

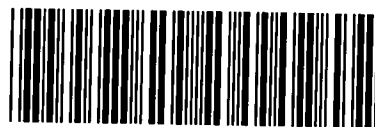
ACE Schools Multi Academy Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2018

Company Registration Number 10038640 (England and Wales)



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ACE Schools Multi Academy Trust

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ACE Schools Multi Academy Trust

Reference and Administrative Details

Members Ms Wendy Hannon
Mr Adrian Kemp
Ms Anne-Marie Singer (resigned 7 September 2018)
Ms Michelle Thomas

Trustees Mrs Annette Benny
Mrs Susan Bickle (resigned 24 July 2018)
Mr Andrew Dunkley (appointed 8 October 2018)
Mrs Sarah Gillett (CEO & Accounting Officer)
Mr Gavin Gracie (appointed 8 October 2018)
Mr Peter McDonnell
Mr Denis Parsons (appointed 8 October 2018)
Dr Tim Searle (Chair)
Mrs Joan Watkins (resigned 10 October 2018)
Mr Alastair Wright (resigned 6 September 2018)

Senior Leadership Team:

CEO	Mrs Sarah Gillett
Director of Performance	Mr Chris Humphries
Director of School Improvement	Mr Paul Winterton
Director of Finance (CFO)	Mr Paul Turner

Company Name ACE Schools Multi Academy Trust

Principal and Registered Office Martinsgate Building
Bretonside
Plymouth
PL4 0AT

Company Registration Number 10038640 (England and Wales)

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

Bankers Lloyds Bank plc
37 Ridgeway
Plympton
Plymouth
PL7 2AP

Solicitors Michelmores
Woodwater House
Pynes Hill
Exeter EX2 5WR

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 year ended 31 August 2018.

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 and more recently through satellite bases in Cornwall and Devon. In Plymouth it has a pupil capacity of 264 which consists of 230 alternative provision places and 34 hospital education places.

On 1 February 2017 Courtlands Special School joined the trust. Courtlands is a primary special school based in Plymouth with a pupil capacity of 75 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 year 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 year 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.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

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.

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 trustees 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.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Organisational Structure

The organisational structure of the academy trust consisted 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 and terms of reference. The trustees meet half-termly (6 times per academic year) to monitor performance against objectives, make strategic decisions 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 half-termly (6 times per academic year) to monitor progress against objectives and to receive reports from the senior leadership team. In October 2018 the board agreed that this level of governance will follow a 'cluster' model with responsibility for academies operating on a regional basis.

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 Director 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)

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£4,680,031
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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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 UK through schools offering a broad and balanced curriculum ('the mainstream Academies') or education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise ('the alternative provision Academies') or schools specifically organised to make special educational needs provision ('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.

Objectives, Strategies and Activities

The main objectives of the academy trust during the year ended 31 August 2018 are summarised below:

- To grow the number of schools within the academy trust.
- To grow the educational provision in the south west.
- To improve and strengthen the governance of schools and the academy trust.
- To ensure that the educational provision is cost effective, value for money and properly funded.

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 year is summarised below:

- ***To grow the number of schools within the academy trust.***

The academy trust has submitted an application to Devon County Council to set up a new free special school in Tiverton, Devon to support students with SEMH (Social, Emotional and Mental Health) and ASC (Autism Spectrum Condition) and related conditions for Key Stage 3 and 4 students. The outcome of the application is anticipated early in the new academic year with a planned start date of September 2019.

During the year the academy trust participated in a re-brokerage process for three alternative provision academies in Devon. Although the trust was not successful in its application it continues to work closely with the local authority and new provider to support high need pupils in the county.

The academy trust continues to seek opportunities to bring other schools into the trust, particularly those in the alternative provision, special needs and high needs sectors.

- ***To grow the educational provision in the South West.***

The academy trust has continued to expand its educational provision into both Cornwall and Devon working closely with local authority commissioners in these counties.

The trust established new bases in Launceston and Exeter during the year and continues to seek further opportunities to expand and deliver high needs, bespoke provision for students unable to attend mainstream, special or alternative provision schools.

During the year the academy trust provided significant school improvement support to three alternative provision academies in Devon with a key focus on leadership support, safeguarding and behaviour management.

The academy trust also continues to work with an organisation based in the Bournemouth area to develop educational services to 'looked after children' in a group of children's homes. It is hoped this will come to fruition in the next year.

