

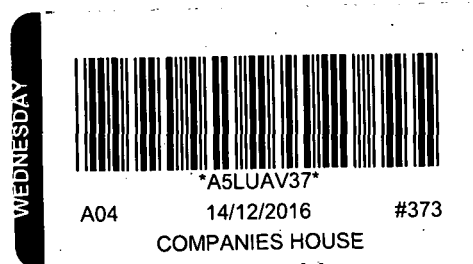
Acorn Multi Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Registration number: 09253218



Acorn Multi Academy Trust

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Reference and Administrative Details

Members	Mr P Mantell (EDEN) (resigned 31 July 2016) Mr B Allsop (resigned 7 October 2016) Mrs C Humphreys (resigned 1 September 2016) Mr N Whitaker (appointed 22 September 2016) Representative for EDEN (Exeter Diocesan Education Network) Representative for DSET (Diocese of Salisbury Education Trust)
Trustees (Directors)	Ms J Rockett (resigned 12 March 2016) Mr N Whitaker Mrs A Rice Mr P Bailey (resigned 11 January 2016) Mrs K Mansi (resigned 1 February 2016) Mrs C Humphreys (resigned 1 September 2016) Mr B Allsop Mrs E Fraser (appointed 22 March 2016) Mr D Williams (appointed 22 March 2016) Mr B Impey (appointed 11 April 2016) Mr M Van de Weyer (appointed 20 April 2016) Mr P Middlemast (appointed 20 April 2016)
Company Secretary	Ms V Dower
Senior Management Team	Mrs A Rice, Executive Head and Chief Executive Officer Mr R Minton, Head of Axminster Community Primary Academy Mr L Owen, Head of Marshwood CE Primary Academy Ms M Kite, Head of Mrs Ethelston's CE Primary Academy Mr G Rourke, Head of St Andrew's CE Primary Academy Ms T Leganski, Head of Membury Primary Academy Mr R Beecham, Head of Loders CE VC Primary Academy Mrs C Porter, Senior Finance Officer
Principal and Registered Office	Mrs Ethelston's CE Primary Academy Pound Lane Uplyme Lyme Regis DT7 3TT
Company Registration Number	09253218

Acorn Multi Academy Trust

Reference and Administrative Details (continued)

Independent Auditors	PKF Francis Clark Statutory Auditor Vantage Point Woodwater Park Pynes Hill Exeter EX2 5FD
Bankers	Lloyds Bank plc 16 The Triangle Avon Clevedon BS21 6NG
Solicitors	Michelmores LLP Woodwater House Pynes Hill Exeter Devon EX2 5WR

Acorn Multi Academy Trust

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 period from 1st September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law. The Trust operates a multi academy trust for pupils aged 4 to 11 serving a catchment area in East Devon and West Dorset. The Trust is made up of 6 primary schools with a total capacity of 740 pupils and had a roll of 616 pupils in the census in October 2016.

Two schools joined Acorn Multi Academy Trust in the year. Membury Community Primary School joined on 1st September 2015 and Lodders CE Primary School joined as a sponsored academy on 1st April 2016.

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 Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Acorn Multi Academy Trust

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 he/she ceases to be a member.

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy Trust also purchased and maintained liability insurance for its Trustees

Method of recruitment and appointment or election of Trustees

The Acorn Multi Academy Trust Articles of Association state that the number of directors shall not be less than 9, but (unless otherwise determined by ordinary resolution) shall not be subject to a maximum (article 45). In addition, the Articles of Association state that the composition of the Board of Directors is as follows

Acorn Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

- One director appointed by the directors (article 50),
- Up to two directors appointed by Axminster local governing body (article 50a),
- Up to two directors appointed by Mrs Ethelstons local governing body (article 50b),
- Up to two directors appointed by St Andrews local governing body (article 50c),
- Up to two directors appointed by Marshwood local governing body (article 50d),
- The Head teacher of Axminster Primary Academy as long as he remains in office (article 51), The chief executive officer for as long as she remains in office (article 57),
- Foundation directors as needed to ensure that the total number of Foundation directors represent at least a simple majority of all directors (article 52),
- The directors may appoint co-opted directors as they shall think fit.

Term of office

The term of office for any director shall be 4 years, save that this limit shall not apply to the Chief Executive Officer or the Headteacher of Axminster Primary Academy. When appointing new directors, the Board will give consideration to the skills and experience mix of existing directors in order to ensure that the Board has the necessary skills to contribute fully to the academy's development. New directors will be appointed by the Members.

Policies and procedures adopted for the induction and training of Trustees

New directors have been appointed based on specific skill sets identified by an analysis of the needs of the Trust. As vacancies have become available, a full recruitment process has been followed, and an induction pack is in place. Training has been provided by Babcock Learning and Development Partnership for all directors on effective governance within a multi academy trust. Directors also have access to further general training and support provided by Babcock Learning and Development Partnership governor support, the Exeter Diocesan Board of Education, Diocese of Salisbury Education, as well as the National Governors Association and the Devon Association of governance. Details of all courses and events are circulated to all directors by the Clerk and directors are encouraged to attend. Relevant newsletters, publications and guidance are circulated by the clerk to keep the directors informed of statutory requirements and changes in legislation.

Organisational structure

The directors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academies by the use of the budgets and other data, and making major decisions about the direction of the Trust, capital expenditure and staff appointments. Each director has an area of responsibility and these include finance, staffing, premises, health and safety, safeguarding, data, ethos and community. The finance/audit committee are a separate committee who approve the Trust budget and monitor the spending of these budgets to support the school improvement plan. Each school also has its own local governing body that monitors the performance of their own school as well as maintaining its unique identity.

Acorn Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Arrangements for setting pay and remuneration of key management personnel

The Key management personnel comprise of the Board of Directors, the Chief Executive Officer, the Senior Finance Officer and the Heads of each school.

