

Company Registration No. 08638158 (England and Wales)

ACORN TRUST

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016



ACORN TRUST

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ACORN TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Rev P Martin
Mr K Meredith
Mr G White
Mr K Baxter (retired 10 February 2016)
Mr P Blackburn (retired 10 February 2016)
Mrs D Lancashire (appointed 10 February 2016)

Directors

Mr G White (Chairman)
Mr K Meredith (Vice Chair)
Mrs J Buckley
Mr K Baxter
Mrs J A Hewitt (CEO & Accounting Officer)
Mr P M Blackburn
Mrs J E Todd (Appointed 22 March 2016)

Senior management team

| | |
|--|----------------|
| - CEO and Accounting Officer | Mrs J A Hewitt |
| - Headteacher (Bedford Hall Methodist) | Mrs A Burkes |
| - Headteacher (Westleigh Methodist) | Mrs C Whalley |
| - Trust Business Manager | Mrs J Buckley |

Company registration number

08638158 (England and Wales)

Company name

Acorn Trust

Registered office

Bedford Hall Methodist Primary School
Breaston Avenue
Leigh
WN7 3DJ

Academies operated

Bedford Hall Methodist Primary School
Westleigh Methodist Primary School

Location

Wigan
Wigan

Headteacher

Mrs J A Hewitt
Mrs J A Hewitt

Independent auditor

Moore and Smalley LLP
Richard House
9 Winckley Square
Preston
PR1 3HP

Solicitors

Browne Jacobson LLP
5th Floor
Tower 12
18-22 Bridge Street
Spinningfields
Manchester
M3 3BZ

ACORN TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 2 academies for pupils aged 2 to 11, serving a catchment area in Wigan. It also operates the Westleigh Start Well Family Centre.

Structure, governance and management

Constitution

Bedford Hall Methodist Primary School and Westleigh Methodist Primary School converted to Acorn Trust ("The Academy") on 1st September 2013. The 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 Trust.

The Trust was incorporated on 5 August 2013 and commenced its activities on transfer from the Local Authority on the conversion date stated above.

The Directors act as the trustees for the charitable activities of the Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Acorn Trust.

Details of the Directors of the Trust and the members of the local advisory board who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Directors' indemnities

The Trust has purchased indemnity insurance to protect Directors from claims arising in connection with Trust business. The insurance provides cover of up to £1,000,000 any one claim.

Method of recruitment and appointment or election of directors

Directors are appointed under the rules contained within the Trust memorandum and articles of association and membership of the Local Advisory Board is in accordance with the terms of reference.

The Governors of the Local Advisory Board are appointed in the following ways:

- Parent governors are elected by parents of the students of the Academy
- Staff governors are elected by staff of the Academy
- Foundation governors are appointed by the Methodist Circuit
- Community governors are appointed by the Advisory Board provided that the person who is selected as a Community Governor is: a person who lives or works in the community served by the School or; a person who, in the opinion of the Advisory Board, is committed to the government and success of the School.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new governors will depend on their existing experience. All new governors will be given a tour of the academy and the chance to meet with staff and pupils. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. As there are normally only 2 or 3 new governors a year, induction tends to be done informally and is tailored specifically to the individual.

On-going training is provided throughout the year. This will be based on the school improvement plan priorities and any training needs arising from any skill audits undertaken.

Organisational Structure

As a charity and company limited by guarantee, the Acorn Academy Trust is governed by its Board of Directors whose members are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. They are responsible for, and oversee, the management and administration of the Trust and the academies run by the Trust, alongside the running of the Westleigh Start Well Family Centre, Bedford Hall Methodist Primary School and Westleigh Methodist Primary School are the academies aligned to the Trust.

The Directors of Acorn Trust establish the overall framework for the establishment of the Trust and the academies included within the Trust. The Board of Directors determines Directors, terms of reference of the committees and approves all Trust policies. The delegation of responsibility and authority is set out within the Trust scheme of delegation. This includes delegation to the CEO (who is also the Accounting Officer), Directors and other employees of the Acorn Trust.