- ***To improve and strengthen the governance of schools and the academy trust.***

The academy trust has considered a number of aspects of governance over the past year, including:

- The establishment of a Finance & Audit Committee to meet half-termly (6 times per academic year) to focus on finance, audit and risk matters. This formally began to operate in January 2018.
- The establishment of an Education & Safeguarding Committee to meet half-termly (6 times per academic year) to focus on teaching and learning, safeguarding and other educational matters. This met for the first time in November 2018.
- A review of the role of local governing bodies to ensure that they work effectively with the new Education & Safeguarding Committee and that their remit extends on a regional basis to cover the satellite bases in Cornwall and Devon.
- An independent review of governance at all levels by Bishop Fleming including a skills review and external governance review. The full report and action plan has been delivered in September 2018 and actions arising are being addressed.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

- ***To ensure that educational provision is cost effective, value for money and properly funded.***

The academy trust worked closely with the local authority during the year on changes to high needs top up funding processes and bandings. The trust expressed its preference to move to a single top up band to improve the efficiency of the process.

The academy trust restructured its hospital and medical outreach education provision in order to make it more cost effective. A review of this provision found that it was making a significant deficit as funding did not cover the fixed cost base of the provision. The provision has been re-designed to operate more flexibly and cost effectively in order to meet financial and educational objectives.

Key Performance Indicators

Both ACE School Plymouth and Courtlands Special School have yet to be inspected by OFSTED since becoming part of a multi academy trust.

ACE Schools Plymouth:

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 focused on raising achievement and improving the performance of staff through high quality training and rigorous monitoring. Governors review the budget and ensure that pupils eligible for additional funding rightly benefit from it.

Courtlands Special School:

At the last OFSTED inspection in June 2013 the school was assessed as 'Good'. The report stated that teaching had improved substantially and the majority of pupils were making better than expected progress. The school works closely with parents to provide help and support and the governing body and senior leaders have a good view of the schools strengths and development areas. Pupils feel safe and are confident learners. The use of the outdoor environment and after school activities promote personal and social development. The school works well with other professionals, such as therapists, so that pupils are receptive to learning.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

The key financial performance indicator for the academy trust is the adherence to the financial budget set at the beginning of the year. 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 year 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.

Financial Review

A significant portion of the academy trust's revenue income (£4,168k) (2017: £3,589k) was obtained from the DfE via the Education and Skills Funding Agency (ESFA) in the form of General Annual Grant (GAG) and Other Grants. In addition the academy trust also received Capital Grants (£369k) (2017: £Nil) from the ESFA as part of the Condition Improvement Fund (CIF) for the replacement of an annex building at Courtlands Special School in 2018/19.

The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants (£2,010k) (2017: £1,468k) from Plymouth City Council as top up funding to support high needs SEN and home educated students.

Finally, the academy trust generated other income (£2,803k) (2017: £641k) from local authority commissioning (Plymouth City Council, Cornwall Council, Devon County Council) for high needs education provision, in Plymouth and at our regional bases, and support packages for schools in Plymouth with dual registered pupils.

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 year (excluding fixed asset and pension liability transfers) amounted to £9,066k (2017: £5,842k).

During the year ended 31 August 2018 the academy trust incurred total expenditure of £9,186k (2017: £6,383k) on its charitable activities and educational operations with £8,969k (2017: £6,229k) attributable to restricted fund activities.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

The majority of costs are staff costs (£7,087k) (2017: £4,953k) which include direct costs, support costs, supply staff and staff restructuring costs and constitutes 77% (2017: 78%) of total spend.

Other significant costs include premises costs (£501k) (2017: £360k) and curriculum costs (£607k) (2017: £335k) which constitute 5% and 7% (2017: 5% and 6%) of total spend respectively.

At 31st August 2018 the restricted income fund and unrestricted income funds show carry forward surplus balances of £441k (2017: £242k) and £316k (2017: £278k) respectively and combined carry forward funds of £758k (2017: £520k).

At 31 August 2018 the restricted fixed asset fund reflected fixed assets with a net book value of £6,083k (2017: £6,075), together with unspent capital funds of £321k (2017 : £Nil), while the restricted pension fund shows the defined benefit pension liability of £1,578k (2017: £1,681k) in the Local Government Pension Scheme.

Reserves Policy

The academy trust had free reserves (unrestricted income fund) of £316k (2017: £279k) at 31 August 2018.

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, excluding pension and fixed assets, at 31 August 2018 was £758k (2017: £520k) which comprised £441k (2017: £242k) restricted income funds and £316k (2017: £278k) of unrestricted income funds.

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.

ACE Schools Multi Academy Trust

Trustees' Report (continued)

Fundraising

The academy trust's fundraising activity is limited to events held at the school which are managed by the school leadership team. These events typically involve staff, students, parents and members of the local community in raising funds for the school fund account, school equipment or in support of another designated charity.