All Directors give their time freely and no Director received remuneration in the year.

The pay of employed key management personnel is reviewed annually as part of the appraisal process.

The Chief Executive Officer appraisal is conducted by the CEO appraisal panel of Directors in conjunction with the trusts external school improvement partner. A pay award is decided based upon performance and other factors such as pupil numbers and size of the Multi Academy Trust.

Headteachers pay increase is in accordance with School Teachers' Pay and Conditions Document (STPCD) The Head of School must demonstrate sustained high quality of performance in respect of Academy leadership and management and pupil progress, and is subject to a review of the totality of their performance by the CEO. The pay and performance committee may award one reference point for sustained, high quality performance in line with the Academy's expectations.

The Senior Finance Officer follows the same appraisal process as support staff within the academy trust. A pay award is benchmarked on similar positions within the public sector.

Related Parties and other Connected Charities and Organisations

The Acorn Multi Academy Trust consists of six schools from East Devon and West Dorset. The Trust works closely with other schools outside the Trust from Axe Valley Learning Community and The Woodroffe Pyramid. The Trust takes an active part in the Jurassic Coast Teaching Schools Alliance and the Woodroffe Maths Hub, particularly for School Direct placements. The Acorn Multi Academy Trust works with the universities of Exeter and St Mark and St John. Plymouth.

Andrea Rice, Executive Head teacher, is a National Leader of Education and works with other staff from the Trust to provide school to school support beyond the Trust.

Objectives and activities

Objects and aims

The Company's object is specifically restricted to the following:

To advance for the public benefit education in the UK, particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum, which shall include Church of England academies designated as such, which shall conduct in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for Religious Education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education. Other academies whether with or without a designated religious character, but in relation to each of the academies to recognise and support their individual ethos, whether or not designated Church of England.

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Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives, strategies and activities

The key objectives of the Trust are to ensure that every child has the best possible educational experience so that they achieve the best possible outcomes. The strategies for achieving these objectives are clearly defined in the Acorn Trust Strategic plan. We aim to be (Christian) schools (where designated), at the heart of our communities, working together to enable children to grow creatively and to achieve their best in a happy and secure environment.

The priorities for the Trust for the year 2015/16 were:

- To raise the standard of educational attainment and achievement of all groups of learners to ensure that 70 % of children achieve age related expectations or better
- To develop effective assessment systems that support children in the next steps in their learning
- To develop teaching approaches that develop children as curious, independent learners who apply their learning to develop mastery
- To continue to develop the expertise of all staff so that they can deliver the best learning experiences to our children.
- To develop effective and coherent school systems to monitor the effectiveness of teaching and learning that are applied consistently across the Trust.
- To review the curriculum to meet the increased expectations in the new national curriculum.

The Trust Improvement Plan gives further detail of how these aims will be achieved

Collaboration to improve outcomes for children

The Trust academies have a shared commitment to formal collaborative working to share best practice. The benefits of this approach are:

- An absolute focus on improving outcomes for children.
- Improved teaching and learning through sharing best practice.
- Enhanced learning and curriculum opportunities for children.
- A coherent system of professional development, support and accountability.

The Trust academies have a shared commitment to formal collaborative working to share best practice. The benefits of this approach are:

Public benefit

The Academy provides educational services to all children in the local area. The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

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Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

Key stage 2 results 2016

There have been changes to assessment during 2016 following the withdrawal of the levels system. Children are now working at the expected standard or not, and progress measures have changed. The expected standard is more challenging than the previous requirements at 2b or 4b and the introduction of the new national curriculum has increased expectations for children working at the expected standard. As a result of this, it was anticipated that results would fall.

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Key stage 2

Percentages achieving the expected standard-

	Reading	Grammar, Punctuation and Spelling	Maths	Writing
Uplyme	83%	83%	83%	43%
Marshwood	83%	67%	92%	50%
Chardstock	82%	64%	73%	55%
Membury	75%	75%	75%	75%
Axminster	34%	45%	35%	31%
Loders	55%	66%	55%	0%

Percentages were broadly in line with national average and were well above the national in reading at Uplyme and Marshwood.

Writing teacher assessment was significantly affected by advice given by LA moderators. As a result of this teachers were overly harsh with their assessments and this has resulted in a serious discrepancy between the test results and the teacher assessments. This has resulted in lower than expected writing results, particularly at Uplyme and Lodors. Lodors results are also affected by small numbers in the cohort.

All of the results for Axminster are low but this is an accurate assessment of where the children are following an annulment of the previous year's data by the STA. A planned programme of support is in place to enable rapid improvement to take place by 2017, and this is being monitored by the DfE.

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Trustees' Report for the Year Ended 31 August 2016 (continued)

Key stage 1 – Percentages reaching the expected standard

	Reading	Maths	Writing
Uplyme	63%	55%	62%
Marshwood	57%	58%	70%
Chardstock	78%	77%	73%
Membury	33%	100%	33%
Axminster	50%	29%	14%
Loders	60%	50%	50%

Phonics – year 1

Uplyme	100%
Axminster	61%
Chardstock	88%
Marshwood	50%
Membury	100%
Loders	80%

All phonics results were in line with national average except for Axminster, where there are significant issues with early literacy. These are being addressed through early literacy support with a specialist teaching assistant

EYFS – good level of development

	Good level of development
Uplyme	84%
Axminster	56%
Chardstock	76%
Marshwood	70%
Loders	70%

All of the results are in line with the national average except Axminster where there are significant issues with speech and language development which affects the children.

