

ACE Schools Multi Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the period from 2 March 2016 to 31 August 2016

Company Registration Number 10038640 (England and Wales)

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ACE Schools Multi Academy Trust

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Reference and Administrative Details

Trustees

Mrs Annette Benny (appointed 2 March 2016)
Mrs Susan Bickle (appointed 1 February 2017)
Mrs Sarah Gillett (appointed 2 March 2016)
Mr Peter McDonnell (appointed 2 March 2016)
Ms Isabelle Morgan (appointed 2 March 2016 and resigned 12 January 2017)
Dr Tim Searle (Chair) (appointed 2 March 2016)
Mrs Joan Watkins (appointed 2 March 2016)
Mr Alastair Wright (appointed 2 March 2016)

Head Teacher & CEO	Mrs Sarah Gillett
Senior Deputy Head	Mr Chris Humphries
Deputy Head	Mr Paul Winterton
Head of Finance & CFO	Mr Paul Turner

Principal and Registered Office	Martinsgate Building Bretonside Plymouth PL4 0AT
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Independent Auditor

PKF Francis Clark
North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Solicitors

Wolverstans Solicitors
60/66 North Hill
Plymouth
PL4 8EP

ACE Schools Multi Academy Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 2 March 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 an alternative provision academy, ACE Schools Plymouth, providing a range of education services for primary and secondary students at a number of locations around Plymouth. It has a total pupil capacity of 264 which consists of 230 alternative provision places and 34 hospital education places.

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

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Acts, every trustee or other officer or auditor of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default breach of duty or breach of trust in relation to the affairs of the academy trust.

During the period the academy trust also purchased professional indemnity cover (unlimited indemnity) and governors' liability cover (£10m indemnity limit) which covers any member of an academy trust, a director or trustee of an academy trust, or a person who sits on a local governing body.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association require the members of the academy trust to appoint at least 3 and up to 10 trustees.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Method of Recruitment and Appointment or Election of Trustees (continued)

There must be a minimum of 2 parent trustees elected or appointed, unless there is a local governing body for each academy which itself includes at least 2 parent local governors. Parent trustees or parent local governors must be elected by parents, or individuals exercising parental responsibility, of registered pupils at the academy and must themselves be a parent, or an individual exercising parental responsibility, at the time when they are elected. Any election which is contested shall be held by secret ballot with any parent, or an individual exercising parental responsibility, of a registered pupil at the academy eligible to stand and vote.

Where it is not reasonably practical to appoint a parent, or an individual exercising parental responsibility, of a registered pupil at the academy then the trustees may appoint a person who is a parent, or an individual exercising parental responsibility, of a child within the age range of the academy. The academy trust has chosen this route to ensure a parental contribution at Board of Trustee and Local Governing Body level. A minimum of two Trustees or Governors are parents of children within the age range of the academy.

The members may appoint staff trustees, including the Chief Executive, through such process as they may determine provided that the employees of the academy trust shall not exceed one third of the total number of trustees.

The trustees may appoint co-opted trustees. A 'co-opted trustee' means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed.

The term of office for any trustee shall be four years; save that this time limit will not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected at a general meeting.

Policies and Procedures Adopted for the Induction and Training of Trustees

The induction and training of trustees will depend on their existing skills, knowledge and experience. Where necessary trustees are provided with training on key areas including corporate, charity and academy trust governance as well as topics covering education, legal and financial matters.

All new trustees meet with the Chair, Chief Executive and Senior Leadership Team and are given a tour of the academy and have the opportunity to meet with trustees, staff and students.

All trustees are provided with the means by which to obtain copies of the policies from the academy trust website plus procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

Each year the trustees attend a 'trustees' away day' which includes training sessions to keep the trustees updated on all relevant developments impacting on their role and responsibilities.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Organisational Structure

The organisational structure of the academy trust consists of 4 levels:

- Members
- Board of Trustees
- Local Governing Body
- Senior Leadership Team

The organisational structure is based on a delegated authority framework which clearly defines the roles and responsibilities at each level and encourages distributed leadership and involvement in decision making at all levels.