Plans for Future Years

The vision for the academy trust is to continue to grow and expand to ensure the benefits of a multi academy trust are fully realised. The trust plans to continue to build on its strategy and activities in the following key areas:

- To achieve outstanding when the academy schools are next inspected by Ofsted.
- To grow the number of schools within the academy trust through schools joining the trust and applications for new free schools.
- To grow the educational provision in the South West through the continuing expansion of satellite bases in the South and South West.
- To provide school improvement support to other schools and academy trusts in the South and South West.
- To extend education related services through further development of traded services, including family support and training services.
- To ensure governance of schools and the academy trust is the most effective that it can be to support the growth and development of the trust.
- To ensure that the educational provision is always cost effective, value for money and properly funded, ensuring best value for the trust and the taxpayer.

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 12 December 2018 and signed on the board's behalf by:



Dr Tim Searle
Chair of Trustees
12 December 2018

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 8 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
Ms Annette Benny	6	8
Mrs Susan Bickle (resigned 24 July 2018)	4	8
Mrs Sarah Gillett (CEO)	8	8
Mr Peter McDonnell	6	8
Dr Tim Searle (Chair)	8	8
Mrs Joan Watkins (resigned 10 October 2018)	5	8
Mr Alastair Wright (resigned 6 September 2018)	5	8

Governance Reviews

The trustees individually and collectively are very competent, energetic and committed, with a wide range of complementary skills and personalities. The board works well dynamically and strategically with the senior leadership team. The board now has responsibility for two schools, ACE Schools Plymouth and Courtlands Special School, and is expecting and is scaling for growth.

With the growing pace and ambition of the academy trust an internal review was undertaken at the start of the year and this has been followed up with a more wide-ranging and independent external review commissioned towards the end of the year. The overall aim of the governance review, and action plan that will follow, is to ensure the trust has a governance structure in place that meets the future requirements of a growing trust.

ACE Schools Multi Academy Trust

Governance Statement (continued)

Governance Reviews (continued)

Internal Review

An internal review of governance took place during the year which established the setting up of a Finance & Audit Committee and Education & Safeguarding Committee.

The aim of the Finance & Audit Committee is to provide greater focus and scrutiny of finance, audit and risk matters and first met in January 2018.

The board of trustees continued to meet monthly until December 2017 when the Finance & Audit Committee was formally established and from January 2018 both the board and the committee have met on a half-termly basis (6 times per academic year).

Attendance at Finance & Audit Committee meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
Ms Annette Benny	4	4
Mr Peter McDonnell	4	4
Mr Alastair Wright (resigned 6 September 2018)	3	4

The Education & Safeguarding Committee is not yet operational but will provide greater focus on teaching & learning, safeguarding and other educational matters. This has started from November 2018.

With recent changes to trustees the board of trustees has established a recruitment process, using Academy Ambassadors, to increase the number and range of skills and experience of the board, members and local governing bodies.

In addition the role of the local governing bodies is being reviewed to ensure that they work effectively with the new Education & Safeguarding Committee and that their remit extends on a regional basis to cover the satellite bases in Cornwall and Devon.

External Review

An external review of governance began in the final term of the year. This independent review of governance at all levels was commissioned from Bishop Fleming, business advisers, and is being led by a national leader of governance.

The review included a full skills and external governance review, involving the board of trustees, sub-committees and local governing bodies as well as the senior leadership team.

The full report and action plan has been delivered in September 2018 and actions arising are being addressed.

ACE Schools Multi Academy Trust

Governance Statement (continued)

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 year by:

- Restructuring the hospital and medical outreach education provision in the academy trust to ensure it is both operationally and cost effective.
- Reviewing and changing a number of support services and contractual arrangements to ensure good value for money. These include catering services, utility contracts and vehicle hire agreements in addition to the regular procurement of products and services throughout the year.
- Working in partnership with local authority commissioners to ensure that the new processes associated with high needs top up funding reflect value for money and positively impact on the education of pupils.

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 year, 1 September 2017 to 31 August 2018, and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year, 1 September 2017 to 31 August 2018, and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 finance & audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint PKF Francis Clark as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current year include testing of income, purchase and payment systems, payroll systems, control accounts, nominal ledger and management reporting.

On a termly basis the internal auditor reports to the board of trustees, through the finance & audit committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The internal auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of this work.

