of £38,749 was unrestricted.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	2,668	-	2,668	2,668
	<u>2,668</u>	<u>-</u>	<u>2,668</u>	<u>2,668</u>

In 2015, the total investment income of £2,668 was unrestricted.

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Education	460,612	10,159,293	10,619,905	10,097,157
Nursery	-	-	-	98,674
	<u>460,612</u>	<u>10,159,293</u>	<u>10,619,905</u>	<u>10,195,831</u>

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	9,198,816	9,198,816	8,823,800
Other DfE/EFA grants	-	618,832	618,832	545,855
	-	9,817,648	9,817,648	9,369,655
Other Government grants				
Other Government grants non capital	117,312	279,616	396,928	258,878
	117,312	279,616	396,928	258,878
Other funding				
Internal catering income	265,740	-	265,740	357,621
Sales to students	24,178	-	24,178	25,152
Other	53,382	62,029	115,411	85,851
	343,300	62,029	405,329	468,624
	460,612	10,159,293	10,619,905	10,097,157

In 2015, £443,828 of the total income from charitable activities, was unrestricted and £9,732,806 was restricted.

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	282,241	390	82,981	365,612	199,882
Education:					
Direct costs	7,186,215	274,003	940,958	8,401,176	7,745,371
Support costs	1,629,285	412,853	970,136	3,012,274	2,917,876
	9,097,741	687,246	1,994,075	11,779,062	10,863,129

In 2015, total expenditure of £754,636 was from unrestricted funds, £9,396,776 was from restricted funds, and £713,143 was from restricted fixed asset funds.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	21,000	26,000
Educational supplies	194,856	166,611
Examination fees	138,680	166,509
Staff development	27,216	29,983
Educational visits and other costs	357,817	284,472
Supply teachers	737	15,244
Wages and salaries	5,766,054	5,328,247
National insurance	457,255	398,647
Pension cost	962,169	761,936
Depreciation	475,392	567,722
	8,401,176	7,745,371

9. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	45,000	35,000
Staff development	5,545	2,629
Other costs	50,215	34,013
Recruitment and support	36,594	28,941
Maintenance of premises and equipment	124,301	84,089
Cleaning	38,760	35,166
Rent and rates	69,026	68,703
Energy costs	121,864	140,572
Insurance	64,077	64,318
Security and transport	38,070	47,327
Catering	303,208	423,753
Technology costs	179,326	130,996
Office overheads	15,854	10,002
Legal and professional	109,764	123,257
Bank interest and charges	2,497	1,599
Governance	14,750	51,749
Wages and salaries	1,261,506	1,147,940
National insurance	66,617	59,169
Pension cost	301,162	283,232
Depreciation	164,138	145,421
	3,012,274	2,917,876

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total	Individual items above £5,000	
	£	Amount	Reason
Ex-gratia payments	7,978	7,978	Compromise agreement

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency.

11. NET INCOME/EXPENDITURE FOR THE PERIOD

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	639,530	713,143
Auditors' remuneration - audit	15,000	12,850
Auditors' remuneration - non-audit	2,020	3,600

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

12. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	7,266,490	6,632,937
Social security costs	532,860	463,105
Operating costs of defined benefit pension schemes	1,289,676	1,062,864
	<u>9,089,026</u>	<u>8,158,906</u>
Supply teacher costs	737	15,244
Staff restructuring costs	7,978	-
	<u>9,097,741</u>	<u>8,174,150</u>

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

	2016 No.	2015 No.
Teachers	140	140
Administration and support	209	208
Managers	42	32
	<u>391</u>	<u>380</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	118	118
Administration and support	78	76
Managers	34	26
	<u>230</u>	<u>220</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	6	3
In the band £100,001 - £200,000	1	1

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £315,129 (2015: £371,915).

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 13 has not been included in the total benefits received by key management personnel above.

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. 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 Academy Trust in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows:

S Edwards: Remuneration £105,000 - £110,000 (2015: £100,000 - £105,000), Employer's pension contributions £15,000 - £20,000 (2015: £10,000 - £15,000), J Finney: Remuneration £Nil (2015: £60,000 - £65,000), Employer's pension contributions paid £Nil (2015: £0 - £5,000). Other related party transactions involving the trustees are set out in note 30.