The Members of the academy trust comprise the signatories of the Memorandum of Association and have defined the roles of the trustees and the committee structure. The Members meet annually to undertake their statutory duties and other duties set out in the Articles of Association.

The Board of Trustees is responsible for setting the strategic direction and objectives of the academy trust and monitor its progress towards these objectives. The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by use of budgets and making major decisions about the direction of the academy trust including capital expenditure and senior staff appointments. The trustees have agreed a scheme of delegation which sets out the system of internal controls, responsibilities, standing orders and terms of reference. The trustees meet monthly to monitor performance against objectives, make strategic decisions which are not delegated and monitor the performance of the Local Governing Body and Senior Leadership Team.

The Local Governing Body is responsible for monitoring the performance of each academy within the trust. The Local Governing Body meets monthly to monitor progress against objectives and to receive reports from the Senior Leadership Team.

The Chief Executive and Senior Leadership Team, as shown on page 1, are responsible for the day to day operations of the academy trust at an executive level implementing the policies laid down by the trustees and governors and reporting back to them. The Chief Executive has the role of Accounting Officer and the Head of Finance is the Chief Financial Officer.

Arrangements for setting pay and remuneration of key management personnel

The Members, Board of Trustees (excluding Chief Executive and staff trustees) and Local Governing Body are all unpaid roles within the organisational structure.

The setting of pay and remuneration of the Chief Executive and Senior Leadership Team is the responsibility of the Board of Trustees. The trustees have set up a Remuneration Committee to undertake the task of recommending pay and remuneration of key management personnel in light of responsibilities, retention, succession planning and market comparatives.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Related Parties and other Connected Charities and Organisations

There are no other connected organisations or related parties which either control or significantly influence the decisions and operations of the academy trust.

It does, however, work closely with a number of other schools, colleges, educational bodies and local authorities on particular collaborative projects in the pursuit of its charitable activities.

Objectives and Activities

Objects and Aims

The principal object and aim of the academy trust is the provision of educational services delivered through academy schools within the multi academy trust.

The academy trust's objects are specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ('the mainstream Academies') or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ('the alternative provision Academies') or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ('the 16 to 19 Academies') or schools specifically organised to make special educational provision for pupils with Special Educational Needs ('the Special Academies').
- To promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, Strategies and Activities

The main objectives of the academy trust during the period ended 31 August 2016 are summarised below:

- To establish the academy as a newly converted academy trust.
- To develop the core values, vision and mission of the academy trust.
- To prepare and implement a strategy to grow the academy trust.
- To review and restructure the business support functions and systems in order to meet the changing needs of a multi academy trust.

Public Benefit

The academy trust provides educational services to all children in the local area. The trustees 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.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance

The academy trust's achievement and performance in the period is summarised below:

- ***To establish the academy as a newly converted academy trust.***

The good performance of the school has continued on becoming an academy trust and there has been little impact on the education provision in the short space of time since becoming a trust.

New support processes and systems have been established to reflect the trusts independence from the local authority.

The academy trust is financially stable following the transfer of assets and separation from the local authority.

- ***To develop the core values, vision and mission of the academy trust.***

Core values – we are uncompromising; we are supportive; we find solutions; we strive for excellence.

Vision – To be a leading force in delivering uncompromising educational support and services for primary, secondary and specialist education academies across the UK.

Creating the widest connected network of strategic professionals to serve our academies with insight and knowledge for the inclusive advancement of education delivery and best practice. To provide equal education and life opportunities for all children and young people, whilst providing unrivalled career development pathways for staff and training the education leaders of the future.

Mission – To support all children and young people, head teachers, school staff, parents, stakeholders and the wider communities they are part of. To form a supportive and collaborative network that allow our academies to run more efficiently, share best practice, attract and retain the best teachers whilst focussing on delivering equal opportunities for all students irrespective of background and circumstance. Our specialist professionals provide a commercial engine that supports the demands of running an academy, seeking new opportunities to benefit staff and students alike. Our approach enables academies to deliver the best education and provides exciting career opportunities for all staff which allows the academy to become more effective and efficient, instilling best practice as we deliver high value by return.

