

Acer Trust

**(A Company Limited by
Guarantee)**

**Annual Report and Financial
Statements**

**Year ended 31 August
2018**



**Company Registration Number:
09591931 (England and Wales)**

Period of account: 1 September 2017 – 31 August 2018

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Members

Timothy Brighthouse

Anne Edwards

Maureen Ford

Ziad Melhem

Ruth Taylor

Trustees

Maureen Ford (appointed 4.1.2017, resigned 9.10.2017)

Jill Cottee (appointed Chair 9.10.2017)

Judith Bennett (appointed 4.1.2017)

Brendan Kromer (appointed 1.3.2017)

David Marcou (appointed 4.1.2017)

Katherine Ryan

Stan Terry (re- appointed 26.3.2018)

Julie Quarrell (appointed 4.1.2017, resigned 5.12.2017)

Liz Jones (appointed 4.1.2017, resigned 5.12.2017)

Paul Gravett (appointed 4.12.2018)

John Green (appointed 4.12.2018)

Helen Curry (appointed 4.12.2018)

Company Secretary

N Hills

Acer Trust Administrator

Acer Trust

Reference and Administrative Details (continued)

Senior Management Team (The Trust Executive Group)

- K Ryan Headteacher, Matthew Arnold School, Senior Executive Leader and Accounting Officer (AO)
- M Hunter Headteacher, Icknield Community College
- S Gillion Headteacher, Chalgrove Community Primary School
- R Shadbolt Headteacher, Wood Green School
- I Carr Business Manager, Matthew Arnold School and Chief Financial Officer (CFO)

Company Name	Acer Trust
Registered Office	Matthew Arnold School Arnolds Way Oxford OX2 9JE
Company Registration Number	09591931 (England and Wales)
Independent Auditor	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP
Bankers	Lloyds Bank 25 Gresham Street London Greater London EC2V 7HN
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

Acer Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The trust operates academies for pupils' aged 3 to 18 serving catchment areas in Chalgrove, Watlington, West Oxford and Witney. It has a pupil capacity of 3,356 and had a roll of 2,932 in the school census of October 2017.

Structure, Governance and Management

Acer Trust comprises four schools:

- Chalgrove Community Primary School – joined March 2017
- Icknield Community College – joined February 2017
- Matthew Arnold School – initial member of academy trust
- Wood Green School – joined February 2017

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 Acer Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Acer 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

There were no provisions required for third party indemnity. In accordance with normal commercial practice, the academy trust purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business.

Method of Recruitment and Appointment or Election of Trustees

In accordance with the Articles of Association, the Members of the Trust are responsible for the appointment of Trustees.

Members

Members are the subscribers to the Trust's Memorandum of Association. Members have an overview of the governance arrangements of the Trust and have the power to appoint and remove Trustees. The Members may agree in writing to appoint additional Members as they see fit. They may also in writing agree to remove any such additional Members. Any Member may resign provided that after such resignation the number of Members is not less than three.

Trustees

Members may appoint up to 13 Trustees. All Trustees have a term of office of 4 years, except for the first term of office of any Trustee who was a member of a Trust school governing body immediately before the date of conversion of that school to an Academy; in which case they continue to the end of the term of office that would have applied as a member of the governing body of the predecessor school had the predecessor school continued to exist.

Members can appoint Staff Trustees through any such process as they may determine provided that the total number of Trustees who are employees does not exceed one third of the total number of Trustees.

The Trustees may appoint Co-opted Trustees but should not co-opt an employee of the Company if it would mean the total number of Trustees who are employees would exceed a third. Co-opted Trustees may not themselves appoint further Co-opted Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees and members of individual governing bodies will depend on their existing experience and is tailored to the individual. All Trustees are provided with the documentation that they will need to undertake their role as Trustees.

Arrangements for setting pay and remuneration of key management personnel

The Trustees volunteer their services and are, therefore, unpaid.

The Trust's Executive Group consists of the Headteachers of each of the Trust's schools and the CFO. The Headteachers, acting in their capacity as Executives of the Trust, are paid in accordance with the national School Teachers' Pay and Conditions. Salaries are related to the size of each school and the years of experience in the role. The CFO salary was determined by comparing the role at the point of recruitment to similar roles in other Multi Academy Trusts across the UK.

Acer 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
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0.03%	1 employee in the Trust who spends less than 0.03.% of time on facility time
1%-50%	N/A
51%-99%	N/A
100%	N/A

The Acer Trust subscribes to the Trade Union Facilities Scheme which is operated by Oxfordshire County Council (OCC).

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£3,500
Provide the total pay bill	N/A
Provide the percentage of the total pay bill spent on facility time	N/A

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	N/A
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Related Parties and other Connected Charities and Organisations

Details of related parties and transactions during the year can be found in notes 12 and 30 of the financial statements.

Organisational Structure

The leadership and management structure comprises:

- the Trust Board, constituted under its Articles of Association
- the Trust Board also serves as the Trust Audit Committee
- the Governing Bodies of:
 - Chalgrove Community Primary School
 - Icknield Community College
 - Matthew Arnold School
 - Wood Green School
- the Trust Executive Group
- the Business Management Group

The membership of the Trust Board and Trust Executive Group are detailed on pages 2 and 3 of this report.

The Trust Board

The Trustees make the key decisions for and determine the general policies of the Trust and meet at least four times a year as a full board and receive budgetary and educational performance reports from the Governing Bodies of each school.

The Senior Executive Leader

The Senior Executive Leader is the Accounting Officer with overall executive responsibility for the Trust's activities, including financial activities.

The Trust Executive Group

The Trust Executive Group meets regularly and is chaired by the Senior Executive Leader. Its role is to:

- monitor and review attainment and progress data for each of the partner schools through self-evaluation
- develop and implement strategies for shared school improvement (in primary and secondary phases, as appropriate) including shared Professional Development
- develop the capacity to support schools requiring improvement (in primary and secondary phases, as appropriate)
- link to the Oxfordshire Teaching Schools Alliance and plan activity beyond the partner schools as part of the Trust's growth strategy
- work with other partners to ensure that the Trust maintains a commitment to making a contribution to local, regional and national networks.