The Directors have overall responsibility and ultimate decision making authority for all the work of the Trust, including the establishing and running of schools. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes.

The main responsibilities of the Trust's Directors are prescribed in the Funding Agreement between the Trust and the DfE and in the Trust's Memoranda and Articles of Association. The main responsibilities include:

- agreeing the long term financial objectives for the Trust;
- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring that all funds are received according to the academy's Funding Agreement, and are used only for the purposes intended, and in accordance with funders terms and conditions of grant aid;
- approval of the annual Trust budget and delegation of budget to each Academy;
- receiving reports on the expenditure against budget;
- appointment of auditors;
- approval of annual accounts;
- authorising orders and the award of contracts within the approval limits;
- Trust appointments

Each academy is required to establish a Local Advisory Board. This fulfils much of the same role as a governing body in a maintained school, holding the Headteacher to account. The Local Advisory Board has been delegated authority from the Trust Directors (as set out in the Scheme of Delegation) to have overall responsibility of their own academy's curriculum, staffing and premises.

Currently there are four sub-committees, the Finance and Audit Committee, Educational Standards and Performance Committee, Westleigh Startwell Centre Committee and Pay Committee. Apart from the Pay Committee, they meet once per term. The remit of the committees covers all academies within the Trust as well as the Trust itself. Within the Finance and Audit Committee, the Chair of the Committee is a director and other members are appointed by the board and include the Trust business manager. The purpose of the committee is to assist with the decision making of the Board by enabling more detailed considerations to be given so the best means of fulfilling the Board's responsibility of ensuring the sound management of all the Trust's finances and resources, including proper planning, monitoring and probity. It also incorporates the role of an audit committee.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure (continued)

The main responsibilities of the Finance and Audit Committee are detailed in written terms of reference which have been authorised by the Board of Directors. The main responsibilities include:

- the initial review and authorisation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to academies;
- authorising the award of contracts over £19,999 up to £60,000;
- authorising changes to the academy personnel establishment and reviewing the academy staffing structure;
- reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be reported to the Board of Directors.
- responding to reports or recommendations by the Auditors

The CEO is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". They have personal responsibility for the propriety and regularity of the public finances for which they are answerable and must ensure that in considering proposals relating to expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of propriety and regularity.

The main responsibilities include:

- the initial review and authorisation of the annual Trust budget;
- the regular monitoring of actual expenditure and income against budget at the Trust level;
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 1985 and the DfE guidance issued to Academies;
- ensuring that the regular reports provided to the Directors are full and accurate;
- authorising orders and the award of contracts up to £19,999 and with the agreement of the Finance and Audit Committee any up to £60,000.
- authorising payments for the Trust, and its associated academies and the Startwell Centre, over £100.

The Senior Leadership Team is responsible for the day to day operation of the academies in particular organising the teaching staff, facilities and pupils and the learning whilst always monitoring and raising standards. The Senior Leadership team at each school comprises of the Headteacher, Deputy Headteacher, Assistant Headteacher and the Business Manager.

Arrangements for setting pay and remuneration of key management personnel

The Pay Policy for all staff within the Trust is agreed by the Directors annually. The pay structure is in-line with STPCD handbook each year. The Directors undertake the Performance management of the CEO with external advice. The CEO and Directors undertake the performance management of the Headteachers. All other staff are managed by the Headteacher. All pay increases are agreed by the pay committee of the Trust or the Local Advisory Board pay committee.

Related parties and other connected charities and organisations

The schools within the Trust are currently part of the Leigh, Lowton and Golborne Schools Partnership (LLGSP), a partnership of 26 schools that have established a company limited by guarantee and employ a Director to support the school with CPD and school improvement activities.

Bedford Hall is also a strategic partner in the St Bedes teaching school in Bolton. The Trust also has regular business manager and CEO meeting with other MATS in the area to share good practise

ACORN TRUST

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

The Trust has worked together to develop the vision and values for the Trust. The values of the Trust underpin all that takes place within the member academies.