- ***To prepare and implement a strategy to grow the academy trust.***

The strategy to grow the trust has focussed on two main areas: working with other schools to join the trust and submitting applications to set up new free schools. The outcomes of this strategy are as follows:

- Discussions with Courtlands Special School have resulted in the school converting to an academy and becoming part of the multi academy trust on 1st February 2017.
- A free school application to set up a new special school in Plymouth to support students with ASD (Autism Spectrum Disorder) and related conditions was submitted in September 2016. A decision on our application is expected in March 2017.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Achievements and Performance (continued)

- ***To review and restructure the business support functions and systems in order to meet the changing needs of a multi academy trust.***

Business support functions now consists of finance, HR, IT and schools administration teams focussed on delivering support functions, many of which were previously provided by the local authority.

Investment has been made in new systems, notably accounting and management information systems, to enable the trust to manage its resources, analyse performance and make decisions independently from local authority systems and processes.

Key Performance Indicators

ACE School Plymouth has yet to be inspected by OFSTED since becoming an academy trust.

At the last OFSTED inspection in November 2013 the school was assessed as 'Good'. The report stated that most pupils achieved well in mathematics, science, English and personal development. Years 1-6 make good progress in reading because of the regular use of a phonics approach. For year 11 the proportion of pupils attaining GCSE's has risen over the past 3 years. Teaching is good and planned tasks meet the individual needs of each pupil. Pupils behave well, and feel safe at all sites, benefitting from the consistent way that behaviour is managed. Parents are pleased with performance of their child and the range of subjects promotes spiritual, moral, social and cultural development well and is enriched through outdoor activities and visits. The head teacher is ambitious for the future and has built a strong team of leaders who are focussed on raising achievement and improving the performance of staff through high quality training and rigorous monitoring. Governors check the budget well and ensure that pupils eligible for additional funding rightly benefit from it.

The key financial performance indicator for the academy trust is the adherence to the financial budget set at the beginning of the period. Excluding other income from the academy trusts educational operations and other trading activities a significant amount of income for the academy trust is government or local authority funded and therefore the income for the academy is largely secured.

An expenditure budget is set at the start of the period taking into consideration the level of government funding. The trustees have reviewed detailed capital and revenue expenditure reports compared to budgets which confirms that the processes and procedures in place for controlling expenditure are acceptable. The carried forward General Annual Grant is within acceptable parameters.

Going Concern

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

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Financial Review

The academy trust was formed in the period ended 31 August 2016 and received the following funds transferred from the local authority:

- Transfer of budget surplus on LA funds of £161k (unrestricted funds).
- Transfer of tangible fixed assets of £3,896k (restricted fixed asset funds).
- Transfer of LGPS pension deficit of £594k (restricted general funds).

A significant portion of the academy's income (£816k) was obtained from the DfE via the Education Funding Agency (EFA) in the form of General Annual Grant (GAG), Start Up Grants and Other Grants. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants (£588k) from Plymouth City Council as top up funding to support high needs SEN students.

Finally, the academy generated other income (£134k) from other schools in Plymouth who are dual registered and supported by the academy.

Both local authority funding and academy generated other income are shown as restricted funds in the Statement of Financial Activities.

Total income received in the period (excluding fixed asset and pension liability transfers) amounted to £1,736k.

During the period ended 31 August 2016 the academy trust incurred total expenditure of £1,086k on its charitable activities and educational operations with £1,056k attributable to restricted fund activities.

The majority of costs are staff costs (£802k) which include direct costs, support costs, supply staff and staff restructuring costs and constitutes 74% of total spend. Other significant costs include premises costs (£118k) and curriculum costs (£82k) which constitute 11% and 8% of total spend respectively.

The excess of income over expenditure for the period (excluding restricted fixed asset and restricted pension funds) is £673k which is made up of £499k restricted income funds and £174k unrestricted funds.

At 31 August 2016 the restricted fixed asset fund reflected fixed assets with a net book value of £3,873k while the restricted pension fund shows the defined benefit pension liability of £1,022k in the Local Government Pension Scheme.

Reserves Policy

The academy trust had free reserves (unrestricted reserves) of £174k at 31 August 2016.