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Trustees' Report for the Year Ended 31 August 2016 (continued)

Key financial performance indicators

The number of children on roll at the schools is a key performance indicator as funding is based on pupil numbers. Pupil numbers have been consistent over the last 3 years at all of the schools. St Andrew's, Chardstock continues to grow and is close to reaching capacity. Axminster Primary Academy is now beginning to increase in numbers following a significant increase in housing in the town

School	Oct 14	Oct 15	Oct 16
Axminster	168	166	169
Mrs Ethelston's	175	180	184
St Andrew's	95	112	120
Marshwood	58	61	59
Membury	N/A	N/A	20
Loders	N/A	N/A	64
Total	496	519	616

Another key performance indicator is salary costs which are currently 81% of GAG. The Trust will aim to keep salary costs at 80% or below of GAG through sharing staff and expertise, and reducing overheads as the Trust grows. This continues to be a challenge due to statutory obligations such as NI increases, pension contribution increases and introduction of the national living wage. No additional funding has been allocated to schools to cover these costs so this will cause significant pressure on the wages bill.

Going concern

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

Financial review

During the period to 31st August 2016, Acorn MAT has grown and acquired 2 further schools.

As a result of this, the Trust has benefited from further start up grants and a sponsored capacity grant. Such grant income has allowed the trust to build a solid central support function, which serves all schools. The trust has now allocated these grants, and the small remaining balances will be passed down to the schools to enable them to achieve the shared goal of the trust to raise outcomes for pupils. Pupil numbers have now increased to 616 pupils.

With the exception of one off grant income, the Trust's core income is received in the form of recurring annual grants from the EFA. This includes General Annual Grant, Pupil Premium, High Needs Funding, Sports Funding, Nursery Grants and Universal Free School Meals funding. Income is also received in the form of donations for trips and specific projects. This funding is spent directly on the education of the pupils within the Trust.

Acorn Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

The Trust also receives unrestricted income from other sources such as the sale of meals and paid fees from the nursery, as well as the carry forwards from the predecessor schools. This income may be used by the Trustees to support the educational aims of the Trust and to build up reserves for use as specified in the reserves policy.

The Trust may also apply for conditional improvement grants offered by the Department for Education for the maintenance and improvement of fixed assets.

Salary payments to teachers and support staff comprise the largest recurring expense of the academies and central support function. Salary costs are currently 81% of GAG.

The Trust makes contributions to both the Teachers' Pension (TPS) and Local Government Pension Scheme (LGPS). The TPS is a national scheme managed by the Department for Education. Assets and Liabilities are not recognised to individual employees. In the LGPS however, the assets and liabilities are subject to an actuarial valuation and are attributable to individual employers. The balance sheet contains the net pension deficit in respect of current employees. Although a deficit does not indicate the liability will become payable, it does indicate that the current employer contributions may not meet the liabilities and assets of the scheme in the long term. Trustees have considered this concern and have ring fenced funds in anticipation of higher employer contributions in the near future.

During the year ending 31st August 2016, the total expenditure of £3,299,610 for the trust was lower than the total of incoming resources £4,266,156. This has allowed the trust to carry forward funds to be utilised in future periods.

At 31st August 2016, the net book value of fixed assets was £7,091,113 and movements in tangible assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education to the pupils of the multi academy trust.

Reserves policy.

At present the level of reserves is reviewed regularly by the Finance and Audit Committee, and recommendations are put forward to the Full Governing Board annually. The review incorporates detailed analysis into the nature of income and expenditure streams and the request to match specific income to commitments. In determining the level of reserves, the Trustees consider future plans of the academy trust, the uncertainty over future income streams and other key risks identified during the risk review.

The multi academy trust is currently holding £429,437 in unrestricted reserves.

The minimum amount of reserves that the trust considers to be acceptable is £195K, this equates to approximately one month of salary costs.

Acorn Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Trustees have considered internal and external factors impacting the multi academy trust and have considered the following situations to warrant an allocation of the reserves balance.

Pension deficit. The trust is currently in a deficit position and it is anticipated that pension contributions will increase in the future to close the gap. £40k has been ring fenced which represents the annual cost to the employer if pension contributions increased by 2%.

IT infrastructure. The trust plans to invest in IT infrastructure in 2016/2017, £15K has been set aside for the design and implementation of a new website and a further £30K has been allocated to IT equipment to be used in the classrooms.

The remaining reserves balance will be allocated to premises in respect of urgent maintenance needs.

Investment Policy

Due to the nature of funding the Trust holds significant cash balances surplus to its short term requirements. The Trustees have authorised the opening of an additional investment account to take advantage of higher interest rates. This policy is regularly reviewed by Trustees at the committee meeting

Principal risks and uncertainties

Directors regularly review the risks of Acorn Multi Academy Trust and have established a risk management register for the Trust, as well as the internal controls mentioned elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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

Financial - The majority of Trust income relies on continued government funding through the EFA, with a small amount being generated by the Trust's own activities. 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 - Failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns

The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - The Trust needs to continue to attract new pupils by maintaining higher educational standards and establishing a good reputation within the community. Trustees regularly monitor pupil numbers, marketing and websites. Where there has been damage to a school's reputation the Trustees have responded swiftly to minimise the damage and to ensure that there is no repeat of the situation in the future.

Safeguarding and child protection - The Trustees maintain high standards of implementation of CP policies and procedures including staff selection and monitoring procedures. All staff receive regular training and updates with regards to safeguarding.

Fraud and mismanagement of funds - The Trustees review and monitor the finances of the Trust closely as mentioned elsewhere in the statement.

Acorn Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Plans for future periods

Our vision is that all the schools become outstanding when inspected by Ofsted or SIAMS. We are reviewing the way that we track and monitor progress using a new assessment system to plan the next steps in children's learning by providing appropriate challenge. We expect the Trust to continue to grow with a mixture of Church and Community schools joining the academy, as well as through sponsorship. This will need to be carefully managed as the Trust builds capacity and one of the new schools will need to be in excess of 300 pupils. The ability to increase pupil numbers at some of our schools is likely to be affected by demographic changes.

Funds Held as Custodian Trustee on Behalf of Others

None of the Acorn multi academy trust academies hold funds on behalf of others.