Review of Effectiveness

As accounting officer the Chief Executive 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 auditor
- the work of the external auditor
- the work of the finance & audit committee
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

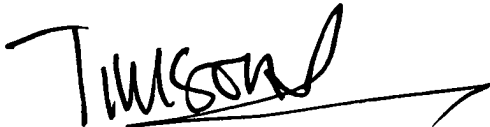
ACE Schools Multi Academy Trust

Governance Statement (continued)

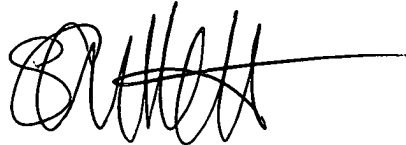
Review of Effectiveness (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance & 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 12 December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tim Searle', with a long horizontal stroke extending to the right.

Dr Tim Searle
Chair of Trustees

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

Sarah Gillett
CEO & Accounting Officer

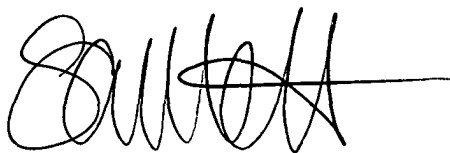
ACE Schools Multi Academy Trust

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

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
12 December 2018

ACE Schools Multi Academy Trust

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that year. 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 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



Dr Tim Searle
Chair of Trustees
12 December 2018

ACE Schools Multi Academy Trust

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

Opinion

We have audited the financial statements of ACE Schools Multi Academy Trust (the 'Academy') for the year ended 31 August 2018, 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements

ACE Schools Multi Academy Trust

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

Other information (continued)

does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 18), the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ACE Schools Multi Academy Trust

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

Responsibilities of Trustees (continued)

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

12 December 2018

ACE Schools Multi Academy Trust

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

In accordance with the terms of our engagement letter dated 3 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by ACE Schools Multi Academy Trust during the year, 1 September 2017 to 31 August 2018, have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to ACE Schools Multi Academy Trust and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ACE Schools Multi Academy Trust and ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year, 1 September 2017 to 31 August 2018, have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

ACE Schools Multi Academy Trust

Independent Reporting Accountant's Report on Regularity to ACE Schools Multi Academy Trust and the Education and Skills 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 year, 1 September 2017 to 31 August 2018, has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Duncan Leslie
PKF Francis Clark Chartered Accountants

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

12 December 2018

ACE Schools Multi Academy Trust

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £	2016/17 Total £
Income and endowments from:						
Donations and capital grants	2	-	2,496	376,345	378,841	15,054
Transfer from local authority on conversion		-	-	-	-	1,713,185
Charitable activities:						
Funding for the academy trust's educational operations	3	-	8,981,707	-	8,981,707	5,698,396
Other trading activities	4	38,005	43,652	-	81,657	62,636
Investments	5	397	-	-	397	610
Total		38,402	9,027,855	376,345	9,442,602	7,489,881
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6,7	-	8,968,711	217,642	9,186,353	6,263,712
Total		-	8,968,711	217,642	9,186,353	6,263,712
Net income		38,402	59,144	158,703	256,249	1,226,169
Transfers between funds	15	-	(170,649)	170,649	-	-
Other recognised gains						
Actuarial gain on defined benefit pension schemes	15, 22	-	413,000	-	413,000	165,000
Net movement in funds		38,402	301,495	329,352	669,249	1,391,169
Reconciliation of funds						
Total funds brought forward		278,543	(1,438,463)	6,075,135	4,915,215	3,524,046
Total funds carried forward		316,945	(1,136,968)	6,404,487	5,584,464	4,915,215

ACE Schools Multi Academy Trust

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2016/17 Total £	2015/16 Total £
Income and endowments from:						
Donations and capital grants	2	-	-	15,054	15,054	-
Transfer from local authority on conversion		65,183	(603,000)	2,251,002	1,713,185	3,463,299
Charitable activities:						
Funding for the academy trust's educational operations	3	-	5,698,396	-	5,698,396	1,537,541
Other trading activities	4	39,163	23,473	-	62,636	36,954
Investments	5	610	-	-	610	211
Total		104,956	5,118,869	2,266,056	7,489,881	5,038,005
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6,7	-	6,109,865	153,847	6,263,712	1,085,959
Total		-	6,109,865	153,847	6,263,712	1,085,959
Net income / (expenditure)		104,956	(990,996)	2,112,209	1,226,169	3,952,046
Transfers between funds	15	-	(89,640)	89,640	-	-
Other recognised gains						
Actuarial gain on defined benefit pension schemes	15, 22	-	165,000	-	165,000	(428,000)
Net movement in funds		104,956	(915,636)	2,201,849	1,391,169	3,524,046
Reconciliation of funds						
Total funds brought forward		173,587	(522,827)	3,873,286	3,524,046	-
Total funds carried forward		278,543	(1,438,463)	6,075,135	4,915,215	3,524,046