The Business Management Group

The Business Management Group meets regularly and is chaired by the Chief Financial Officer who reports to the Trust Executive Group. Attended by Business Managers and, when appropriate, Finance and HR managers from each of the partner schools, its role is to:

- ensure all financial decisions are scrutinised and legal responsibilities are met in accordance with The Academies Financial Handbook and other applicable regulations
- plan the Trust business to ensure operational and financial efficiency
- monitor and manage overall funding and oversee effective budget management across the schools in accordance with the Trust's Financial Regulations Manual
- monitor and manage school staffing structures and implementation of pay and performance management policies
- manage risk to the Trust

Objectives and Activities

Objects and Aims

Our objects are to advance education, for the public benefit, in the United Kingdom, by managing and developing schools which offer a broad and balanced curriculum, and to provide and promote local leisure and recreational facilities for the benefit of the inhabitants of the areas in which the Trust's schools are situated.

The Acer Trust is a Multi-Academy Trust based on collaborative partnership. We believe that by working together with a common collective purpose of improving learning for all, we can ensure a better education for all the learners in our Trust. The values that underpin our work are: trust, collaboration and opportunity.

Our core aim is to achieve excellent progress and outcomes for all: "learning in school is learning for life" summarised as **Achieving Excellence for All**.

Our focus is on ensuring that we have consistently excellent teaching to enable all pupils to develop the qualities and learning skills that they will need to achieve excellence.

In 2017-18 the Trust's objectives have been to:

1. Initiate a phase of controlled growth to recruit two additional primary schools to balance the number of primary and secondary schools in the Trust.
2. Develop governance and operational systems that will enable the Trust to manage itself effectively and to be successful in achieving its aim.

The first objective has been met in that The Acer Trust started working with the Governing Bodies of two primary schools during 2017-18. Both of the schools are now undergoing the process to join the Acer Trust during the academic year 2018-19. The Acer trustees approved for Stadhampton Primary School to join the Acer Trust in their July Board meeting. Stadhampton Primary School are due to convert to academy status and to join the Acer Trust on 1 February 2019. Watlington Primary School governing body passed the resolution to convert to academy status and are aiming to join the Acer Trust by June 2019. Due processes are now underway for the school to convert to academy status and to join the Trust.

During 2017-18 considerable work was undertaken on the governance framework for the Trust. In March 2018, the Trust Board adopted the Acer Trust Charter and in June 2018 approved the Governance of the Acer Trust document. The development of Shared Services continues, alongside the development of the roles of the Business Management Group.

Public Benefit

The trust comprises academies in Chalgrove, Watlington, West Oxford and Witney for pupils aged 3 to 18. Pupil admissions are academically non-selective and managed on the Trust's behalf by Oxfordshire County Council.

The trustees of Acer Trust confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Disabled Employees and Employee Consultation

Disabled employees – each school has a recruitment policy and an equality policy which work in tandem with each other. If a disabled person requires adjustments to be made to effect access to the selection process, then they declare that and the school responds. Similarly, if they need reasonable adjustment after employment has started, then the schools consults and makes reasonable adjustment as required. Each school screens all new employees to make sure it knows if it has disabled staff for whom it needs to make some adjustments. Opportunities for promotion in school are treated equally in line with our equality policies. Training for staff works both at whole-staff level (that is, for everyone) and is also personalised to meet individual needs.

Employee consultation – each school publishes its meetings calendar a year in advance with dates when staff know they will get together to discuss matters which will affect them at organisational level. For each occasion the agenda is published in advance and different staff are represented at different levels depending on the occasion. External consultation procedures are followed where the matter requires one.

Strategic Report**Achievements and Performance**

The Trust's target has been to achieve a balanced budget and to carry forward any surplus so that it can start building reserves. The Trust held £700,000 in reserves (excluding the Fixed Asset Fund which represents Net Book Value and the Pension Deficit).

Table 1: Overall student numbers, October 2017 and June 2018

School	October 2017	June 2018
Chalgrove Community Primary School	181	201
Icknield Community College	664	660
Matthew Arnold School	1,119	1,131
Wood Green School	968	964
TOTALS	2,932	2,956

Key Performance Indicators

The Trust focused on improving academic achievement and student attendance and as shown in Tables 2-4 of published progress and attendance data:

Table 2: Overall Performance, end of KS2, 2017-18

	Progress Score and Description at end of KS2, 2017-18		
	Overall Performance (all pupils)	Overall Performance (all pupils)	Overall Performance (all pupils)
	READING	WRITING	MATHS
Chalgrove Community Primary School	2.01	1.16	-0.91
England – state funded schools only	0.00	0.00	0.00

Table 3: Overall Performance, end of KS4 and Post 16 (2017-18)*

	Progress 8 Score and Description (end of KS4)	Progress Score and Description - Level 3 Value Added (end of Post 16)
Icknield Community College	0.08	
Matthew Arnold School	0.51	-0.09
Wood Green School	0.08	-0.09
England - state funded schools only	-0.02	0.00
England - all schools		0.00

Key:

Well Above National Average

National Average

Not Applicable

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Table 4: Pupil absence in schools in 2016-17*

	Overall Rate of Absence	Persistent Absence
Chalgrove Community Primary School	4.3%	7.6%
Icknield Community College	5.8%	15.4%
Matthew Arnold School	5.3%	12.5%
Wood Green School	6.1%	15.3%
England State Funded Secondary Schools	5.4%	13.5%
England State Funded Primary Schools	4.0%	8.3%

**All Data taken from 'Find and compare schools in England' on GOV.UK (most recent available statistics)*

Going Concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for a period of one year from the date of the approval of the financial statements. This is based on detailed budgets prepared by management and monitored by the Trust Board. 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

The majority of the Trust's revenue income is obtained from the DfE in the form of recurring grants, principally the General Annual Grant (GAG), which amounted to £13,157,000 for the period. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown in the Statement of Financial Activities.

The only Capital Grant awarded to the Trust's schools by the DfE to provide fixed assets was the Devolved Formula Capital Grant (DFC), which amounted to £64,000. In accordance with the Charities SORP, the DFC received is shown in the Statement of Financial Activities as restricted fixed asset funds.

On conversion, all of the fixed assets of the former maintained schools were transferred to the Academy Trust, and are shown as restricted fixed asset funds. The balance sheet fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

The Trust's finances have been well managed in the period despite the need to meet cost increases without an overall increase in funding. This continuing rise in costs, particularly when depreciation and pension commitments are included, creates pressure on the Trust's reserves which will be unsustainable in the longer term without additional funding.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs. The Trustees always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees review the reserve levels of the Academy regularly.