During the year retirement benefits were accruing to 1 Trustee (2015: 2) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year, no Trustees received any reimbursement of expenses (2015: £NIL).

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

14. 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.

	2016 £	2015 £
Kingdown School	240,000	-
The Avenue	45,000	-
Dilton Marsh C of E Primary School	27,000	-
Keevil C of E Primary School	2,260	-
	<hr/>	<hr/>
Total	314,260	-
	<hr/>	<hr/>

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,435 (2015: £3,177).

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

16. TANGIBLE FIXED ASSETS

GROUP AND TRUST	Leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	20,385,555	41,212	318,756	1,016,335	21,761,858
Additions	22,654	-	177,390	255,043	455,087
Transfer on conversion	535,542	-	-	-	535,542
At 31 August 2016	20,943,751	41,212	496,146	1,271,378	22,752,487
DEPRECIATION					
At 1 September 2015	1,225,836	14,828	168,014	716,870	2,125,548
Charge for the year	368,609	10,303	62,491	198,127	639,530
At 31 August 2016	1,594,445	25,131	230,505	914,997	2,765,078
NET BOOK VALUE					
At 31 August 2016	19,349,306	16,081	265,641	356,381	19,987,409
At 31 August 2015	19,159,719	26,384	150,742	299,465	19,636,310

17. FIXED ASSET INVESTMENTS

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

18. DEBTORS

	GROUP		TRUST	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	21,655	8,993	19,239	8,993
Amounts owed by group undertakings	-	-	41,151	4,074
Other debtors	1,435	5,575	243	5,556
Prepayments and accrued income	175,466	176,306	173,259	176,012
VAT recoverable	114,536	57,071	114,536	57,071
	313,092	247,945	348,428	251,706

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		TRUST	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	342,317	236,818	340,346	236,784
Other taxation and social security	166,537	145,202	165,920	145,202
Other creditors	172,089	10,048	167,249	10,048
Accruals and deferred income	205,577	225,702	203,437	216,523
	886,520	617,770	876,952	608,557

	GROUP		TRUST	
	2016	2015	2016	2015
	£	£	£	£
DEFERRED INCOME				
Deferred income at 1 September 2015	141,497	73,529	141,497	73,529
Resources deferred during the year	157,464	141,497	157,464	141,497
Amounts released from previous years	(141,497)	(73,529)	(141,497)	(73,529)
Deferred income at 31 August 2016	157,464	141,497	157,464	141,497

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

20. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	2,511,408	2,273,903
Financial assets measured at amortised cost	114,361	110,322
	<u>2,625,769</u>	<u>2,384,225</u>
Financial liabilities measured at amortised cost	<u>(390,430)</u>	<u>(321,023)</u>

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

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

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

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	1,205,486	933,364	(699,719)	-	-	1,439,131
RESTRICTED FUNDS						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant	571,621	9,204,752	(9,008,400)	(354,875)	-	413,098
Pupil Premium	-	446,914	(446,914)	-	-	-
Start up grant	-	25,000	(16,840)	-	-	8,160
Sponsored Academy funding	42,144	-	(42,144)	-	-	-
Sponsored capacity fund	39,269	-	(10,387)	-	-	28,882
School sports services	45,558	52,529	(49,378)	-	-	48,709
Universal infant free school meals	-	77,398	(77,398)	-	-	-
Trips	-	265,152	(265,152)	-	-	-
Named Pupil Allowance	-	35,195	(35,195)	-	-	-
Enhanced Learning Provision	-	65,621	(65,621)	-	-	-
Young Peoples Support Services	-	140,523	(140,523)	-	-	-
Other restricted funds	-	112,861	(112,861)	-	-	-
Pension reserve	(1,679,000)	(44,000)	(169,000)	-	(1,516,000)	(3,408,000)
	(980,408)	10,381,945	(10,439,813)	(354,875)	(1,516,000)	(2,909,151)

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	18,199,402	535,542	(349,220)	-	-	18,385,724
Fixed assets purchased from GAG and other restricted funds	1,436,908	100,212	(290,310)	354,875	-	1,601,685
	<u>19,636,310</u>	<u>635,754</u>	<u>(639,530)</u>	<u>354,875</u>	<u>-</u>	<u>19,987,409</u>
Total restricted funds	<u>18,655,902</u>	<u>11,017,699</u>	<u>(11,079,343)</u>	<u>-</u>	<u>(1,516,000)</u>	<u>17,078,258</u>
Total of funds	<u>19,861,388</u>	<u>11,951,063</u>	<u>(11,779,062)</u>	<u>-</u>	<u>(1,516,000)</u>	<u>18,517,389</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. 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) represents funding received from the Education Funding Agency (EFA) during the period in order to fund the continuing activities of the school. During the year £354,875 was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG.