ACE Schools Multi Academy Trust

Balance Sheet as at 31st August 2018

Company Number: 100386040

	Note	2018 £	2018 £	2017 £	2017 £
Fixed Assets					
Intangible assets	11		45,070		20,758
Tangible assets	12		6,038,071		6,054,377
			<u>6,083,141</u>		<u>6,075,135</u>
Current Assets					
Debtors	13	341,892		178,617	
Cash at bank and in hand		1,084,939		652,628	
		<u>1,426,831</u>		<u>831,245</u>	
Liabilities					
Creditors: Amounts falling due within one year	14		(347,508)		(310,165)
Net current assets			<u>1,079,323</u>		<u>521,080</u>
Total assets less current liabilities			<u>7,162,464</u>		<u>6,596,215</u>
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>7,162,464</u>		<u>6,596,215</u>
Defined benefit pension scheme liability	22		(1,578,000)		(1,681,000)
Total net assets			<u>5,584,464</u>		<u>4,915,215</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	6,404,487		6,075,135	
Restricted income fund	15	441,032		242,537	
Pension reserve	15	(1,578,000)		(1,681,000)	
Total restricted funds			<u>5,267,519</u>		<u>4,636,672</u>
Unrestricted income funds	15		<u>316,945</u>		<u>278,543</u>
Total funds			<u>5,584,464</u>		<u>4,915,215</u>

The financial statements on pages 24 to 51 were approved by the trustees and authorised for issue on 12 December 2018 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash transferred on conversion to an academy trust		-	65,183
Net cash received from / (used by) operating activities	18	271,668	(413,535)
Cash flows from investing activities	19	160,643	(89,031)
Change in cash and cash equivalents in the reporting period		432,311	(437,383)
Cash and cash equivalents at 1 September 2017		652,628	1,090,011
Cash and cash equivalents at 31 August 2018	20	1,084,939	652,628

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018

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 2017 to 2018 issued by ESFA, 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.

Going Concern

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

Income

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

Grants (continued)

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 year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The academy trust is benefitting from the ESFA's Condition Improvement Fund (CIF) programme for 2018/19. The funding for the programme is not recognised as a capital grant until there is an unconditional entitlement to the grant while expenditure is capitalised in assets under construction until the project is complete.

Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the year 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 year it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. 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'.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

Donated fixed assets

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.

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%

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

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 and assets under construction, 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%

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

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

Liabilities

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

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.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

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. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the year to which they relate.

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1. Statement of accounting policies (continued)

Fund Accounting (continued)

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

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).

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

2. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	2017/18 Total £	2016/17 Total £
Capital grants from DfE Group	-	376,345	376,345	15,054
School fund account	-	2,496	2,496	-
	-	378,841	378,841	15,054

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	2017/18 Total £	2016/17 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	3,740,242	3,740,242	3,453,351
Start Up Grants	-	-	-	25,000
Other DfE Group grants	-	428,109	428,109	110,391
	-	4,168,351	4,168,351	3,588,742
Other Government grants				
Local authority grants	-	2,010,482	2,010,482	1,468,473
Other income from the academy trust's educational operations	-	2,802,874	2,802,874	641,181
	-	8,981,707	8,981,707	5,698,396

4. Other trading activities

	Unrestricted Funds £	Restricted Funds £	2017/18 Total £	2016/17 Total £
Income from other charitable activities	38,005	43,652	81,657	62,636
	38,005	43,652	81,657	62,636

5. Investment income

	Unrestricted Funds £	Restricted Funds £	2017/18 Total £	2016/17 Total £
Short term deposits	397	-	397	610
	397	-	397	610

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

6. Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	2017/18 Total £	2016/17 Total £
Academy's educational operations:					
Direct costs	6,292,604	-	814,645	7,107,249	4,784,851
Allocated support costs	794,527	718,843	565,734	2,079,104	1,478,861
	<u>7,087,131</u>	<u>718,843</u>	<u>1,380,379</u>	<u>9,186,353</u>	<u>6,263,712</u>

Net income / (expenditure) for the year includes:

	2017/18 £	2016/17 £
Operating lease rentals	144,249	34,378
Depreciation	203,970	145,436
Amortisation of intangible fixed assets	13,672	8,411
Fees payable to auditor for:		
• audit	10,000	10,000
• other services	3,525	2,300

7. Charitable activities

	2017/18 Total £	2016/17 Total £
Direct costs – educational operations	7,107,249	4,784,851
Support costs – educational operations	2,079,104	1,478,861
	<u>9,186,353</u>	<u>6,263,712</u>