On 31 August 2018 the Academy Trust held the following Reserves (excluding Fixed Asset Fund which represents Net Book Value and Pension Deficit):

Table 5: Reserves at 31 August 2018

Unrestricted General Funds ¹	£474,000
Restricted Capital Funds	£156,000
Restricted General Funds	£70,000
Reserves at 31 August 2018	£700,000

¹ Income funds that are freely available for general purposes under SORP 2015

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure.

The LGPS Pension Deficit is likely to be met in the longer term from any combination of increased employer contributions, increased government funding or change to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

Investment Policy

Trustees may invest to further the Trust's charitable aims, ensuring that investment risk is properly managed. When considering making an investment, they will act within their powers to invest as set out in their Articles of Association, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques and in accordance with the Acer Trust Capital and Revenue Reserves and Investment Policy.

Principal Risks and Uncertainties

The major risks of the Academy Trust have been identified and reviewed by the Trustees and summarised in the internal document Acer Trust Risk Register. The major strategic risks identified were:

Table 6: Significant Risks (October 2017)

Risk	Comment	Remedial action identified
The effect of reduced funding	Detrimental effect of funding cuts on learning, including fewer resources, reduced premises maintenance, impact on class sizes, risk of staff leaving	<ol style="list-style-type: none"> 1. Careful budget and cashflow management 2. Maintain dialogue with LA/ESFA re increase in size of Trust and, thereafter, funding 3. Apply for bid funding
Staff recruitment	Not being able to recruit and retain high quality staff to ensure quality of teaching	Develop and publicise the support we offer to teaching staff (eg through recruitment)
IT infrastructure	Potential failure of ageing IT systems would affect the delivery of learning and overall Trust operations	Review overall Trust ICT infrastructure and functionality

In November 2017 the ESFA asked the Trust's Accounting Officer to complete and return an Alternative Assurance questionnaire. This was part of the ESFA's requirement to provide the National Audit Office (NAO) with assurance that it has validated a sample of the financial management and governance (FMGS) arrangements adopted by academies joining MATs. The Trust completed a questionnaire comparing 19 questions and returned this along with substantial files of evidence. The ESFA found that the Trust was progressing towards compliance, with two areas that needed strengthening:

- 'We acknowledge that individual schools, within in the trust have their own Whistleblowing policies, but recommends you produce an over-arching Whistleblowing policy for the trust.
- To create an induction pack/set of procedures informing any new academies of the trust wide policies and procedures in place within a single document."

Both recommendations were implemented in the 2017-18 financial year.

Fundraising

The Trust does not engage in fund raising by employing the services of professional fund raising organisations. Individual schools in the Trust raise money for external charities through fund raising activities to which students and their families contribute.

Plans for Future Periods

A key objective for the Trust is to secure continuous improvement in the learning progress of our pupils and students.

Growth Plans

There are two areas where Trustees are planning for future growth:

1. **Expansion of existing schools**

There are opportunities for expansion in all four Acer Trust schools.

Planned expansion at Matthew Arnold School means that the roll is rising by an additional 30 students per year from September 2017, leading to a total additional 150 student places by 2021. A new eight classroom teaching block is being built on the school site to accommodate this growth. The funding for the growth is "Basic Need" funding provided by the DfE via the Local Authority, which retains responsibility for the provision of pupil places

Icknield Community College admitted an "above PAN" (Pupil Admission Number) into year 7 in 2017 and may well be asked to do so again by the Local Authority to meet the local need for school places.

Icknield Community College, Chalgrove Community Primary School and Wood Green School are all seeing an increase in student numbers and, owing to housing developments in their respective areas, are all planning, in broad terms, for future expansion to respond to the need for local school places.

2. **Expansion of Acer Trust (see page 7)**

The Acer Trust is currently working with the Governing Bodies of two different primary schools, both of whom are looking to join the Acer Trust during the academic year 2018-19. This meets the Trust's objective of a phase of controlled growth to recruit two additional primary schools to balance the number of primary and secondary schools in the Trust.

The Trust Board will be reviewing their growth plan for the next 3-5 years during the academic year 2018-19.

Funds Held as Custodian Trustee on Behalf of Others

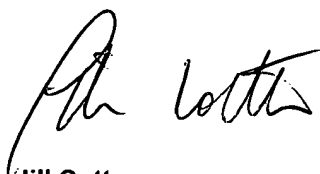
The trust holds no Assets and Funds as Custodian Trustee on behalf of others.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
and
- the trustees have taken all reasonable 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, approved by order of the Trust Board, as the Company directors, on 4 December 2018 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'Jill Cottee', is written over a horizontal line.

Jill Cottee

Chair of Trustees

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Acer 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 Trust Board has delegated the day-to-day responsibility to the Trust Executive Group, led by Katherine Ryan who, as Accounting Officer, ensures financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between Acer Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board 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 Trust assesses financial performance through internal and external financial audits. Educational performance data is supplied by the Department for Education. Each Trust school's governing body scrutinises education and financial data before it is reported to the Trust Board.

The Trust Board has formally met four times during the period. Attendance during the period at meetings of the Trust Board was as follows:

Table 7: Trustee attendance

Trustee	Meetings Attended	Out of a possible
Judith Bennett	4	4
Jill Cottee	4	4
Maureen Ford	0	0
Liz Jones	0	2
Brendan Kromer	4	4
David Marcou	4	4
Julie Quarrell	2	2
Katherine Ryan	4	4
Stan Terry	4	4

Three Trustees resigned during the period: Maureen Ford (9.10.17), Liz Jones (5.12.17) and Julie Quarrell (5.12.17).

Particular challenges which have occurred for the Board during the period include:

- developing financial systems and shared services across all the Trust's schools
- securing capital funding through the CIF bidding process

Three Trustees were appointed to the Trust Board at the Trust Board Meeting held on the 4 December 2018. These Trustees were: Paul Gravett, John Green and Helen Curry.

Governance Reviews

The Trust does not have separate finance or audit committees and performs these duties as part of the Board's business.

During 2017/18 the Trust Board carried out a skills audit based on the National Governance Association (NGA) self-assessment questionnaire. The skills audit identified strengths in governance but a deficit in commercial/financial skills. As a result of the audit, three new Trustees have been appointed who bring a range of commercial and financial/accounting skills to the Board.

The next review will take place in 2018/19.