Auditor

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 1/12/16 and signed on the board's behalf by:



Mr. N. Whitaker
Trustee

Acorn Multi Academy Trust

Governance Statement

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to Executive Headteacher/CEO Mrs A Rice, 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 Multi Academy 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 6 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
Mr N Whitaker	5	6
Mrs A Rice	6	6
Mr B Allsop	5	6
Mr P Middlemast	2	2
Mr B Impey	2	2
Mr D Williams	2	2
Mrs E Fraser	2	2
Mr M Van de Weyer	2	2
Mrs C Humphreys	5	6
Mr P Bailey	2	2
Ms J Rockett	0	3
Mrs K Mansi	1	2

The key changes in the composition of the board were as follows:

- In the spring, after a recruitment and skills based selection process, new directors were appointed to the trust.
- Mr David Williams was appointed by Axminster Primary Academy as a director on 22nd March 2016, to take up the finance portfolio. He replaced Mrs Jane Rockett who resigned on 12th March 2016.
- Mr Brian Impey was appointed by EDEN (Exeter Diocesan Education Network) as a foundation director on 11th April 2016 to replace Mrs Katherine Mansi who resigned on 1st February 2016.
- Mrs Elisabeth Fraser was appointed by St Andrew's Primary Academy on 22nd March 2016.
- Mr Paul Middlemast was appointed as a foundation director by SDBE (Salisbury Diocesan Board of Education) on 20th April 2016 to replace Mr Paul Bailey who resigned on 11th January 2016.
- Mr Mark Van de Weyer was appointed as a foundation director by SDBE on 20th April 2016.
- Mrs Carol Humphreys resigned as a director and Chair of the board of trustees on 1st September 2016. Mr Nigel Whitaker was elected Chair of the board of trustees on 22nd September 2016.

Acorn Multi Academy Trust

Governance Statement (continued)

Governance reviews

The board of trustees carried out a skills audit in December 2015 to assess the skills, knowledge and experience contained within the trustees and the local governors. The assessment highlighted where the board or local governing bodies lacked a particular skill or knowledge base, and as a result new governors and directors were recruited over the spring of 2016.

The board of trustees undertook a self-review of governance in July 2016, following training sessions on 'Governance in a Multi Academy Trust', conducted by Babcock Learning and Development Partnership Governor Support. Trustees looked at the progress of the trust over the past year, strengths, challenges and areas for development.

It is intended that directors will complete the National Governors Association skills audit in the autumn of 2016, so that at least 2 new directors can be recruited to fill any skills gap.

The Finance and Audit Committee is a sub-committee of the main board of trustees.

The finance and audit committee is responsible for;

- monitoring, evaluating and reviewing policy and performance in relation to financial management
- compliance with reporting and regulatory requirements and reporting
- reviewing and monitoring reports from the Responsible Officer
- drafting the annual budget including setting staffing levels
- performing the role of an audit committee
- authorising spending within agreed budgets

The Senior Finance Officer is a member of the finance & audit committee.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr N Whitaker	2	3
Mrs A Rice	3	3
Mr B Impey	2	2
Mr D Williams	2	2
Mr M Van de Weyer	1	2
Mr P Bailey	1	1

Acorn Multi Academy Trust

Governance Statement (continued)

Review of value for money

As accounting officer the Executive Headteacher/CEO 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:

- Continuing to strengthen the central administrative functions of the Trust to achieve staff savings and efficiencies, and to allow Heads of Schools to concentrate on Teaching and Learning. Following the resignation of the Business Manager at the end of 2015, responsibilities were reviewed and the following appointments made within the HUB. Senior Finance Officer, Senior Administrator, Premises Officer and Personnel Officer. These all report directly to the CEO.
- Collaborative working between schools- sharing best practice and centralised training to minimise costs
- Negotiating and implementing Trust contracts for Insurance, ICT support, and discounts from resources suppliers to achieve economies and savings in all schools
- Carefully benchmarking the schools in the Trust against each other to identify areas where costs can be reduced and challenging where a school's spending is comparatively high

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 Multi Academy Trust for the year ended 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 ending 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 General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;

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Governance Statement (continued)

- 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 seek to formally appoint an internal auditor in the forthcoming academic year. In the interim period Francis Clark were appointed to conduct an internal review in July 2016.

This assessment incorporated a review of internal systems of control for:

- payroll, purchases, income and the accounting system

The report was presented to the board of trustees through the finance and audit committee and the Senior finance Officer has addressed the items requiring actions.

Review of effectiveness

As Accounting Officer, Mrs A Rice 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 internal control review;
- the work of the external auditor;
- the work of Babcock LDP finance consultant;
- the implementation by the Senior Finance Officer of internal procedures to establish compliant and consistent financial procedures across all schools in the Trust

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit 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 11/12/2016 and signed on its behalf by:



Mr N Whitaker
Trustee



Mrs A Rice
Accounting officer
Trustee

Acorn Multi Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Acorn Multi Academy 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 2015.

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 2015.

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.