The level of reserves required by the academy trust is reviewed annually by the Board of Trustees. In determining the level of reserves, the Trustees consider the future plan of the academy trust, the uncertainty over future income streams, future planned expenditure and key risks identified by the risk review.

The academy trusts total reserves at 31 August 2016 was £673k which comprised £499k restricted income funds and £174k of unrestricted funds.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Investment Policy

The academy trust has no investments other than cash balances. Currently these are held within a school account at the bank.

Principal Risks and Uncertainties

The Trustees regularly review the risks of the academy trust and have established a risk management register in addition to the internal control systems.

The principal risks and uncertainties facing the academy trust are as follows:

- Financial – risks associated with national and local funding levels in the education sector and specific uncertainty around high needs top up funding.
- Premises – risks associated with the need to maintain and improve buildings, plant and equipment to meet the needs of students and staff.
- Pension Scheme – risks associated with the LGPS defined benefit pension scheme and the current pension deficit.
- Staff – risks associated with the need to recruit and retain high quality teaching and support staff in employed and supply staff roles.

All key risks are insured against where insurance is available and it is cost effective to do so.

Plans for Future Periods

Our vision is that the academy trust will grow with new academies and free schools joining the trust so that the benefits of a multi academy trust are fully realised. This includes the academy schools within the trust becoming outstanding when inspected by Ofsted.

Funds Held as Custodian Trustee on Behalf of Others

Neither the academy trust nor any of its trustees are acting as custodian trustees on behalf of others.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 15 February 2017 and signed on the board's behalf by:



Dr Tim Searle
Chair of Trustees
15 February 2017

ACE Schools Multi Academy Trust

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that ACE Schools 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 Sarah Gillett, Chief Executive, 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 ACE Schools 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 3 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Ms Annette Benny	2	3
Mrs Sarah Gillett (CEO)	3	3
Mr Peter McDonnell	2	3
Ms Isabelle Morgan	2	3
Dr Tim Searle (Chair)	3	3
Mrs Joan Watkins	3	3
Mr Alastair Wright	2	3

Governance Reviews

The formation of the academy trust in this accounting period created significant change in the governance structure. The previous school governors' structure was replaced by a new board of trustees for the multi academy trust and a local governing body for ACE Schools Plymouth, currently the sole academy within the trust.

To date there has been no self-evaluation or external review of governance. The board of trustees plan to undertake this review during the next accounting period.

Given the significant level and pace of change within the academy trust, the board of trustees currently plan to meet on a monthly basis and, with the exception of the work of the local governing body, all governance matters are managed through this single body.

ACE Schools Multi Academy Trust

Governance Statement (continued)

Governance Reviews (continued)

It is envisaged that as the academy trust grows in size the board of trustees will set up sub-committees to consider matters relating to finance and audit in greater detail. In December 2016, the board of trustees agreed to formally set up a remuneration committee.

Review of Value for Money

As accounting officer the Chief Executive 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 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 this period by:

- Restructuring administrative and business support services within the academy trust to ensure it is both operationally and cost effective.
- Setting up new budgeting and financial reporting processes to ensure trust funds are carefully managed and expenditure is appropriate and in accordance with the financial plan.
- Investing in a new accounting system, PS Financials, which is planned to be implemented early in the next accounting period.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 ACE Schools Multi Academy Trust for the period from 2 March 2016 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 2 March 2016 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

ACE Schools Multi Academy Trust

Governance Statement (continued)

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint an internal auditor in the next accounting period. It is anticipated that the internal auditor will be appointed from a firm of chartered accountants and auditors. The internal auditor's role will include giving advice on financial matters and performing a range of checks on the academy trust's financial systems and will report back to the board of trustees on their findings and any remedial action required to address any issues arising.

Review of Effectiveness

As accounting officer the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

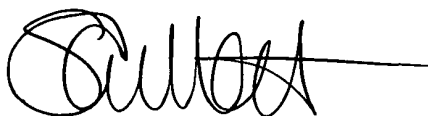
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees 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 15 February 2017 and signed on its behalf by:



Dr Tim Searle
Chair of Trustees



Sarah Gillett
CEO & Accounting Officer

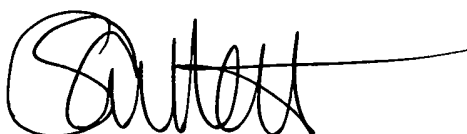
ACE Schools Multi Academy Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of ACE Schools 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.