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Trust Board where value for money can be improved, including the use of benchmarking data where available. The Trust's Business Management Group is tasked with implementing value for money and procurement operations. The Trust has delivered improved value for money during the year by:

- employing staff to focus on finance, estates and administration in order to improve the efficiency and effectiveness of Trust-wide services
- sharing the fulfilment of finance and HR services across the Trust's schools to support in ensuring the implementation of a robust internal control framework
- introducing new online tools to log contracts across all the Trust's schools to ensure they deliver value for money. This will result in regular reviews of all procured contracts and in increased financial savings

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 Trust's internal controls are described in the Acer Trust Financial Regulations Manual.

The system of internal control has been in place in Acer Trust for the period 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 Trust Board 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 Trust Board has a formal process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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 Trust Board;
- regular reviews by the Trust Board 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 Trust's financial procedures, both at Trust and individual school level, are detailed in its Financial Regulations Manual and revised annually to reflect the changes in the Academies Financial Handbook.

The Trust Board has considered the need for specific internal audit function and has decided to appoint Critchleys, its external auditor, to perform these checks as a separate audit.

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 period included a review of how VAT is managed in each of the schools' catering services.

The academy trust can confirm that Critchleys has delivered their schedule of work as planned and that there have been no material control issues arising requiring remedial action.

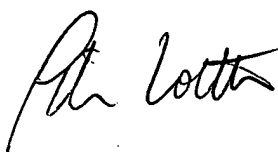
Review of Effectiveness

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

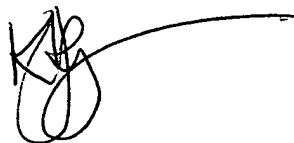
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework
- ESFA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

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

Approved by order of the members of the Trust Board on 4 December 2018 and signed on its behalf by:



Jill Cottee
Chair of Trustees



Katherine Ryan
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Acer Trust, I have considered my responsibility to notify the Trust Board 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 2017-18.

I confirm that I, and the Trust Board, are able to identify any material irregular or improper use of all 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 2017-18.

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 Trust Board and ESFA.



Katherine Ryan
Accounting Officer

4 December 2018

The trustees (who act as governors of Acer Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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 period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 Trust Board on 4 December 2018 and signed on its behalf by:



Jill Cottee

Chair of Trustees

Opinion on financial statements

We have audited the financial statements of Acer Trust ('the academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2017 to 2018 issued by the ESFA.

In our opinion the financial statements:

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

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 trust 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 trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 19), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Robert Kirtland (Senior statutory auditor)
For and on behalf of Critchleys Audit LLP
Statutory Auditor
Oxford



Date: 19/12/2018

Critchleys Audit LLP is eligible to act as an auditor in terms of sections 1212 of the Companies Act 2006.

Independent Reporting Accountant's Assurance Report on Regularity to Acer Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 16 October 2017 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 Acer Trust during the period 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.

Respective responsibilities of Acer Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Acer Trust's funding agreement with the Secretary of State for Education dated 29 July 2015 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 period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

1. Reviewing of minutes of meetings of the Board of Trustees and obtaining representations concerning access to information, disclosure and provision of information.
2. Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
3. Assessment and testing of a sample of the specific control activities over regularity of a particular activity.
4. Carrying out substantive testing to cover authorisation of expenditure within internal delegated authorities and externally imposed limits.
5. Consideration of whether activities carried out are within the charitable objects.

Acer Trust

Independent Reporting Accountant's Assurance Report on Regularity to Acer Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

Use of our report

This report is made solely to Acer Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Acer Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Acer Trust and the ESFA, for our review work, for this report, or for the conclusion we have formed.



Critchleys Audit LLP
Reporting Accountant
Oxford

Date:



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

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	2	2	3	111	116	78
Transfer from local authority on conversion	3	-	-	-	-	35,430
Charitable activities						
Funding for the academy trust's educational operations	4	-	13,998	-	13,998	10,009
Other income for educational operations	5	1,097	-	-	1,097	806
Other trading activities	6	124	-	-	124	62
Investments	7	1	-	-	1	1
Total		1,224	14,001	111	15,336	46,386
Expenditure on:						
Raising funds	8	2	-	-	2	10
Charitable activities						
Grants						
Academy's educational operations	8,9	1,221	14,577	1,334	17,132	12,330
Total		1,223	14,577	1,334	17,134	12,340
Net income / (expenditure) before transfers		1	(576)	(1,223)	(1,798)	34,046
Transfers between funds	19	-	(16)	16	-	-
Net income / (expenditure) for the period		1	(592)	(1,207)	(1,798)	34,046
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	19,29	-	1,249	-	1,249	705
Net movement in funds		1	657	(1,207)	(549)	34,751
Reconciliation of Funds						
Funds brought forward at 1 September 2017		473	(4,466)	54,741	50,748	15,997
Funds carried forward at 31 August 2018		474	(3,809)	53,534	50,199	50,748

All of the academy trust's activities derive from ongoing activities and acquisitions in the previous accounting periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Acer Trust
Balance sheet
As at 31 August 2018

Company number:
09591931

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Intangible assets	14		9		9
Tangible assets	15		53,369		54,545
Current assets					
Debtors	16	316		431	
Cash at bank and in hand		<u>1,489</u>		<u>1,216</u>	
		1,805		1,647	
Liabilities					
Creditors: Amounts falling due within one year	17	<u>(1,090)</u>		<u>(930)</u>	
Net current (liabilities)/ assets			715		717
Total assets less current liabilities			54,093		55,271
Creditors: Amounts falling due after more than one year	18		(15)		-
Net assets excluding pension liability			54,078		55,271
Defined benefit pension scheme liability	29		<u>(3,879)</u>		<u>(4,523)</u>
Total net assets			50,199		50,748
Funds of the academy trust:					
Restricted fixed asset funds	19		53,534		54,741
Restricted funds					
Restricted funds excluding pension liability	19	70		57	
Pension reserve	19	<u>(3,879)</u>		<u>(4,523)</u>	
			(3,809)		(4,466)
Total restricted funds			49,725		50,275
Unrestricted funds	19		474		473
Total funds			50,199		50,748

The financial statements on pages 25 to 52 were approved by the trustees and authorised for issue on 4th December 2018 and are signed on their behalf by



J Cottee
Chair of Trustees

Acer Trust
Statement of Cash Flows
For the year ended 31 August 2018

		2018	2017
	Note	£'000	£'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	23	306	136
Cash flows from investing activities	25	(51)	(55)
Cash flows from financing activities	24	18	-
Change in cash and cash equivalents in the reporting period		<u>273</u>	<u>81</u>
Reconciliation of net cash flow to movement in net funds			
Cash transferred on conversion to an academy trust		-	786
Cash and cash equivalents at 1 September 2017		1,216	349
Cash and cash equivalents at 31 August 2018	26	<u>1,489</u>	<u>1,216</u>

All of the academy trust's activities derive from ongoing activities and acquisitions in the previous accounting periods.