Analysis of support costs	Educational operations £	2017/18 Total £	2016/17 Total £
Support staff costs	716,525	716,525	527,511
Depreciation	203,970	203,970	145,436
Amortisation	13,672	13,672	8,411
Technology costs	132,260	132,260	65,592
Premises costs	501,201	501,201	306,384
Other support costs	497,951	497,951	415,527
Governance costs	13,525	13,525	10,000
Total support costs	<u>2,079,104</u>	<u>2,079,104</u>	<u>1,478,861</u>

All direct and support costs are restricted expenditure.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

8. Staff

a. Staff Costs

Staff costs during the year were:

	2017/18 Total £	2016/17 Total £
Wages and salaries	3,744,643	2,953,410
Social security costs	350,435	272,154
Pension costs	852,953	767,826
	4,948,031	3,993,390
Agency staff costs	2,046,098	845,869
Staff restructuring costs	93,002	113,963
	7,087,131	4,953,222
Staff restructuring costs comprise:		
Redundancy payments	93,002	113,963
Severance payments	-	-
	93,002	113,963

b. Staff numbers

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

	2017/18 No.	2016/17 No.
Teachers	61	54
Administration and support	98	88
Management	4	4
	163	146

c. Higher paid staff

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

	2017/18 No.	2016/17 No.
£60,000 - £70,000	-	-
£70,000 - £80,000	-	4
£80,000 - £90,000	3	-
£90,000 - £100,000	1	1

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

8. Staff (continued)

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £444,876 (2017: £381,063).

9. 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 £95,000 - £100,000 (2017: £90,000 - £95,000)

Employer's pension contributions paid £15,000 - £20,000 (2017: £15,000 - £20,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,217 were reimbursed or paid directly to 3 trustees (2017: £2,644 to 2 trustees).

10. Trustees and officers insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses 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. The cost of this insurance is included in the total insurance cost.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

11. Intangible fixed assets

	Computer Software £	Total £
Cost		
At 1 September 2017	29,557	29,557
Additions	37,984	37,984
At 31 August 2018	67,541	67,541
Amortisation		
At 1 September 2017	8,799	8,799
Charged in year	13,672	13,672
At 31 August 2018	22,471	22,471
Carrying Amount		
At 31 August 2017	20,758	20,758
At 31 August 2018	45,070	45,070

12. Tangible fixed assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Hardware £	Assets Under Construction £	Total £
Cost					
At 1 September 2017	5,850,195	141,897	237,524	-	6,229,616
Additions	-	7,344	132,142	48,178	187,664
At 31 August 2018	5,850,195	149,241	369,666	48,178	6,417,280
Depreciation					
At 1 September 2017	66,844	34,994	73,401	-	175,239
Charged in year	68,304	29,173	106,493	-	203,970
At 31 August 2018	135,148	64,167	179,894	-	379,209
Net book values					
At 31 August 2017	5,783,351	106,903	164,123	-	6,054,377
At 31 August 2018	5,715,047	85,074	189,772	48,178	6,038,071

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

12. Tangible fixed assets (continued)

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

- the start of construction work on the replacement of an annex building at Courtlands Special School.

The academy trust is benefitting from the ESFA's Condition Improvement Fund (CIF) programme for 2018/19. Expenditure incurred in the year has been capitalised in assets under construction until the project is complete and will then be transferred to leasehold buildings.

13. Debtors

	2018	2017
	£	£
Trade debtors	88,242	64,080
VAT recoverable	88,236	16,009
Other debtors	3,424	-
Prepayments and accrued income	161,990	98,528
	341,892	178,617

14. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	88,671	80,981
Other taxation and social security	87,634	82,432
Other creditors	73,376	69,298
Accruals and deferred income	97,827	77,454
	347,508	310,165

Deferred income

	2018	2017
	£	£
Deferred income at 1 September 2017	8,035	345,007
Released from previous years	(8,035)	(345,007)
Resources deferred in the year	9,545	8,035
Deferred income at 31 August 2018	9,545	8,035

At the balance sheet date the academy trust was holding funds received in advance in respect of devolved capital of £9,545 (2017: £nil).