A handwritten signature in black ink, appearing to read 'Sarah Gillett', with a long horizontal line extending to the right.

Sarah Gillett
CEO & Accounting Officer
15 February 2017

ACE Schools Multi Academy Trust

Statement of Trustees' Responsibilities

The trustees (who act as governors of ACE Schools Multi Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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 then 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;
- 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable 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 15 February 2017 and signed on its behalf by:



Dr Tim Searle
Chair of Trustees

ACE Schools Multi Academy Trust

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

We have audited the financial statements of ACE Schools Multi Academy Trust for the period ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the Notes to the Financial Statements. 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 FRS102 'The Financial Reporting Standards 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 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 14), 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 Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

ACE Schools Multi Academy Trust

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

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 income and expenditure for the period 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.

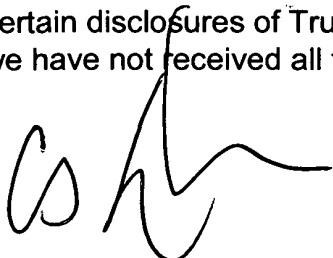
Opinion on other matters prescribed by the Companies Act 2006

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

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.



Charles Evans (Senior Statutory Auditor)

For and on behalf of PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

15 February 2017

ACE Schools Multi Academy Trust

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

In accordance with the terms of our engagement letter dated 21 November 2016 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 ACE Schools Multi Academy Trust during the period 2 March 2016 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 ACE Schools Multi Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to ACE Schools Multi Academy Trust and 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 ACE Schools Multi Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of ACE Schools Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of ACE Schools Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 May 2016 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 period 2 March 2016 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.

ACE Schools Multi Academy Trust

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

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.

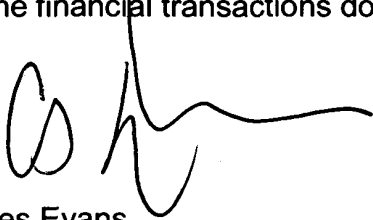
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 2 March 2016 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.



Charles Evans

For and on behalf of, PKF Francis Clark Chartered Accountants

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

15 February 2017

ACE Schools Multi Academy Trust

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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:					
Donations and capital grants:					
Transfer from local authority on conversion	23	161,306	(594,000)	3,895,993	3,463,299
Charitable activities:					
Funding for the academy trust's educational operations	2	-	1,537,541	-	1,537,541
Other trading activities	3	12,070	24,884	-	36,954
Investments	4	211	-	-	211
Total		173,587	968,425	3,895,993	5,038,005
Expenditure on:					
Charitable activities:					
Academy trust educational operations	5,6	-	1,055,769	30,190	1,085,959
Total		-	1,055,769	30,190	1,085,959
Net income / (expenditure)		173,587	(87,344)	3,865,803	3,952,046
Transfers between funds	14	-	(7,483)	7,483	-
Other recognised gains / (losses):					
Actuarial loss on defined benefit pension schemes	14, 21	-	(428,000)	-	(428,000)
Net movement in funds		173,587	(522,827)	3,873,286	3,524,046
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward at 31 August 2016		173,587	(522,827)	3,873,286	3,524,046

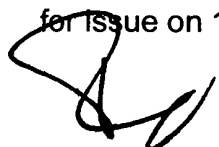
ACE Schools Multi Academy Trust

Balance Sheet As at 31st August 2016

Company Number: 100386040

	Note	2016 £	2016 £
Fixed Assets			
Intangible assets	10		7,095
Tangible assets	11		<u>3,866,191</u>
			3,873,286
Current Assets			
Debtors	12	60,119	
Cash at bank and in hand		<u>1,090,011</u>	
		1,150,130	
Liabilities			
Creditors: Amounts falling due within one year	13	(477,370)	
Net current assets			<u>672,760</u>
Total assets less current liabilities			4,546,046
Creditors: Amounts falling due after more than one year			-
Net assets excluding pension liability			<u>4,546,046</u>
Defined benefit pension scheme liability	21		(1,022,000)
Total net assets			<u>3,524,046</u>
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	14	3,873,286	
Restricted income fund	14	499,173	
Pension reserve	14	<u>(1,022,000)</u>	
Total restricted funds			3,350,459
Unrestricted income funds	14		173,587
Total funds			<u>3,524,046</u>