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.

Acer Trust meets the definition of a public benefit entity under FRS 102.

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from Chalgrove Community Primary School, Icknield Community College and Wood Green School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Property has been valued on a depreciated replacement cost basis (see note 15).

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 period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised 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.

1 Statement of Accounting Policies (continued)

Income (continued)

Donations

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

Other income

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

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'.

Transfer on conversion

Where assets and liabilities are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income to the net assets received.

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 £1,000 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

3 years

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

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

The property transferred on conversion has been valued on a depreciated replacement cost basis which is not representative of market value (see note 15 for further details).

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:

Leasehold buildings	35 years from conversion
Leasehold improvements	20 years
Leasehold land	125 years
Fixtures, fittings and equipment	10 years
ICT equipment	3 years
Motor vehicles	5 years

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.

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.

1 Statement of Accounting Policies (continued)

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 costs as detailed in note 16. 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 notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial 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.

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. As stated in note 29, 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 period 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 period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1 Statement of Accounting Policies (continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

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

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 estimate 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 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The academy trust participates in the Teacher's Pension Scheme (TPS) for qualifying employees. Under the definitions set out in FRS 102, this is a multi-employer pension scheme. There is insufficient information about the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets in the financial statements and therefore the plan is accounted for as a defined contribution scheme (see note 29).

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 31.

2 Donations and capital grants

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
DfE/ESFA capital grants				
Devolved formula capital grant	-	64	64	65
Other Government grants				
Local Authority capital funding	-	42	42	-
	-	106	106	65
Capital donations	-	5	5	-
Other donations	2	3	5	13
	2	114	116	78

The income from donations and capital grants was £116k (2017: £78k) of which £2k was unrestricted (2017: £5k), £3k restricted (2017: £8k) and £111k restricted fixed assets (2017: £65k).

3 Transfer from Local Authority on Conversion

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Transfer from Local Authority on Conversion	-	-	-	35,430
	-	-	-	35,430

The transfer from local authority on conversion was £Nil (2017: £35,430k) of which £Nil was unrestricted (2017: £686k), £Nil restricted (2017: £-2,674k) and £Nil restricted fixed assets (2017: £37,418k).

4 Funding for Academy's educational operations

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	13,157	13,157	9,592
Start Up grants	-	570	570	314
Other DfE Group grants	-	570	570	314
National College grants	-	13,727	13,727	9,906
Other Government grants				
Local authority revenue funding	-	271	271	103
	-	271	271	103
	-	13,998	13,998	10,009

The funding for the academy's educational operations was £13,998k (2017: £10,009k) of which £Nil was unrestricted (2017: £Nil), £13,998k restricted (2017: £10,009k) and £Nil restricted fixed assets (2017: £Nil).

5 Other income for educational operations

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Trip and activity income	305	-	305	322
Catering income	515	-	515	354
Other income	277	-	277	130
	<u>1,097</u>	<u>-</u>	<u>1,097</u>	<u>806</u>

The other income for educational operations was £1,097k (2017: £806k) of which £1,097k was unrestricted (2017: £806k), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

6 Other trading activities

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Hire of facilities	124	-	124	62
	<u>124</u>	<u>-</u>	<u>124</u>	<u>62</u>

The other trading activities income was £124k (2017: £62k) of which £124k was unrestricted (2017: £62k), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

7 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

The investment income was £1k (2017: £1k) of which £1k was unrestricted (2017: £1k), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

8 Expenditure

	Staff Costs	Non Pay Expenditure Premises Costs	Other Costs	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds					
Direct costs	-	-	-	-	-
Allocated support costs	-	2	-	2	10
	-	2	-	2	10
Academy's educational operations					
Direct costs (note 9)	10,142	-	1,232	11,374	8,390
Allocated support costs (note 9)	2,569	894	2,295	5,758	3,940
	12,711	894	3,527	17,132	12,330
	12,711	896	3,527	17,134	12,340

The expenditure on raising funds was £2k (2017: £10k) of which £2k was unrestricted (2017: £10k), £Nil restricted (2017: £Nil) and £Nil restricted fixed assets (2017: £Nil).

The expenditure on academy's educational operations was £17,132k (2017: £12,330k) of which £1,221k was unrestricted (2017: £873k), £14,577k restricted (2017: £10,531k) and £1,334k restricted fixed assets (2017: £926k).

The 2017 allocated support costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

Net income/(expenditure) for the period includes:

	2018	2017
	£'000	£'000
Operating lease rentals	26	27
Depreciation	1,330	925
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	4	1
Fees payable to auditor for:		
Audit services	12	13
Internal audit services	3	7
Other services	12	11

9 Charitable activities

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	11,374	8,390
Support costs - educational operations	5,758	3,940
	17,132	12,330

Analysis of support costs

	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
Support staff costs	1,964	1,964	1,360
Depreciation	1,334	1,334	926
Technology costs	239	239	128
Premises costs	894	894	579
Other support costs	691	691	530
Governance costs	31	31	24
Other pension costs	481	481	315
Other finance costs (FRS102 pension)	124	124	78
	5,758	5,758	3,940

The 2017 support costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

10 Staff Costs

	2018 £'000	2017 £'000
Staff costs during the period were:		
Wages and salaries	9,411	6,827
Social security costs	879	627
Operating costs of defined benefit pension schemes		
Employer contributions to pension schemes	1,568	1,107
FRS102 Other pension and finance costs	605	392
Apprenticeship levy	86	46
	12,549	8,999
Supply staff costs	135	94
Staff restructuring costs	27	21
	12,711	9,114

The trust uses agency staff where appropriate on normal commercial terms.

Staff restructuring costs comprise:

Redundancy payments	-	19
Severance payments	27	2
Other restructuring costs	-	-
	27	21

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £27k (2017: £Nil). Individually, the payments were: £20k made on 22 December 2017, £3k made on 23 June 2018, £1k made on 23 August 2018 and £3k made on 23 October 2018.