Mrs A Rice
Accounting officer

Date: 1.12.16

Acorn Multi Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 1/12/2016 and signed on its behalf by:



Mr N Whitaker
Trustee

Acorn Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Acorn Multi Academy Trust

We have audited the financial statements of Acorn Multi Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company'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 charity's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 18), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (APB'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 charitable company'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 Annual 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Acorn Multi Academy Trust

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

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:

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

PKF Francis Clark

.....
Christopher Bush (Senior Statutory Auditor)
For and on behalf of PKF Francis Clark, Statutory Auditor

Vantage Point
Woodwater Park
Pynes Hill
Exeter
EX2 5FD

Date: 8.12.2016

Acorn Multi Academy Trust

Independent Reporting Accountant's Report on Regularity to Acorn Multi Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 20 November 2014 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 Multi Academy Trust during the period 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 Multi Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Acorn Multi Academy 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 Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's Accounting Officer and the reporting Accountant

The Accounting Officer is responsible, under the requirements of Acorn Multi Academy Trust's funding agreement with the Secretary of State for Education dated 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 from 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 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

Acorn Multi Academy Trust

Independent Reporting Accountant's Report on Regularity to Acorn Multi Academy Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Christopher Bush

For and on behalf of PKF Francis Clark, Chartered Accountants

Vantage Point
Woodwater Park
Pynes Hill
Exeter
EX2 5FD

Date: 8.12.2016

Acorn Multi Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Restricted Pension Funds £	Total 2016 £
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	6,992	5,290	30,604	-	42,886
Transfer from local authority on conversion	2	10,455	-	1,141,565	(29,000)	1,123,020
<i>Charitable activities:</i>						
Funding for the Academy Trust's educational operations	3	213,586	2,814,467	-	-	3,028,053
Other trading activities	4	71,399	-	-	-	71,399
Investments	5	798	-	-	-	798
Total		303,230	2,819,757	1,172,169	(29,000)	4,266,156
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	186,147	2,925,294	38,169	150,000	3,299,610
Net income/(expenditure)		117,083	(105,537)	1,134,000	(179,000)	966,546
Transfers between funds		(10,716)	10,716	-	-	-
Other recognised gains and losses						
Actuarial loss on defined benefit pension schemes	23	-	-	-	(404,000)	(404,000)
Net movement in funds/(deficit)		106,367	(94,821)	1,134,000	(583,000)	562,546
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2015		312,354	264,296	5,986,686	(361,000)	6,202,336

Acorn Multi Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account) (continued)

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Restricted Pension Funds £	Total 2016 £
Note					
Total funds/(deficit) carried forward at 31 August 2016	<u>418,721</u>	<u>169,475</u>	<u>7,120,686</u>	<u>(944,000)</u>	<u>6,764,882</u>

Acorn Multi Academy Trust

Statement of Financial Activities for the Period from 7 October 2014 to 31 August 2015 (including Income and Expenditure Account)


	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Restricted Pension Funds £	Total 2015 £
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	1,550	4,577	21,580	-	27,707
Transfer from local authority on conversion		211,194	-	5,995,706	(321,000)	5,885,900
<i>Charitable activities:</i>						
Funding for the Academy Trust's educational operations	3	33,224	2,238,641	-	-	2,271,865
Other trading activities	4	103,099	8,753	-	-	111,852
Investments	5	404	-	-	-	404
Total		349,471	2,251,971	6,017,286	(321,000)	8,297,728
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	34,791	1,990,001	30,600	34,000	2,089,392
Net income/(expenditure)		314,680	261,970	5,986,686	(355,000)	6,208,336
Transfers between funds		(2,326)	2,326	-	-	-
Other recognised gains and losses						
Actuarial loss on defined benefit pension schemes	23	-	-	-	(6,000)	(6,000)
Net movement in funds/(deficit)		312,354	264,296	5,986,686	(361,000)	6,202,336
Reconciliation of funds						
Total funds/(deficit) carried forward at 31 August 2015		312,354	264,296	5,986,686	(361,000)	6,202,336

Acorn Multi Academy Trust

(Registration number: 09253218)
Balance Sheet as at 31 August 2016

	Note	31 August 2016 £	31 August 2015 £
Fixed assets			
Tangible assets	12	7,091,113	5,963,699
Current assets			
Debtors	13	77,546	144,302
Cash at bank and in hand		<u>773,129</u>	<u>776,255</u>
		850,675	920,557
Creditors: Amounts falling due within one year	14	<u>(232,906)</u>	<u>(320,920)</u>
Net current assets		<u>617,769</u>	<u>599,637</u>
Total assets less current liabilities		<u>7,708,882</u>	<u>6,563,336</u>
Net assets excluding pension liability		7,708,882	6,563,336
Defined benefit pension scheme liability	23	<u>(944,000)</u>	<u>(361,000)</u>
Total assets		<u><u>6,764,882</u></u>	<u><u>6,202,336</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		169,475	264,296
Restricted fixed asset fund		7,120,686	5,986,686
Restricted pension fund		<u>(944,000)</u>	<u>(361,000)</u>
		6,346,161	5,889,982
Unrestricted funds			
Unrestricted general fund		<u>418,721</u>	<u>312,354</u>
Total funds		<u><u>6,764,882</u></u>	<u><u>6,202,336</u></u>

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue on 1/12/2016 and signed on their behalf by:


Mr N Whitaker
Trustee

Acorn Multi Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2016

	Note	31 August 2016 £	31 August 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	28,660	804,150
Cash flows from investing activities	20	<u>(31,786)</u>	<u>(27,895)</u>
Change in cash and cash equivalents in the year		(3,126)	776,255
Cash and cash equivalents at 1 September		<u>776,255</u>	<u>-</u>
Cash and cash equivalents at 31 August	21	<u><u>773,129</u></u>	<u><u>776,255</u></u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Acorn Multi Academy Trust meets the definition of a public benefit entity under FRS 102. These financial statements are the first financial statements of Acorn Multi Academy Trust prepared in accordance with FRS 102. Refer to note 26 for more details on the first time adoption and explanation of transition to FRS 102.