The financial statements on pages 19 to 42 were approved by the trustees and authorised for issue on 15 February 2017 and are signed on their behalf by



Dr Tim Searle
Chair of Trustees

ACE Schools Multi Academy Trust

Statement of Cash Flows for the year ended 31 August 2016

	Note	2016 £
Cash flows from operating activities		
Cash transferred on conversion to an academy trust		161,306
Net cash provided by operating activities	17	935,977
Cash flows from investing activities	18	(7,272)
Change in cash and cash equivalents in the reporting period		<u>1,090,011</u>
Cash and cash equivalents at 2 March 2016		-
Cash and cash equivalents at 31 August 2016	19	<u>1,090,011</u>

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016

1. 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.

ACE Schools Multi Academy Trust meets the definition of a public benefit entity under 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. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from ACE Schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 23.

Going Concern

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Income

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

Grants

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

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

Capital grants are recognised 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 there are no performance-related conditions), 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.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Intangible Fixed Assets

Intangible assets costing £250 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 33%

Tangible Fixed Assets

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Long leasehold buildings 2%
- Fixtures, fittings and equipment 20%
- Computer hardware 33%

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.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

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.

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Pensions Benefits (continued)

The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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 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.

The master funding agreement permits the academy trust to carry forward any unspent General Annual Grant (GAG) from one year to the next without limit (unless a limit is specified in the Academies Financial Handbook or otherwise as specified in writing by the Secretary of State).

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

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 21, 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.

2. Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £
DfE / EFA grants			
General Annual Grant (GAG)	-	757,504	757,504
Start Up Grants	-	45,000	45,000
Other DfE / EFA grants	-	13,100	13,100
	-	815,604	815,604
Other Government grants			
Local authority grants	-	588,011	588,011
Other income from the academy trust's educational operations	-	133,926	133,926
	-	1,537,541	1,537,541

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

3. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Other income	12,070	24,884	36,954
	<u>12,070</u>	<u>24,884</u>	<u>36,954</u>

4. Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £
Short term deposits	211	-	211
	<u>211</u>	<u>-</u>	<u>211</u>

5. Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	Total 2016 £
Academy's educational operations:				
Direct costs	616,075	-	227,579	843,654
Allocated support costs	68,247	117,537	56,521	242,305
	<u>684,322</u>	<u>117,537</u>	<u>284,100</u>	<u>1,085,959</u>

Net income / (expenditure) for the period includes:	2016 £
Operating lease rentals	6,826
Depreciation	29,802
Amortisation of intangible fixed assets	388
Fees payable to auditor for:	
• audit	<u>8,000</u>

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

6. Charitable activities

	Total 2016 £
Direct costs – educational operations	843,654
Support costs – educational operations	242,305
	<u>1,085,959</u>

Analysis of support costs

	Educational operations £	Total 2016 £
Support staff costs	68,247	68,247
Depreciation	29,802	29,802
Amortisation	388	388
Technology costs	9,995	9,995
Premises costs	87,735	87,735
Other support costs	38,138	38,138
Governance costs	8,000	8,000
Total support costs	<u>242,305</u>	<u>242,305</u>

All direct and support costs are restricted expenditure.

7. Staff

a. Staff Costs

	Total 2016 £
Wages and salaries	544,713
Social security costs	53,319
Operating costs of defined benefit pension schemes	86,290
	<u>684,322</u>
Supply staff costs	108,111
Staff restructuring costs	9,910
	<u>802,343</u>
Staff restructuring costs comprise:	
Redundancy payments	9,410
Severance payments	500
	<u>9,910</u>

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

7. Staff (continued)

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £500. Individually, the payments were: £500.

c. Staff numbers

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

	2016 No.
Teachers	41
Administration and support	32
Management	4
	<hr/>
	77

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership 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 £79,832.

8. 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.