The 2017 staff costs have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

10 Staff Costs (continued)

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

	2018 No.	2017 No.
Teachers	187	185
Administration and support	220	226
Management	22	25
	<u>429</u>	<u>436</u>

The average number of persons employed by the academy trust during the period expressed as full time equivalents was as follows:

	2018 No.	2017 No.
Teachers	158	157
Administration and support	120	133
Management	20	25
	<u>298</u>	<u>315</u>

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

	2018 No.	2017 No.
£60,001 - £70,000	5	1
£80,001 - £90,000	1	1
£90,001 - £100,000	2	-
£100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

During 2017, Icknield Community College and Wood Green School were part of Acer Trust for 7 months and Chalgrove Community Primary School was part of Acer Trust for 6 months.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1-2. 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 £500,419 (2017: £382,996).

11 Shared Services

The academy trust has provided the following shared services to its academies during the period:

Finance and administrative staff	ICT supplies
Professional services	HR Services
Insurance	

The Academy Trust's shared services for 2017-18 were based on a contribution from each school's budget allocation. During 2016/17, there was no formal policy for charging for shared services and therefore no formal charges were made.

The actual amounts charged during the period were as follows:

	2018 £'000
Chalgrove Community Primary	27
Icknield Community College	90
Matthew Arnold	130
Wood Green	119
	<u>366</u>

12 Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The Senior Executive Leader and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Senior Executive Leader and staff members under their contracts or employment.

	2018 £'000	2017 £'000
K Ryan, Headteacher Matthew Arnold School and Senior Executive Leader		
Remuneration	£105k-£110k	£105k-£110k
Employer's pension contributions	£15k-£20k	£15k-£20k
J Quarrell, Headteacher Chalgrove School		
Remuneration	£30k-£35k	£30k-£35k
Employer's pension contributions	£5k-£10k	£5k-£10k

During the period ended 31 August 2018, no expenses were reimbursed to trustees for travel and subsistence expenditure incurred in their roles as trustee (2017: £Nil).

13 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1m (2017: £1m) on any one claim and the cost for the period ended 31 August 2018 was £2,490 (2017: £1,612).

The cost of this insurance is included in the total insurance cost but has not been separately identified.

14 Intangible fixed assets

	Computer Software £'000	Total £'000
Cost		
As at 1 September 2017	10	10
Additions	4	4
As at 31 August 2018	14	14
Amortisation		
As at 1 September 2017	1	1
Charged in year	4	4
As at 31 August 2018	5	5
Carrying amount		
As at 31 August 2018	9	9
As at 1 September 2017	9	9

15 Tangible fixed assets

	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
As at 1 September 2017	55,585	44	230	17	55,876
Additions	70	7	77	-	154
As at 31 August 2018	55,655	51	307	17	56,030
Depreciation					
As at 1 September 2017	1,236	6	78	11	1,331
Charged in year	1,235	6	84	5	1,330
As at 31 August 2018	2,471	12	162	16	2,661
Net book values					
As at 31 August 2018	53,184	39	145	1	53,369
As at 31 August 2017	54,349	38	152	6	54,545

Leasehold property

The academy trust took out 125 year leases over the land and buildings occupied by Matthew Arnold School. Leasehold land and buildings have been valued by Kier as commissioned by the ESFA. The valuation was carried out on a desktop depreciated replacement cost basis as at 31 March 2016.

The academy trust took out 125 year leases over the land and buildings occupied by Chalgrove Community Primary School, Icknield Community College and Wood Green School. Leasehold land and buildings valuations commissioned by the ESFA were not available at the date these accounts are signed. The valuations used have been provided by Oxfordshire County Council. The valuation was carried out on a desktop depreciated replacement cost basis as at 31 March 2017.

Acer Trust
Notes to the financial statements
For the year ended 31 August 2018

16 Debtors

	2018 £'000	2017 £'000
Trade debtors	21	11
VAT recoverable	76	113
Prepayments and accrued income	219	307
	<u>316</u>	<u>431</u>

17 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	300	216
Other taxation and social security	226	226
Other creditors	221	215
Loans	3	-
Accruals and deferred income	340	273
	<u>1,090</u>	<u>930</u>

Deferred income

	2018 £'000	2017 £'000
Deferred income at 1 September 2016	81	29
Released from previous years	(81)	(29)
Resources deferred in the period	88	81
Deferred income at 31 August 2017	<u>88</u>	<u>81</u>

Deferred income represents funding received specifically for next financial year.

Included within creditors falling due within one year is a Salix loan with a value of £3k (2017: £Nil) from Salix Finance Ltd which is provided on the following terms:
The loan is interest free
Repayable over 7 years from 1 March 2018

18 Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
Loans	15	-
	<u>15</u>	<u>-</u>

Included within creditors falling due within one year is a Salix loan with a value of £15k (2017: £Nil) from Salix Finance Ltd which is provided on the following terms:
The loan is interest free
Repayable over 7 years from 1 March 2018

19 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	13,157	(13,090)	(16)	51
Pupil Premium funding	57	393	(436)	-	14
Other ESFA funding	-	177	(173)	-	4
Local Authority revenue funding	-	271	(271)	-	-
Other restricted funds	-	3	(2)	-	1
Pension reserve (note 29)	(4,523)	-	(605)	1,249	(3,879)
	(4,466)	14,001	(14,577)	1,233	(3,809)
Restricted fixed asset funds					
Devolved formula capital	87	64	-	(16)	135
Local Authority capital funding	-	42	-	(42)	-
Transferred on conversion	100	-	-	(62)	38
Capital donation	-	5	-	(4)	1
Salix Loan	-	-	-	(18)	(18)
Intangible asset fund (note 14)	9	-	(4)	4	9
Fixed asset fund (note 15)	54,545	-	(1,330)	154	53,369
	54,741	111	(1,334)	16	53,534
Total restricted funds	50,275	14,112	(15,911)	1,249	49,725
Unrestricted funds					
Unrestricted funds	473	1,224	(1,223)	-	474
Total unrestricted funds	473	1,224	(1,223)	-	474
Total funds	50,748	15,336	(17,134)	1,249	50,199

The General Annual Grant represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018.

Pupil Premium Funding represents funding received from the Department for Education (DfE) to raise the attainment of disadvantaged pupils of all abilities. The eligibility of the pupils and rates of grant per pupil are set-out by the DfE. This funding is to be used for the provision of education.