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15. Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	242,537	3,740,242	(3,373,594)	(170,649)	438,536
Start Up Grant	-	-	-	-	-
Pupil Premium	-	220,364	(220,364)	-	-
Pension reserve	(1,681,000)	-	(310,000)	413,000	(1,578,000)
Other grants	-	2,218,227	(2,218,227)	-	-
Other income	-	2,849,022	(2,846,526)	-	2,496
	(1,438,463)	9,027,855	(8,968,711)	242,351	(1,136,968)
Restricted fixed asset funds					
Fixed Asset fund	6,054,377	-	(203,970)	187,664	6,038,071
DfE Group capital grants	-	376,345	-	(54,999)	321,346
Intangible Assets fund	20,758	-	(13,672)	37,984	45,070
	6,075,135	376,345	(217,642)	170,649	6,404,487
Total restricted funds	4,636,672	9,404,200	(9,186,353)	413,000	5,267,519
Total unrestricted funds	278,543	38,402	-	-	316,945
Total funds	4,915,215	9,442,602	(9,186,353)	413,000	5,584,464

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

General Annual Grant:

Funds received from the ESFA under the General Annual Grant arrangements for the recurrent expenditure of the academy trust as defined in the funding agreement. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2018.

The transfer from GAG represents the purchase of fixed assets.

Start Up Grant:

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15. Funds (continued)

Pupil Premium:

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

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 LA's 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.

The academy trust is carrying a net surplus of £758k (2017: £521,080) on restricted general funds (excluding pension reserve) plus unrestricted funds.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018	2017
	£	£
ACE Schools Plymouth	47,065	499,662
Courtlands Special School	438,674	21,418
Central MAT Services	272,238	-
Total before fixed assets and pension reserve	757,977	521,080
Restricted fixed asset funds	6,404,487	6,075,135
Pension reserve	(1,578,000)	(1,681,000)
Total	5,584,464	4,915,215

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15. Funds (continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	499,173	3,453,351	(3,620,347)	(89,640)	242,537
Start Up Grant	-	25,000	(25,000)	-	-
Pupil Premium	-	91,268	(91,268)	-	-
Pension reserve	(1,022,000)	(603,000)	(221,000)	165,000	(1,681,000)
Other grants	-	1,487,596	(1,487,596)	-	-
Other income	-	664,654	(664,654)	-	-
	(522,827)	5,118,869	(6,109,865)	75,360	(1,438,463)
Restricted fixed asset funds					
Fixed Asset fund	3,866,191	2,251,002	(145,436)	82,620	6,054,377
DfE / ESFA capital grants	-	15,054	-	(15,054)	-
Intangible Assets fund	7,095	-	(8,411)	22,074	20,758
	3,873,286	2,266,056	(153,847)	89,640	6,075,135
Total restricted funds	3,350,459	7,384,925	(6,263,712)	165,000	4,636,672
Total unrestricted funds	173,587	104,956	-	-	278,543
Total funds	3,524,046	7,489,881	(6,263,712)	165,000	4,915,215

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15. Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	499,173	7,193,593	(6,993,941)	(260,289)	438,536
Start Up Grant	-	25,000	(25,000)	-	-
Pupil Premium	-	311,632	(311,632)	-	-
Pension reserve	(1,022,000)	(603,000)	(531,000)	578,000	(1,578,000)
Other grants	-	3,705,823	(3,705,823)	-	-
Other income	-	3,513,676	(3,511,180)	-	2,496
	(522,827)	14,146,724	(15,078,576)	317,711	(1,136,968)
Restricted fixed asset funds					
Fixed Asset fund	3,866,191	2,251,002	(349,406)	270,284	6,038,071
DfE / ESFA capital grants	-	391,399	-	(70,053)	321,346
Intangible Assets fund	7,095	-	(22,083)	60,058	45,070
	3,873,286	2,642,401	(371,489)	260,289	6,404,487
Total restricted funds	3,350,459	16,789,125	(15,450,065)	578,000	5,267,519
Total unrestricted funds	173,587	143,358	-	-	316,945
Total funds	3,524,046	16,932,483	(15,450,065)	578,000	5,584,464

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

16. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Intangible fixed assets	-	-	45,070	45,070
Tangible fixed assets	-	-	6,038,071	6,038,071
Current assets	316,944	788,541	321,346	1,426,831
Current liabilities	-	(347,508)	-	(347,508)
Pension scheme liability	-	(1,578,000)	-	(1,578,000)
Total net assets	316,944	(1,136,967)	6,404,487	5,584,464

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Intangible fixed assets	-	-	20,758	20,758
Tangible fixed assets	-	-	6,054,377	6,054,377
Current assets	278,543	552,702	-	831,245
Current liabilities	-	(310,165)	-	(310,165)
Pension scheme liability	-	(1,681,000)	-	(1,681,000)
Total net assets	278,543	(1,438,463)	6,075,135	4,915,215

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

17. Commitments under operating leases

Operating leases

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

	2018	2017
	£	£
Amounts due within one year	148,203	138,181
Amounts due between one and five years	191,171	102,939
	339,374	241,120