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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Acorn Multi Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

Going concern

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

Income

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

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Grants

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

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

Capital grants are recognised 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.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Charitable activities

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

Tangible fixed assets

Assets costing £2,000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Asset class	Depreciation method and rate
Land and Buildings	125 years straight line
Land and Buildings Improvements	25 years straight line
Computer Equipment	4 years straight line

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Leased assets

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

Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Net interest on the net defined benefit liability 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 gains and losses.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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 24, 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.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Restricted Pension Funds £	Total 2016 £	Period to 31 August 2015 £
Transfer on conversion	10,455	-	1,141,565	(29,000)	1,123,020	5,885,900
Other voluntary income						
Capital grants	-	-	30,604	-	30,604	21,580
Other donations	6,992	5,290	-	-	12,282	6,127
	<u>6,992</u>	<u>5,290</u>	<u>30,604</u>	<u>-</u>	<u>42,886</u>	<u>27,707</u>
	<u>17,447</u>	<u>5,290</u>	<u>1,172,169</u>	<u>(29,000)</u>	<u>1,165,906</u>	<u>5,913,607</u>

3 Funding for Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Period to 31 August 2015 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	2,442,103	2,442,103	1,755,198
Start up grants	-	95,000	95,000	253,047
	<u>-</u>	<u>2,537,103</u>	<u>2,537,103</u>	<u>2,008,245</u>
Non-government grants and other income				
Other bodies	207,586	-	207,586	217,432
Other DfE/ EFA Grants	6,000	277,364	283,364	46,188
	<u>213,586</u>	<u>277,364</u>	<u>490,950</u>	<u>263,620</u>
Total grants	<u>213,586</u>	<u>2,814,467</u>	<u>3,028,053</u>	<u>2,271,865</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4 Other trading activities

	Unrestricted funds £	Total 2016 £	Period to 31 August 2015 £
Hire of facilities	20,892	20,892	23,259
Recharges and reimbursements	-	-	45,051
Other income	50,507	50,507	43,542
	<u>71,399</u>	<u>71,399</u>	<u>111,852</u>

5 Investment income

	Unrestricted funds £	Total 2016 £	Period to 31 August 2015 £
Short term deposits	798	798	404

6 Expenditure

	Non Pay Expenditure			Total 2016 £	Period to 31 August 2015 £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	1,639,179	-	198,368	1,837,547	1,269,206
Allocated support costs	667,969	268,163	525,931	1,462,063	820,186
	<u>2,307,148</u>	<u>268,163</u>	<u>724,299</u>	<u>3,299,610</u>	<u>2,089,392</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure (continued)

Net incoming/outgoing resources for the year include:

	31 August 2016 £	Period to 31 August 2015 £
Operating leases - other leases	10,053	12,634
Fees payable to auditor - audit	6,000	6,000
- other audit services	2,500	2,500
Depreciation	<u>38,169</u>	<u>30,600</u>

7 Charitable activities

	Total 2016 £	Period to 31 August 2015 £
Direct costs - educational operations	1,837,547	1,269,206
Support costs - educational operations	<u>1,462,063</u>	<u>820,186</u>
	<u>3,299,610</u>	<u>2,089,392</u>

	Educational operations £	Total 2016 £	Period to 31 August 2015 £
Analysis of support costs			
Support staff costs	667,969	667,969	306,529
Depreciation	38,169	38,169	30,600
Premises costs	229,994	229,994	168,120
Other support costs	517,431	517,431	306,437
Governance costs	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>
Total support costs	<u>1,462,063</u>	<u>1,462,063</u>	<u>820,186</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff

Staff costs

	31 August 2016 £	Period to 31 August 2015 £
Staff costs during the year were:		
Wages and salaries	1,894,427	1,173,382
Social security costs	108,331	142,207
Pension costs	238,914	113,575
	<u>2,241,672</u>	<u>1,429,164</u>
Supply teacher costs	53,456	29,705
Staff restructuring costs	12,020	-
	<u>2,307,148</u>	<u>1,458,869</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,020 (2015: £Nil). Individually, the payments were: £7,020 and £5,000.

Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as average headcount was as follows:

	31 August 2016 No	Period to 31 August 2015 No
Charitable Activities		
Teachers	39	33
Administration and support	77	62
Management	1	5
	<u>117</u>	<u>100</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	31 August 2016 No	Period to 31 August 2015 No
£70,001 - £80,000	-	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff (continued)

The increase seen in 2016 is due to the full 12 month period, compared to a 10 month period in the prior year.

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 £362,383 (2015: £292,286).

9 Central services

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

Central recharges

- Executive Headteacher and central administrative salary costs
- Trust Improvement
- Other staff costs; DBS, recruitment advertising

SLA recharges

- Financial services
- Insurance
- Educational support services
- Legal services
- HR and payroll services
- ICT services

The Academy Trust charges for these services on the following basis:

Central recharges

- % of total recharge based on % of GAG based on pupil numbers

SLA Recharges

- Flat amount of £20,000 per school plus ESG Grant

The actual amounts charged during the year were as follows:

	Period to 31 August 2016 £
Axminster Community Primary Academy	92,791
Marshwood CE Primary Academy	47,772
Mrs Ethelston's CE Primary Academy	89,529
St Andrew's CE Primary Academy	75,013
Membury Primary Academy	42,814
Loders CE VC Primary Academy	20,247
	<hr/>
	368,166

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10 Related party transactions - Trustees' remuneration and expenses

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

Mrs A Rice (Executive Head and Chief Executive Officer):

Remuneration: £95,000 - £100,000 (2015 - £75,000 - £80,000)

Employer's pension contributions: £15,000 - £20,000 (2015 - £10,000 - £15,000)

The increase in remuneration is due to a full 12 month period in 2016, compared to a 10 month period in the prior year.

During the year ended 31 August 2016, travel and subsistence expenses totalling £1,315 (2015 - £1,416) were reimbursed or paid directly to 9 Trustees (2015 - 3).

Other related party transactions involving the Trustees are set out in note 24.