Other ESFA funding represents other forms of funding received from the Department for Education.

Local Authority Revenue funding represents various grant funding provided by Local Authorities.

Other restricted funds represent amounts given to the academy for specific revenue purposes.

The pension reserve fund separately identifies the pension deficit on the Local Government Pension Scheme, and through which all the movements on the pension scheme are recognised.

Devolved Formula Capital represents funding provided by the Department for Education to be used for capital projects. This funding may be used for specific capital projects which are not considered to be fixed asset additions.

Local Authority capital funding represents various capital funding provided by Local Authorities.

Transferred on Conversion represent capital amounts transferred to the academy trust from the Local Authority on conversion.

Capital Donation represents amounts given to the academy for specific capital purposes.

The Salix Loan fund represents the balance of the Salix Loan.

The Intangible asset fund recognises the net book value of intangible assets transferred to the trust on conversion and additions since conversion.

The Fixed Asset fund recognises the net book value of tangible fixed assets transferred to the trust on conversion and additions since conversion.

Unrestricted funds represent other income to the academy trust which is not received as funding or with a specific purpose.

19 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2018 and 31 August 2017 were allocated as follows:

	2018 Total £'000	2017 Total £'000
Revenue reserves		
Chalgrove Community Primary	46	46
Icknield Community College	(81)	(3)
Matthew Arnold	218	98
Wood Green	361	389
Total before fixed assets and pension reserve	544	530
Capital reserves	156	188
Intangible asset fund (representing net book value of intangible assets - note 14)	9	8
Fixed asset fund (representing net book value of fixed assets - note 15)	53,369	54,545
Pension reserve	(3,879)	(4,523)
Total funds	50,199	50,748

The deficit in Icknield Community College's revenue reserves arose from an in-year revenue account deficit plus end of year funding adjustments. The longer term forecast shows increased funding as larger year groups come through the system.

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies (including all non staff direct costs) £'000	Other costs (excluding depreciation) £'000	Total 2018 £'000	Total 2017 £'000
Chalgrove Community Primary	666	99	65	139	969	462
Icknield Community College	2,294	306	211	362	3,173	1,952
Matthew Arnold	3,593	739	503	598	5,433	5,361
Wood Green	3,592	620	448	598	5,258	3,247
Central	(3)	200	2	163	362	-
	10,142	1,964	1,229	1,860	15,195	11,022
				Amortisation	4	1
				Depreciation	1,330	925
				Other finance costs and pension costs	605	58
				Note 8	17,134	12,006

19 Funds (continued)

Comparative Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfer £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	21	9,592	(9,739)	126	-
Pupil Premium funding	21	236	(200)	-	57
Other EFA funding	-	78	(78)	-	-
Local Authority revenue funding	-	103	(103)	-	-
Oxford City Learning	11	-	(11)	-	-
Other restricted funds	-	8	(8)	-	-
Pension reserve (note 29)	(2,162)	(2,674)	(392)	705	(4,523)
	<u>(2,109)</u>	<u>7,343</u>	<u>(10,531)</u>	<u>831</u>	<u>(4,466)</u>
Restricted fixed asset funds					
Devolved formula capital	23	64	-	-	87
Transferred on conversion	-	100	-	-	100
Intangible asset fund (note 14)	-	-	(1)	10	9
Fixed asset fund (note 15)	18,041	37,318	(925)	111	54,545
	<u>18,064</u>	<u>37,482</u>	<u>(926)</u>	<u>121</u>	<u>54,741</u>
Total restricted funds	<u>15,955</u>	<u>44,825</u>	<u>(11,457)</u>	<u>952</u>	<u>50,275</u>
Unrestricted funds					
Unrestricted funds	43	1,560	(883)	(247)	473
Total unrestricted funds	<u>43</u>	<u>1,560</u>	<u>(883)</u>	<u>(247)</u>	<u>473</u>
Total funds	<u>15,998</u>	<u>46,385</u>	<u>(12,340)</u>	<u>705</u>	<u>50,748</u>

The Comparative Funds Pension Reserve figures have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

19 Funds (continued)

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

	Balance at 1 Sept 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	21	22,749	(22,829)	110	51
Pupil Premium funding	21	629	(636)	-	14
Other ESFA funding	-	255	(251)	-	4
Local Authority revenue funding	-	374	(374)	-	-
Oxford City Learning	11	-	(11)	-	-
Other restricted funds	-	11	(10)	-	1
Pension reserve (note 29)	(2,162)	(2,674)	(997)	1,954	(3,879)
	<u>(2,109)</u>	<u>21,344</u>	<u>(25,108)</u>	<u>2,064</u>	<u>(3,809)</u>
Restricted fixed asset funds					
Devolved formula capital	23	128	-	(16)	135
Local Authority capital funding	-	42	-	(42)	-
Transferred on conversion	-	100	-	(62)	38
Capital donation	-	5	-	(4)	1
Salix Loan	-	-	-	(18)	(18)
Intangible asset fund (note 14)	-	-	(5)	14	9
Fixed asset fund (note 15)	18,041	37,318	(2,255)	265	53,369
	<u>18,064</u>	<u>37,593</u>	<u>(2,260)</u>	<u>137</u>	<u>53,534</u>
Total restricted funds	<u>15,955</u>	<u>58,937</u>	<u>(27,368)</u>	<u>2,201</u>	<u>49,725</u>
Unrestricted funds					
Unrestricted funds	43	2,784	(2,106)	(247)	474
Total unrestricted funds	<u>43</u>	<u>2,784</u>	<u>(2,106)</u>	<u>(247)</u>	<u>474</u>
Total funds	<u>15,998</u>	<u>61,721</u>	<u>(29,474)</u>	<u>1,954</u>	<u>50,199</u>

20 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	9	9
Tangible fixed assets	-	-	53,369	53,369
Current assets	474	1,175	156	1,805
Current liabilities	-	(1,090)	-	(1,090)
Non-current liabilities	-	(15)	-	(15)
Pension Scheme liability	-	(3,879)	-	(3,879)
Total net assets	474	(3,809)	53,534	50,199

20 Comparative analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	9	9
Tangible fixed assets	-	-	54,545	54,545
Current assets	473	987	187	1,647
Current liabilities	-	(930)	-	(930)
Non-current liabilities	-	-	-	-
Pension Scheme liability	-	(4,523)	-	(4,523)
Total net assets	473	(4,466)	54,741	50,748