High Needs funding is received from the EFA to cater for pupils with learning difficulties and other disabilities.

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

Sponsored Academy is funding received from the EFA as a pre-opening grant to cover everything that needs to be bought up to the point the sponsored school converts to an Academy.

Sponsor capacity is funding received from the EFA to support approved Academy sponsors in setting up and expanding the Trust and its organisational structures.

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

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

Universal Infant Free School Meals represents funding received from the DfE to refurbish the kitchen at Dilton Marsh.

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

Named Pupil Allowance (NPA) represents funding received from Wiltshire County Council in addition to the funding received for High Needs.

Enhanced Learning Provision (ELP) represents funding received from Wiltshire County Council in addition to the funding received for High Needs.

Other restricted funds represents amounts received from various bodies and includes income under the following initiatives; Year 7 catch up, Ministry of Defence grant, Summer School and Resource Base.

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.

FIXED ASSET FUNDS

Fixed assets transferred on conversion represents the land, building and equipment donated to the MAT when schools join.

Fixed assets purchased from GAG represents amounts spent on fixed assets from the GAG funding received from the EFA.

DfE / EFA Capital grants represents Devolved Formula Capital and Condition Improvement Fund income received from the EFA spent on fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

21. STATEMENT OF FUNDS (continued)

TRANSFERS BETWEEN FUNDS

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

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Kingdown School	1,343,940	1,491,692
Dilton Marsh C of E Primary School	162,468	141,460
The Avenue	200,027	143,670
Keevil C of E Primary School	16,278	-
Central Services	215,267	127,256
Total before fixed asset fund and pension reserve	1,937,980	1,904,078
Restricted fixed asset fund	19,987,409	19,636,310
Pension reserve	(3,408,000)	(1,679,000)
Total	<u>18,517,389</u>	<u>19,861,388</u>

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 depreciation) £	Total 2016 £	Total 2015 £
Kingdown School	5,566,346	1,292,269	164,456	1,287,950	8,311,021	7,295,053
Dilton Marsh C of E Primary School	584,752	94,274	7,540	159,285	845,851	824,655
The Avenue	851,816	120,741	14,005	207,685	1,194,247	852,310
Keevil C of E Primary School	51,425	6,138	8,855	13,582	80,000	-
Central Services	-	529,980	-	178,433	708,413	(60,004)
	<u>7,054,339</u>	<u>2,043,402</u>	<u>194,856</u>	<u>1,846,935</u>	<u>11,139,532</u>	<u>8,912,014</u>

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	19,987,409	19,987,409	19,636,310
Current assets	1,459,606	1,364,894	-	2,824,500	2,521,848
Creditors due within one year	(20,475)	(866,045)	-	(886,520)	(617,770)
Pension scheme liability	-	(3,408,000)	-	(3,408,000)	(1,679,000)
	<u>1,439,131</u>	<u>(2,909,151)</u>	<u>19,987,409</u>	<u>18,517,389</u>	<u>19,861,388</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	172,001	1,165,545
Adjustment for:		
Depreciation charges	639,530	713,143
Interest received	(2,668)	(2,668)
Revaluation of tangible fixed assets	-	11,813
(Increase)/decrease in debtors	(51,215)	182,133
Increase/(decrease) in creditors	258,578	(29,361)
Capital grants from DfE and other capital income	(100,212)	(79,477)
Defined benefit pension scheme cost less contributions payable	103,000	93,000
Defined benefit pension scheme finance cost	66,000	61,000
Net assets and liabilities from local authority on conversion	(495,327)	(1,135,587)
Net cash provided by operating activities	<u>589,687</u>	<u>979,541</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	2,511,408	2,273,903
	<u>2,511,408</u>	<u>2,273,903</u>

25. 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.