11 Trustees' and officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £5,000,000. It is not possible to quantify the trustees and officers indemnity element of the overall cost of the RPA scheme.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

12 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and Fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	5,983,876	-	10,423	5,994,299
Additions	26,755	5,829	-	32,584
Transfers on conversion	1,133,000	-	-	1,133,000
At 31 August 2016	7,143,631	5,829	10,423	7,159,883
Depreciation				
At 1 September 2015	29,731	-	869	30,600
Charge for the year	35,273	291	2,606	38,170
At 31 August 2016	65,004	291	3,475	68,770
Net book value				
At 31 August 2016	7,078,627	5,538	6,948	7,091,113
At 31 August 2015	5,954,145	-	9,554	5,963,699

13 Debtors

	31 August 2016 £	31 August 2015 £
Trade debtors	3,330	555
Prepayments	39,976	45,067
Accrued grant and other income	20,397	19,971
VAT recoverable	13,843	78,709
	77,546	144,302

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Creditors: amounts falling due within one year

	31 August 2016 £	31 August 2015 £
Trade creditors	67,589	101,348
Other taxation and social security	37,421	23,447
Other creditors	318	9,863
Pension scheme creditor	39,833	25,364
Accruals	26,916	8,500
Deferred income	60,829	152,398
	<u>232,906</u>	<u>320,920</u>

	31 August 2016 £
Deferred income	
Deferred income at 1 September 2015	152,398
Resources deferred in the period	60,829
Amounts released from previous periods	<u>(152,398)</u>
Deferred income at 31 August 2016	<u>60,829</u>

At the balance sheet date the Academy Trust was holding funds received in advance for: UIFSM - £51,000, Rates - £6,000, Trips - £3,000, Catering - £1,000.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	121,872	2,442,103	(2,449,901)	-	114,074
Primary Development/Start up Grant	132,995	95,000	(178,312)	-	49,683
Other DfE/EFA Grants	4,143	155,151	(170,010)	10,716	-
Trips	3,446	-	(3,446)	-	-
Restricted donation	1,840	5,156	(1,278)	-	5,718
Pupil Premium	-	122,347	(122,347)	-	-
	<u>264,296</u>	<u>2,819,757</u>	<u>(2,925,294)</u>	<u>10,716</u>	<u>169,475</u>
Restricted fixed asset funds					
Assets transferred on conversion	5,935,400	1,133,000	(36,897)	-	7,031,503
DfE / Capital grants	21,580	30,604	(883)	-	51,301
Capital from predecessor school	<u>29,706</u>	<u>8,565</u>	<u>(389)</u>	<u>-</u>	<u>37,882</u>
	5,986,686	1,172,169	(38,169)	-	7,120,686
Restricted pension funds					
Defined Benefit Pension Scheme	<u>(361,000)</u>	<u>(29,000)</u>	<u>(150,000)</u>	<u>(404,000)</u>	<u>(944,000)</u>
Total restricted funds	5,889,982	3,962,926	(3,113,463)	(393,284)	6,346,161
Unrestricted funds					
Unrestricted general funds	<u>312,354</u>	<u>303,229</u>	<u>(186,146)</u>	<u>(10,716)</u>	<u>418,721</u>
Total funds	<u><u>6,202,336</u></u>	<u><u>4,266,155</u></u>	<u><u>(3,299,609)</u></u>	<u><u>(404,000)</u></u>	<u><u>6,764,882</u></u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

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

General Annual Grant:

Funds received from the EFA under the General Annual Grant arrangements for the recurrent expenditure of the Academy as defined in the funding agreement.

Primary Chain Development Fund:

Received from the EFA to support a two year chain development programme.

Start-Up Grants:

Received from the EFA to support the costs of starting up the individual academies.

Other LA/EFA Grants:

Top-up funding received from the LA for the High Needs Block, and other EFA grants received for the purpose of supporting school to school improvement.

Pupil Premium:

Received from the EFA to help raise the attainment of children likely to underachieve.

Early Years:

Funds received from the EFA for 2, 3 and 4 year olds attending Early Years provision.

Trips:

Contributions from parents towards educational visits.

Restricted Donations:

Donations received for specific purposes.

Pension Scheme Reserve:

This represents the negative reserve in respect of the LGPS scheme transferred over.

Restricted Fixed Asset Fund:

The fund includes the value of the Fixed Assets of the Academy on incorporation, monies received from the EFA specifically for the Capital Expenditure on Fixed Assets and monies transferred from GAG for the purchase of Fixed Assets. Donations to the school for the purchase of specific fixed assets are also included.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total £
Axminster Community Primary Academy	93,322
Marshwood CE Primary Academy	112,788
Mrs Ethelston's CE Primary Academy	164,290
St Andrew's CE Primary Academy	126,086
Membury Primary Academy	14,988
Loders CE VC Primary Academy	54,382
Central services	<u>22,340</u>
Total before fixed assets and pension reserve	588,196
Pension Scheme Reserve	944,000
Assets transferred on conversion	<u>7,120,686</u>
Total	<u><u>6,764,882</u></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 £
Axminster Community Primary Academy	474,488	217,027	32,280	129,327	853,122
Marshwood CE Primary Academy	197,002	41,611	7,792	40,989	287,394
Mrs Ethelston's CE Primary Academy	357,154	115,037	15,505	136,288	623,984
St Andrew's CE Primary Academy	240,429	121,044	19,712	98,397	479,582
Membury Primary Academy	93,663	41,838	4,823	60,057	200,381
Loders CE VC Primary Academy	81,232	31,975	2,957	53,783	169,947
Central services	<u>162,224</u>	<u>153,509</u>	<u>27,586</u>	<u>153,712</u>	<u>497,031</u>
Academy Trust	<u><u>1,606,192</u></u>	<u><u>722,041</u></u>	<u><u>110,655</u></u>	<u><u>672,553</u></u>	<u><u>3,111,441</u></u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	7,091,113	7,091,113
Current assets	419,902	401,200	29,573	850,675
Current liabilities	(1,181)	(231,725)	-	(232,906)
Pension scheme liability	-	(944,000)	-	(944,000)
Total net assets	<u>418,721</u>	<u>(774,525)</u>	<u>7,120,686</u>	<u>6,764,882</u>