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

Sarah Gillett (Chief Executive, Head Teacher and Trustee):

Remuneration £20,000 - £25,000

Employer's pension contributions paid £0 - £5,000

During the period ended 31 August 2016, travel and subsistence expenses totalling £791 were reimbursed or paid directly to 2 trustees.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

9. Trustees and officers insurance

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

10. Intangible fixed assets

	Computer Software £	Total £
Cost		
At 2 March 2016	-	-
Additions	7,483	7,483
At 31 August 2016	<u>7,483</u>	<u>7,483</u>
Amortisation		
At 2 March 2016	-	-
Charged in period	388	388
At 31 August 2016	<u>388</u>	<u>388</u>
Carrying Amount		
At 2 March 2016	-	-
At 31 August 2016	<u>7,095</u>	<u>7,095</u>

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

11. Tangible fixed assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Hardware £	Total £
Cost				
At 2 March 2016	-	-	-	-
Transfer on conversion	3,603,000	138,292	154,701	3,895,993
At 31 August 2016	3,603,000	138,292	154,701	3,895,993
Depreciation				
At 2 March 2016	-	-	-	-
Charged in period	10,125	6,915	12,763	29,802
At 31 August 2016	10,125	6,915	12,763	29,802
Net book values				
At 2 March 2016	-	-	-	-
At 31 August 2016	3,592,875	131,377	141,938	3,866,191

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on Martinsgate Building, Bretonside, Plymouth PL4 0AT, for £Nil over a term of 125 years. The asset was valued on 1st April 2016 at £2,561,000 (land £1,263,000 and buildings £1,298,000).
- the taking up of a leasehold on 49 Dover Road, Plymouth PL6 8ST for £Nil over a term of 125 years. The asset was valued on 1st April 2016 at £656,000 (land £235,000 and buildings £421,000).
- the taking up of a leasehold on Ford Nursery, Auckland Road, Plymouth PL2 3BX, for £Nil over a term of 125 years. The asset was valued on 1st April 2016 at £386,000 (land £80,000 and buildings £306,000).

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

12. Debtors

	2016 £
Trade debtors	16,037
VAT recoverable	14,693
Prepayments and accrued income	29,389
	<u>60,119</u>

13. Creditors: amounts falling due within one year

	2016 £
Other taxation and social security	52,159
Other creditors	42,391
Accruals and deferred income	382,820
	<u>477,370</u>

Deferred income

	2016 £
Deferred income at 2 March 2016	-
Resources deferred in the period	345,007
Deferred income at 31 August 2016	<u>345,007</u>

At the balance sheet date the academy trust was holding funds received in advance for SEN high needs top up funding for the period to 31 March 2017.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

14. Funds

	Balance at 2 March 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	-	757,504	(250,848)	(7,483)	499,173
Start Up Grant	-	45,000	(45,000)	-	-
Pupil Premium	-	13,100	(13,100)	-	-
Pension reserve	-	(594,000)	-	(428,000)	(1,022,000)
Other grants	-	596,011	(596,011)	-	-
Other income	-	150,810	(150,810)	-	-
	-	968,425	(1,055,769)	(435,483)	(522,827)
Restricted fixed asset funds					
Transfer on conversion	-	3,895,993	(29,802)	-	3,866,191
Capital expenditure from GAG	-	-	(388)	7,483	7,095
	-	3,895,993	(30,190)	7,483	3,873,286
Total restricted funds	-	4,864,418	(1,085,959)	(428,000)	3,350,459
Total unrestricted funds	-	173,587	-	-	173,587
Total funds	-	5,038,005	(1,085,959)	(428,000)	3,524,046

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.

Start Up Grant:

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

Pupil Premium:

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

14. Funds (continued)

Pension Reserve:

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

Other Grants:

Top up funding received from the LA for the High Needs Block.

Other Income:

Income from the academy trust's educational operations received from other schools and other income related to the provision of educational services.

Restricted Fixed Asset Funds:

The fund includes the value of the Fixed Assets of the Academy transferred from the LA on conversion and monies transferred from the GAG for the purchase of Fixed Assets.