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

	2018	2017
	£	£
Net income for the reporting period	566,249	1,447,169
Adjusted for:		
Amortisation	13,672	8,411
Depreciation	203,970	145,436
Capital grants from DfE / ESFA	(385,894)	(15,054)
Interest receivable	(397)	(610)
Assets transferred on conversion	-	(2,316,185)
Defined benefit pension scheme obligation inherited	-	603,000
(Increase) in debtors	(163,275)	(118,498)
Increase / (Decrease) in creditors	37,343	(167,204)
Net cash provided by / (used in) Operating Activities	271,668	(413,535)

19. Cash flows from investing activities

	2018	2017
	£	£
Dividends, interest and rents from investments	397	610
Purchase of intangible fixed assets	(37,984)	(22,074)
Purchase of tangible fixed assets	(187,664)	(82,621)
Capital grants from DfE / ESFA	385,894	15,054
Net cash provided by / (used in) investing activities	160,643	(89,031)

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

20. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	1,084,939	652,628
Total cash and cash equivalents	1,084,939	652,628

21. Members liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while 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.

22. Pension and similar obligations

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

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

Contributions amounting to £73,375 were payable to the schemes at 31 August 2018 (2017: £67,219) 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 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.

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £366,622 (2017: £312,922).

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

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

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2018 was £283,000 (2017: £172,000) of which employer's contributions totalled £216,000 (2017: £119,000) and employees' contributions totalled £67,000 (2017: £53,000). The agreed contribution rates for future years are 15.3 per cent for employers and 5.5 – 12.5 per cent for employees.

Included in employers contributions the academy trust is paying a past service deficit contribution of £43,840 (2017: £39,063). This payment is anticipated to continue in the future while the scheme is in deficit.

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

Principal actuarial assumptions	2018	2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%
RPI assumption	3.30%	3.60%

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

	2018	2017
<i>Retiring today</i>		
Males	23.5	23.4
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	25.8	25.7
Females	28.0	27.9

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23. Pension and similar obligations (continued)

Sensitivity analysis

	2018 £	2017 £
Present value of scheme liabilities	2,978,000	2,719,000
Adjustments:		
Discount rate +0.1%	2,902,000	2,649,000
Discount rate -0.1%	3,056,000	2,791,000
Mortality assumption – 1 year increase	3,074,000	2,806,000
Mortality assumption – 1 year decrease	2,885,000	2,635,000
CPI rate +0.1%	3,049,000	2,779,000
CPI rate -0.1%	2,909,000	2,661,000

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

	2018 £	2017 £
Gilts	44,000	32,000
UK equities	260,000	247,000
Overseas equities	585,000	368,000
Property	126,000	91,000
Infrastructure	50,000	40,000
Target return portfolio	200,000	154,000
Cash	22,000	24,000
Other bonds	27,000	26,000
Alternative assets	72,000	56,000
Private equity	14,000	-
Total market value of assets	1,400,000	1,038,000
Present value of scheme liabilities – funded	(2,978,000)	(2,719,000)
Deficit in the scheme	(1,578,000)	(1,681,000)

The actual return on scheme assets was £75,000 (2017: £92,000).

Amount recognised in the statement of financial activities	2018 £	2017 £
Current service cost (net of employee contributions)	(268,000)	(794,000)
Net interest cost	(41,000)	(30,000)
Administration expenses	(1,000)	-
Total amount recognised in the SOFA	(310,000)	(824,000)

ACE Schools Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23. Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations were as follows:	2018 £	2017 £
At 1 September 2017	2,719,000	1,549,000
Conversion of academy trusts	-	850,000
Current service cost	484,000	310,000
Interest cost	72,000	47,000
Employee contributions	67,000	53,000
Benefits paid	5,000	-
Change in financial assumptions	(369,000)	(90,000)
At 31 August 2018	2,978,000	2,719,000

Changes in the fair value of academy trust's share of scheme assets:	2018 £	2017 £
At 1 September 2017	1,038,000	527,000
Conversion of academy trusts	-	247,000
Interest income	31,000	17,000
Return on plan assets (excluding net interest on the net defined pension liability)	44,000	75,000
Employer contributions	216,000	119,000
Employee contributions	67,000	53,000
Benefits paid	5,000	-
Administration expenses	(1,000)	-
At 31 August 2018	1,400,000	1,038,000

24. 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 in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mr M Gillett, husband of Mrs S Gillett, the CEO and a trustee, is employed by the academy trust as a teacher. Mr Gillett's appointment was made in open competition and Mrs Gillett was not involved in the decision making process regarding appointment. Mr Gillett is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a trustee.

No other related party transactions took place in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.