Our Values

We believe that each school within the Trust should establish their own values by which the school community works within. We also have values as a Trust that underpin all we do as a Trust

A - Achieving excellence in all areas

C - Collaboration strengthens all involved

O - Opportunity available for all

R - Resilience to overcome barriers faced

N - No limits/ no excuses

Our Aspirations

- To have a Trust that grows and develops whilst ensuring it remains healthy, sustainable and high performing. That it becomes a Trust of excellence. We want to build self-sustaining and effective schools rooted in their communities but also networked with a wider group of strong schools.
- To be an outward facing organization that continues to learn and develop whilst offering to others the ability to grow and develop through sharing of good practice.
- To provide high quality leadership and teaching which will enthuse and inspire all learners, and enable the wider learning community to become an outstanding beacon for inclusion, providing personalised learning opportunities for all learners to succeed in order to become the very best they can be.
- That each School will reflect the Acorn Trust's strong commitment to improving the life chances of all children. We believe that where the Trust has the capacity to make a difference, it is morally bound to do so. That the children will be at the heart of everything. All decisions will be determined by what is in their best interests
- For the Trust to play a pivotal role in transforming and enhancing the life experiences of the wider communities they will serve. Our schools will be at the heart of compassionate and caring communities that are underpinned by strong values.
- That through the excellent teaching of a rich, extended and balanced curriculum, which ignites curiosity, unlocks talent and realises potential. We will develop creative, passionate and respectful learners who make excellent progress and are supported by well-motivated and passionate teachers.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

The Trust's main strategies are clarified in each school's development plan.

There is continually a focus on quality first teaching, supported by a quality curriculum within an ethos that focuses on the whole child, leading to the best possible outcomes for all pupils.

Key Objectives within the development plan are:

Bedford Hall

- **ASSESSMENT WITHOUT LEVELS:** To have a process of assessment that is rigorous, consistent and fit for purpose.
- **TEACHING AND LEARNING:** To improve the quality of teaching and learning through a focussed approach
- **LEADERSHIP DEVELOPMENT:** To ensure all leaders, at all levels, are equipped to lead.
- **CURRICULUM DEVELOPMENT:** To develop a curriculum to challenge and engage all learners in their own learning

Westleigh

- To improve the quality of teaching in English so that an increased proportion of pupils are working at age related expectation in reading and writing throughout school by July 2016.
- Improve the quality of teaching in Numeracy so that an increased proportion of pupils are working at age related expectation in numeracy throughout school by July 2016.
- To ensure new assessment procedures improve the quality of teaching and raise achievement further.
- Improve the impact of leadership and management to improve the quality of teaching and raising attainment further. 100% of leadership/management will be at least good, at least 30% will be outstanding (using Ofsted criteria).

The evaluated SDP for 2015/16 demonstrate how these were achieved. There is a strong focus on leading teaching and learning and supporting staff in become the very best teachers they can. This is done through a wide range of strategies including CPD, paired teaching and planning, working with staff from other schools.

Public benefit

The Governors are aware of the Charity Commission Guidance on providing public benefit and have had due regard to this in exercising their duties during the year. The main element of public benefit is the provision of education for children in the catchment areas. Each academy also offers the provision of breakfast club and after school clubs.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

Outcomes for EYFS

| | Good Level of Development | Communication | PSED | Physical development |
|--------------|---------------------------|---------------|------|----------------------|
| Bedford Hall | 73% | 97% | 99% | 100% |
| Westleigh | 69% | 96% | 95% | 98% |

| | Literacy | Maths | Understanding of the World | Expressive Art & Design |
|--------------|----------|-------|----------------------------|-------------------------|
| Bedford Hall | 80% | 85% | 100% | 100% |
| Westleigh | 80% | 83% | 86% | 93% |

Outcomes for Key Stage 1

Percentage passing phonics screening test

| | Year 1 screening test | Year 2 screening test | At expected level by end of Year 2 |
|--------------|-----------------------|-----------------------|------------------------------------|
| Bedford Hall | 87% | 71% | 93% |
| Westleigh | 83% | 83% | 95% |