21 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	-	-

22 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 £'000	2017 £'000
Amounts due within one year	30	28
Amounts due between one and five years	60	48
Amounts due after five years	11	17
	101	93

23 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018	2017
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,798)	34,046
Adjusted for:		
Cash transferred on conversion	-	(786)
Amortisation (note 14)	4	1
Depreciation (note 15)	1,330	925
Capital income re fixed assets transferred on conversion	-	(37,318)
Capital grants from DfE and other capital income	(106)	(65)
Interest receivable (note 7)	(1)	(1)
Defined benefit pension scheme obligation inherited	-	2,674
Defined benefit pension scheme cost less contributions payable (note 29)	481	314
Defined benefit pension scheme finance cost (note 29)	124	78
(Increase)/decrease in debtors	115	(319)
Increase/(decrease) in creditors	157	587
Net cash provided by operating activities	306	136

24 Cash flows from financing activities

	2018	2017
	£'000	£'000
Repayments of borrowing	(1)	-
Cash inflows from new borrowing	19	-
Net cash provided by/(used in) financing activities	18	-

25 Cash flows from investing activities

	2018	2017
	£'000	£'000
Dividends, interest and rents from investments	1	1
Purchase of intangible fixed assets	(4)	(9)
Purchase of tangible fixed assets	(154)	(111)
Capital grants from DfE Group	106	65
Capital funding received from sponsors and others	-	-
Net cash used in investing activities	(51)	(54)

26 Analysis of cash and cash equivalents

	At 1 September 2017 £'000	Transfer on conversion £'000	Cash flows £'000	At 31 August 2018 £'000
Cash at bank and in hand	1,216	-	273	1,489
Notice deposits (less than 3 months)	-	-	-	-
	1,216	-	273	1,489

27 Contingent liabilities

There are no contingent liabilities that require disclosure.

28 Members liability

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

29 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 Oxfordshire County Council. Both are multi-employer defined-benefit schemes.

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

Contributions amounting to £210k were payable to the schemes at 31 August 2018 (2017: £205k) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme governed by the Teachers' Pension Regulations (2010) and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in the regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

29 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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 results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

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 pension costs paid to TPS in the period amounted to £1,060k (2017: £789k).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on the reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed schedule include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to the State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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

29 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 £644k (2017: £401,000), of which employer's contributions totalled £508k (2017: £312k) and employees' contributions totalled £136k (2017: £89k). The agreed contribution rates for future years are 19.9% for employers and 5.5-12.5% for employees until 31 March 2020. In addition, employer top-up contributions of £54k and £55k are due for the years ended 31 March 2019 and 2020 respectively. The next full triennial valuation will be carried out as at 31 March 2019 with new contribution rates set from 1 April 2020.

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

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.50%	4.20%
Rate of increase for pensions in payment / inflation	2.40%	2.70%
Discount rate for scheme liabilities	2.80%	2.60%
Inflation assumption (CPI)	2.40%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.4	23.4
Females	25.5	25.5
<i>Retiring in 20 years</i>		
Males	25.7	25.7
Females	27.9	27.9

Sensitivity Analysis - Effect on Scheme Liabilities

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	8,950	8,670
Discount rate -0.1%	9,366	9,055
Mortality assumption - 1 year increase	N/A	9,144
Mortality assumption - 1 year decrease	N/A	8,585
CPI rate +0.1%	N/A	N/A
CPI rate -0.1%	N/A	N/A

29 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	3,695	2,675
Gilts	-	645
Corporate bonds	898	210
Property	422	282
Cash and other liquid assets	264	167
LLPs	-	141
Diversified growth fund	-	213
Alternative assets	-	4
Total market value of assets	5,279	4,337
Present value of scheme liabilities		
- Funded	(9,158)	(8,860)
Surplus/(deficit) in the scheme	(3,879)	(4,523)

The actual return on scheme assets was £364k (2017: £394k).

Amounts recognised in the statement of financial activities

	2018 £'000	2017 £'000
Current service cost (net of employee contributions)	989	626
Net interest cost	124	78
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	2,674
Administration expenses	-	-
Total amount recognised in the SOFA	1,113	3,378

29 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2018 £'000	2017 £'000
At 1 September	8,860	3,482
Upon conversion	-	4,866
Current service cost	989	626
Interest cost	245	138
Employee contributions	136	89
Actuarial (gain)/loss	(1,044)	(344)
Estimated benefits paid net of transfers in	(28)	3
At 31 August	<u>9,158</u>	<u>8,860</u>

Changes in the fair value of academy's share of scheme assets:

	2018 £'000	2017 £'000
At 1 September	4,337	1,320
Upon conversion	-	2,192
Interest income	121	60
Return on plan assets (excluding net interest on the net defined pension liability)	205	334
Actuarial gain/(loss)	-	27
Employer contributions	508	312
Employee contributions	136	89
Benefits paid	(28)	3
At 31 August	<u>5,279</u>	<u>4,337</u>

Reconciliation of opening and closing deficit				
	2018 £'000	2017 £'000	2017 £'000	2017 £'000
At 1 September		(4,523)		(2,162)
Current service cost	(989)		(626)	
Employer contributions	508		312	
Additional pension cost		(481)		(314)
Other finance costs		(124)		(78)
Deficit transferred on conversion		-		(2,674)
Actuarial gains/(losses)		1,249		705
At 31 August		<u>(3,879)</u>		<u>(4,523)</u>

The 2017 pension figures have been amended for a reallocation of expenditure related to the Local Government Pension Scheme. This reallocation is between Other Finance Costs and Actuarial (Loss)/Gain.

30 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 trustees have 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.

A Hunter (wife of M Hunter, Headteacher at Icknield Community College) received remuneration during the year, of £33k (2017: £18k) and employer pension contributions amounted to £5k (2017: £3k). In 2017, Icknield Community College was part of Acer Trust for 7 months.

C Wolfe (wife of R Shadbolt, Headteacher at Wood Green School) received remuneration during the year of £16k (2017: £10k) and employer pension contributions amounted to £3k (2017: £2k). In 2017, Wood Green School was part of Acer Trust for 7 months.

31 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31 August 2018 the trust received £15k (2017: £11k) and disbursed £8k (2017: £10k) from the fund. An amount of £15k (2017: £8k) (including brought forward from prior years) is included in other creditors relating to undistributed funds that are repayable to ESFA.