15. 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
	£	£	£	£
Intangible fixed assets	-	-	7,095	7,095
Tangible fixed assets	-	-	3,866,191	3,866,191
Current assets	173,587	976,543	-	1,150,130
Current liabilities	-	(477,370)	-	(477,370)
Pension scheme liability	-	(1,022,000)	-	(1,022,000)
Total net assets	173,587	(522,827)	3,873,286	3,524,046

16. Commitments under operating leases

Operating leases

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

	2016 £
Amounts due within one year	66,764
Amounts due between one and five years	159,161
	225,925

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

17. Reconciliation of net income to net cash inflow from operating activities

	2016 £
Net income for the reporting period	3,952,046
Adjusted for:	
Amortisation	388
Depreciation	29,802
Interest receivable	(211)
Assets transferred on conversion	(4,057,299)
Defined benefit pension scheme obligation inherited	594,000
(Increase) in debtors	(60,119)
Increase in creditors	477,370
Net cash provided by Operating Activities	<u>935,977</u>

18. Cash flows from investing activities

	2016 £
Dividends, interest and rents from investments	211
Purchase of intangible fixed assets	(7,483)
Net cash used in investing activities	<u>(7,272)</u>

19. Analysis of cash and cash equivalents

	2016 £
Cash at bank and in hand	1,090,011
Total cash and cash equivalents	<u>1,090,011</u>

20. 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 cease to be a member.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

21. 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 Devon County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £42,350 were payable to the schemes at 31 August 2016 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.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

21. Pension and similar obligations (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £64,902.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the period ended 31 August 2016 was £28,844 of which employer's contributions totalled £21,388 and employees' contributions totalled £7,456. The agreed contribution rates for future years are 14.3 per cent for employers and 5.5 - 12.5 per cent for employees. In addition the academy trust is paying a fixed contribution of £12,900 in the period to 31 March 2017.

As described in note 23, the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

21. Pension and similar obligations (continued)

Principal actuarial assumptions	At 31 August 2016
Rate of increase in salaries	4.10%
Rate of increase for pensions in payment / inflation	2.30%
Discount rate for scheme liabilities	2.20%
Inflation assumption (CPI)	2.30%
RPI assumption	3.20%
Commutation of pensions to lump sums	50.00%

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

	At 31 August 2016
<i>Retiring today</i>	
Males	22.9
Females	26.2
<i>Retiring in 20 years</i>	
Males	25.2
Females	28.6

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2016
	£
Gilts	17,000
UK equities	129,000
Overseas equities	180,000
Property	52,000
Infrastructure	21,000
Target return portfolio	75,000
Cash	9,000
Other bonds	14,000
Alternative assets	30,000
Total market value of assets	527,000
Present value of scheme liabilities – funded	(1,549,000)
Deficit in the scheme	(1,022,000)

The actual return on scheme assets was £39,000.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

21. Pension and similar obligations (continued)

Amount recognised in the statement of financial activities	2016 £
Current service cost (net of employee contributions)	(35,000)
Net interest cost	(5,000)
Total operating charge	<u>(40,000)</u>

Changes in the present value of defined benefit obligations were as follows:	2016 £
At 2 March 2016	-
Upon conversion	1,054,000
Current service cost	35,000
Interest cost	9,000
Employee contributions	7,000
Change in financial assumptions	444,000
At 31 August 2016	<u>1,549,000</u>

Changes in the fair value of academy trust's share of scheme assets:	2016 £
At 2 March 2016	-
Upon conversion	460,000
Interest income	4,000
Return on plan assets (excluding net interest on the net defined pension liability)	35,000
Employer contributions	21,000
Employee contributions	7,000
At 31 August 2016	<u>527,000</u>

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016 (continued)

22. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.

23. Conversion to an academy trust

On 1 June 2016 ACE Schools converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to ACE Schools Multi Academy Trust from Plymouth City Council for £nil consideration.

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

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	3,603,000	3,603,000
Other tangible fixed assets	-	-	292,993	292,993
Budget surplus on LA funds	161,306	-	-	161,306
LGPS pension deficit	-	(594,000)	-	(594,000)
Net assets	161,306	(594,000)	3,895,993	3,463,299

The above net assets include £161,306 that was transferred as cash.