Key Stage 1 SATs

| | Reading | Writing | Maths | Combined RWM at expected level |
|--------------|---------|---------|-------|--------------------------------|
| Bedford Hall | 77% | 70% | 80% | 67% |
| Westleigh | 76% | 71% | 76% | 71% |

| | Reading | Writing | Maths | Combined RWM at Greater Depth |
|--------------|---------|---------|-------|-------------------------------|
| Bedford Hall | 27% | 20% | 15% | 13% |
| Westleigh | 19% | 19% | 19% | 19% |

Key Stage 2 SATs

| | Reading | Writing | Maths | Combined RWM at expected level |
|--------------|---------|---------|-------|--------------------------------|
| Bedford Hall | 70% | 90% | 77% | 63% |
| Westleigh | 82% | 86% | 77% | 68% |

| | Reading | Writing | Maths | Combined RWM at Greater Depth |
|--------------|---------|---------|-------|-------------------------------|
| Bedford Hall | 20% | 27% | 13% | 10% |
| Westleigh | 18% | 14% | 5% | 0% |

The Trust has been successful in gaining grants from the EFA to refurbish and develop the school buildings. This was £148,122 in total. This was to help towards an electrical rewire at Westleigh. This included a salix loan of £17,118

Both schools were oversubscribed for the 2015 Reception intake and had appeals for places. Both schools continue to have a strong reputation within the respective communities.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Going concern

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

Financial review

The Trust's total incoming resources during the period were £2,653,829. The majority of the Trust's income derives from central government funding via the Education Funding Agency, in the form of current grants. Total funding received for the School's educational operations in the period was £2,429,607 (2015: £2,365,841). Capital grants of £143,704 were received in the year and further details are provided in Note 2 to the accounts

Total outgoing resources for the period were £2,524,300 (2015: £2,451,599), the majority of which related to the direct provision of educational operations £1,690,869 (2015: £1,601,604). The excess of income over expenditure was £129,529.

At the period end the Trust's total reserves were £3,585,307 comprising: unrestricted funds of £250,882, restricted funds (excluding pension deficit) £606,121, the restricted fixed asset fund of £3,542,304, less the Local Government Pension Scheme deficit of £814,000. The Trust does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of the Trust closing, outstanding local government pension scheme liabilities would be met by the Department for Education.

At 31 August 2016 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the Trust's Schools.

The Startwell Children's Centres were transferred into the Trust in the year. Income for this amounted to £121,916 and expenditure was £118,833.

No schools are yet being sponsored by the Trust but this is a possibility hence the larger reserves than normal to assist any school in possible financial trouble.

Reserves policy

Restricted GAG reserves

The level of reserves is determined by the Board of Directors annually and can fluctuate depending on operational needs but the Directors have determined that the Trust in 2015/16 should aim to have a minimum of £150,000 held in reserves but no more than 15% of GAG income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

At 31 August 2016 the Trust held GAG reserves of £370,287 which represents 22% of the GAG income for the year (£1,716,832) which is within the reserve policy. This is slightly more than anticipated but the Trust has been cautious due to the impending National Insurance increase in 2015/16 and the pending LGPS pension increases in 2016/17.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Unrestricted reserves

In addition to the GAG reserve, which can only be utilised for the restricted purposes set out in the Funding Agreement, the school holds unrestricted reserves, which provide additional working capital which is not committed or designated. It is the Governors' policy to aim to hold approximately 1 months' expenditure, which equates to approximately £198,000 per month, in unrestricted reserves, to provide an additional cushion over and above the restricted GAG reserve.

At 31 August 2016 the level of free/unrestricted reserves held was £250,882 which was mainly attributable to lettings income, sundry educational income and the balance of funds inherited on conversion. This is also slightly above the agreed reserves policy but is considered to be a prudent level of reserves in the light of the forthcoming increases to pension and future projects (2yr old nursery and before and after schools and the future building works planned).