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

26. GENERAL INFORMATION

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

27. CONVERSION TO AN ACADEMY TRUST

On 1 July 2016 Keevil Church of England Primary School 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 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.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Leasehold land and buildings	-	-	535,542	535,542
Other assets	13,932	-	-	13,932
Budget surplus on Local Authority funds	25	-	-	25
LGPS pension deficit	-	(44,000)	-	(44,000)
Other identified assets and liabilities	(10,172)	-	-	(10,172)
Net assets/(liabilities)	<u>3,785</u>	<u>(44,000)</u>	<u>535,542</u>	<u>495,327</u>

The above net assets include £25 that was transferred as cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

28. 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 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 2013.

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 benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £833,747 (2015: £664,247).

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

Under the definitions set out in FRS 102, the TPS is a 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

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28. PENSION COMMITMENTS (continued)

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 2016 was £449,000 (2015: £389,000), of which employer's contributions totalled £358,000 (2015: £301,000) and employees' contributions totalled £91,000 (2015: £88,000). The agreed contribution rates for future years are 18.5% for employers and 5.5 - 7.5% 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:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.3 years	22.3 years
Females	24.5 years	24.5 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.9 years	26.9 years

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28. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,929,000	2,257,000
Debt instruments	610,000	477,000
Property	488,000	381,000
Cash	41,000	64,000
Total market value of assets	<u>4,068,000</u>	<u>3,179,000</u>

The actual return on scheme assets was £378,000 (2015: £106,000).

The actuary has advised that an overall expected rate of return on assets of 3.8% has been used but has not provided an analysis of the rate of return for each category of asset.

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(461,000)	(394,000)
Net interest cost	(66,000)	(61,000)
Total	<u>(527,000)</u>	<u>(455,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	4,858,000	3,623,000
Current service cost	461,000	394,000
Interest cost	196,000	159,000
Contributions by employees	91,000	88,000
Actuarial losses/(gains)	1,766,000	(69,000)
Benefits paid	(10,000)	(36,000)
Effect of business combinations and disposals	114,000	699,000
Closing defined benefit obligation	<u>7,476,000</u>	<u>4,858,000</u>

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28. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	3,179,000	2,204,000
Interest income	130,000	98,000
Actuarial gains and (losses)	250,000	119,000
Contributions by employer	358,000	301,000
Contributions by employees	91,000	88,000
Assets acquired in a business combination	(10,000)	(36,000)
Effect of business combinations and disposals	70,000	405,000
	<u>4,068,000</u>	<u>3,179,000</u>
Closing fair value of scheme assets	<u>4,068,000</u>	<u>3,179,000</u>

In 2015 the actuarial gains of £69,000 were recognised in the pension reserve in restricted funds.

29. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
GROUP AND ACADEMY		
AMOUNTS PAYABLE:		
Within 1 year	14,540	10,395
Between 1 and 5 years	10,619	3,418
	<u>25,159</u>	<u>13,813</u>
Total	<u>25,159</u>	<u>13,813</u>

30. 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.

The following related party transactions took place in the year:

During the year Acorn Education Trust purchased supplies of £45,794 (2015: £38,567) from Learning Futures (West Wilts) Limited of which a trustee, S Edwards is a director.

During the year Acorn Education Trust purchased marketing services of £Nil (2015: £2,100) from RACS Marketing Limited, of which T Hillier is a director and shareholder.

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NOTES TO THE FINANCIAL STATEMENTS
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31. PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding	Description
Academy Collaborative Services Limited	100	Trading company

32. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £22,905 and disbursed £9,102 from the fund. An amount of £22,215 is included in other creditors relating to undistributed funds that is repayable to EFA.

33. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		17,240,391	19,861,388
Total funds reported under FRS 102		<u>17,240,391</u>	<u>19,861,388</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		1,215,545
LGPS interest cost		(50,000)
Net movement in funds reported under FRS 102		<u>1,165,545</u>

Explanation of changes to previously reported funds and net income/expenditure:

Under previous UK GAAP the Academy recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the expenditure by £50,000 and decrease the other recognised gains and losses in the SoFA by an equivalent amount.