17 Capital commitments

	31 August 2016 £	31 August 2015 £
Contracted for, but not provided in the financial statements	<u>-</u>	<u>22,306</u>

18 Financial commitments

Operating leases

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

	31 August 2016 £	31 August 2015 £
Amounts due within one year	8,935	7,139
Amounts due between one and five years	17,487	7,344
Amounts due after five years	309	-
	<u>26,731</u>	<u>14,483</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2016 £	31 August 2015 £
Net income	966,546	6,208,336
Depreciation	38,169	30,600
Interest receivable	(798)	(404)
Defined benefit pension scheme cost less contributions payable	134,000	24,000
Defined benefit pension scheme finance cost	16,000	10,000
Decrease/(increase) in debtors	66,756	(144,302)
(Decrease)/increase in creditors	(88,013)	320,920
Net assets transferred on conversion	<u>(1,104,000)</u>	<u>(5,645,000)</u>
Net cash provided by Operating Activities	<u>28,660</u>	<u>804,150</u>

20 Cash flows from investing activities

	31 August 2016 £	31 August 2015 £
Dividends, interest and rents from investments	798	404
Purchase of tangible fixed assets	<u>(32,584)</u>	<u>(28,299)</u>
Net cash used in investing activities	<u>(31,786)</u>	<u>(27,895)</u>

21 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	<u>773,129</u>	<u>776,255</u>
Total cash and cash equivalents	<u>773,129</u>	<u>776,255</u>

22 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by . Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £(39,833) (2015 - £(25,364)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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%.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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 £175,438 (2015: £110,596).

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

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

Local government pension scheme

The academy has four schools in the Devon LGPS and two school in the Dorset LGPS. For disclosure purposes we have aggregated the two schemes. Where assumptions have varied between the counties an average has been disclosed. The variations include:

Rate of increase in salaries: 3.8% - 4.60%

Females retiring today: 25.20- 26.10

Females retiring in 20 years: 27.60 - 28.40

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £131,000 (2015 - £94,000), of which employer's contributions totalled £105,000 (2015 - £70,000) and employees' contributions totalled £26,000 (2015 - £24,000). The agreed contribution rates for future years are 14.8 per cent for employers and 5.5-12.5 per cent for employees.

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	4.00	4.20
Rate of increase for pensions in payment/inflation	2.30	2.70
Discount rate for scheme liabilities	2.20	4.00
Inflation assumptions (CPI)	2.30	2.70
RPI increases	<u>3.20</u>	<u>3.60</u>

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

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	22.90	22.80
Females retiring today	25.80	25.80
Retiring in 20 years		
Males retiring in 20 years	25.20	25.10
Females retiring in 20 years	<u>28.20</u>	<u>28.40</u>

The actual return on scheme assets was £64,000 (2015 - £6,000).

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	358,000	203,000
Gilts	35,000	24,000
Other bonds	38,000	26,000
Property	62,000	38,000
Cash	9,000	10,000
Other	<u>111,000</u>	<u>58,000</u>
Total market value of assets	613,000	359,000
Present value of scheme liabilities - funded	<u>(1,557,000)</u>	<u>(720,000)</u>
Deficit in the scheme	<u>(944,000)</u>	<u>(361,000)</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	31 August 2016 £	31 August 2015 £
Current service cost	(213,000)	(94,000)
Net interest cost	<u>(16,000)</u>	<u>(10,000)</u>
Total operating charge	<u>(229,000)</u>	<u>(104,000)</u>

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

	31 August 2016 £	31 August 2015 £
At 1 September	(720,000)	(580,000)
Current service cost	(142,000)	(94,000)
Interest cost	(33,000)	(21,000)
Employee contributions	(26,000)	(24,000)
Change in financial assumptions	(451,000)	(1,000)
Benefits paid	7,000	-
Plan introductions, benefit changes, curtailments and settlements	(192,000)	-
Liabilities assumed in a business combination	<u>(29,000)</u>	<u>-</u>
At 31 August	<u>(1,586,000)</u>	<u>(720,000)</u>

The current service cost has been adjusted to take account of the liabilities assumed in a business combination.

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

	31 August 2016 £	31 August 2015 £
At 1 September	359,000	259,000
Interest income	17,000	11,000
Return on plan assets (excluding net interest on the net defined pension liability)	47,000	(5,000)
Employer contributions	79,000	70,000
Employee contributions	26,000	24,000
Benefits paid	(7,000)	-
Plan introductions, benefit changes, curtailments and settlements	<u>92,000</u>	<u>-</u>
At 31 August	<u>613,000</u>	<u>359,000</u>

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a 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 Academy Trust's financial regulations and normal procurement procedures.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

25 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Acorn Multi Academy 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 Multi Academy 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.

Explanation of transition to 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 7 October 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 7 October 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £4,000 and increase the credit/debit in other recognised gains and losses in the SOFA by an equivalent amount.

Acorn Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26 Conversion to an Academy Trust

On 1 September 2015 the Membury Primary Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Acorn Multi Academy Trust from the Devon County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Freehold land and buildings	-	-	563,000	563,000
On LA funds	10,455	-	8,050	18,505
LGPS pension surplus/(deficit)	-	(1,000)	-	(1,000)
Net assets	<u>10,455</u>	<u>(1,000)</u>	<u>571,050</u>	<u>580,505</u>

The above net assets include £18,809 that were transferred as cash.

On 1 April 2016 the Loders CE VC Primary Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Acorn Multi Academy Trust from the Dorset County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Freehold land and buildings	-	-	570,000	570,000
On LA funds	-	-	515	515
LGPS pension surplus/(deficit)	-	(28,000)	-	(28,000)
Net assets	<u>-</u>	<u>(28,000)</u>	<u>570,515</u>	<u>542,515</u>

The above net assets include £515 that were transferred as cash.