Investment policy and powers

All investments are agreed by the Board of Directors, which has regard to the Charity Commission guidance in relation to charity investment policy. The Trust does not currently hold any investments other than cash, which is held for its normal operations. The Trust has adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access deposit account to ensure that there is always access to sufficient cash to meet short and medium term requirements, whilst earning a competitive rate of interest on any surplus balances.

Principal risks and uncertainties

The Trust's financial objectives are as follows:

- Applying best value principles in the procurement of all foods and services
- Preventing areas of wastage
- Achieving economies of scale for each academy and the Startwell Centre through centralised procurement
- Maintaining pupil numbers
- Successful application of capital grants for building project
- Regularly monitoring controls in place to avoid risk of fraud.

A Risk Register is maintained at the Acorn Trust which is reviewed at least annually by the Finance and Audit Committee. It identifies the key risks (in particular those relating to specific teaching, provision of facilities and other operational areas of the Trust, and its finances), the likelihood of those risks occurring, their potential impact on the Trust and its academies and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The Finance and Audit Committee have assessed the major risks to which the academies are exposed, in particular those relating to teaching, health and safety, school trips, child protection, and finances. A number of new operational systems have been implemented during the year in order to minimise specific risks. These include:

- Increasing the amount of reserves due to pension increases in 2016/17
- Converting policies to Trust policies – Educational visits, H+S, Complaints,
- Continuing building up relationships with other multi-academies to assist with SLAS, group tendering and any finance issues and possible staff absence.
- Following new improved procedures before signing off any trip and ensuring every school has an EVC.
- Using staff internally to cover absence/training rather than using supply staff
- Training of admin staff on dual roles in case of staff absence
- Revising the business continuity plans for both academies
- FGM, Prevent and E-safety training for all staff

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties (continued)

The principal risks and uncertainties identified that are not always within the Trust's control are:

- Government Funding - The academies within the Trust have considerable reliance on continued government funding through the EFA. Changes to national funding formula may have a detrimental effect.
- Pension Liabilities - Both academies are members of the LGPS which results in the recognition of a significant deficit on the Trust balance sheet. The financial statements report the share of the pension scheme deficit on the Trust's balance sheet in line with the requirements of FRS17.
- Building works/Increase in admissions - The age and condition of significant parts of the school building as well as increasing the admission size at one of the academies (Westleigh Methodist Primary School) means that we shall continue to press for additional capital investment to support our Premises Development Plan. The principal source of funding will be Central Government's Academies' Capital Programme.
- UIFSMS – this appears to be having a detrimental effect on the number of pupils signing up for FSMs in reception, Y1 and Y2.

The Directors have overall responsibility for ensuring that the Trust has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure the financial statements comply with the Companies Act. The Directors also acknowledge responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Trust is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the Trust or for publication is reliable;
- The Trust complies with relevant laws and regulations.

Financial and risk management objectives and policies

The internal financial systems are based on the Academies Financial Handbook which are documented in the Acorn Trust Financial Policy, procedures and regulations. The multi-academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties where possible and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and termly financial reports which are reviewed and agreed at Director level.
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks
- Benchmarking against other similar multi-academies.

Systems are based on a framework of segregation of duties and schemes of delegation which include authorisation and approval. Financial management information is provided to the CEO on a monthly basis and the Directors and Finance Committee on a termly basis.

The Responsible Officer role has been performed during the year by Moore and Smalley LLP and 3 reports have been presented to the Finance Committee. No major issues have been identified. Recommendations for improvements to systems and procedures have either been implemented or are in the process of being implemented.

ACORN TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Plans for future periods

The Trust's main strategies are clarified with each school's development plan.

There is continually a focus on quality first teaching, supported by a quality curriculum within an ethos that focuses on the whole child, leading to the best possible outcomes for all pupils.

Key Objectives within the development plan are:

Bedford Hall

1. Assessment and data: Securing a process and understanding of data to lead to a clear measure of progress for pupils, cohorts and schools against local and national measures
2. Teaching and learning: To ensure the curriculum meets the needs of all pupils in a creative and innovative way through high quality teaching and learning
3. Leadership Development: within the changing context this academic year, to ensure the leadership (at all levels) has the skills, knowledge and understanding to lead the school effectively.
4. SEND: To ensure all SEND pupils receive high quality teaching and learning
5. EYFS provision: To ensure that all areas of the EYFS provides high quality provision that leads to at least good outcomes for all.

Westleigh

1. To improve the quality of teaching in English so that an increased proportion of pupils are working at and above age related expectations in reading and writing throughout school by July 2017
2. Improve the quality of teaching in maths so that an increased proportion of pupils are working at and above age related expectation throughout school by July 2017
3. To improve the quality of teaching and learning in IPC so that an increased proportion of pupils are working at or above national expectation by 2017
4. To improve the quality of teaching and learning in the EYFS so that an increased proportion of pupils are working at or above national expectation by 2017.
5. To successfully prepare the school to achieve outstanding in the next SIAMs inspection
6. Improve the impact of leadership and management to improve the quality of teaching and raising attainment further

Auditor

In so far as the directors are aware:

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

A resolution proposing that Moore and Smalley LLP be reappointed as auditor of the charitable company will be put to the members.

The directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 7.12.16 and signed on its behalf by:



.....
Mr G White
Chairman

ACORN TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As directors we acknowledge we have overall responsibility for ensuring that Acorn 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 Directors have delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Acorn Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 5 times during the year. Attendance during the year at meetings of the board of directors was as follows:

| Directors | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Mr G White (Chairman) | 4 | 5 |
| Mr K Meredith (Vice Chair) | 5 | 5 |
| Mrs J Buckley | 5 | 5 |
| Mr K Baxter | 3 | 5 |
| Mrs J A Hewitt (CEO & Accounting Officer) | 5 | 5 |
| Mr P M Blackburn | 5 | 5 |
| Mrs J E Todd (Appointed 22 March 2016) | 2 | 2 |

A review of governance was undertaken before our sponsorship application and it was decided an additional director was required on the composition of the Board of Directors as no-one had a strong educational and safeguarding skill set apart from the CEO so there was lack of challenge. In addition, two additional Members have been sought, one who has an educational background (ex-headteacher) and one who has a legal background (retired solicitor). A review of governance will be undertaken again (before Jan 2017) once all new directors and members are in post to ensure all skills based are present.

There are several directors who are also members on the local advisory boards. Over the next 12 months, these directors intend to resign from their local advisory post.

There have been no particular challenges to the Board.

ACORN TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The finance and audit committee is a sub-committee of the main board of directors. Its purpose is to assist with the decision making of the Board by enabling more detailed considerations to be given so the best means of fulfilling the Board's responsibility of ensuring the sound management of all the academy's finances and resources, including proper planning, monitoring and probity. It also incorporates the role of an audit committee.

Attendance at meetings in the year was as follows:

| | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| Mr G White - (Chairman) | 3 | 4 |
| Mr K Meredith - (Vice Chair) | 4 | 4 |
| Mrs J A Hewitt - (CEO and Accounting Officer) | 4 | 4 |
| Mr K Baxter | 1 | 4 |
| Mr P Blackburn | 4 | 4 |
| Mrs R Cadman | 2 | 4 |
| Mrs E Rothwell (resigned 1 March 2016) | - | 3 |
| Mrs C Whalley | 4 | 4 |
| Mrs A Burkes (appointed 1 September 2015) | 4 | 4 |
| Mrs J Buckley | 4 | 4 |
| Mrs J Quenby | 4 | 4 |

Review of value for money

As accounting officer the CEO has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

As accounting officer the CEO has responsibility for ensuring that the multi- academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the multi-academy trust has delivered improved value for money during the year by:

- Sharing staff between the two academies resulting in cost-savings and continued quality of teaching during long term absence
- Building up a relationship with several multi-academy trusts so finance best practice can be shared as well as looking at SLAS and group tendering projects.
- Regularly benchmarking costs at each academy against each other to understand large differences and taking appropriate action
- Recruiting an apprentice to look after ICT shared between both academies. This has resulted in time-saving for the business manager at each school and for 2016/17, reduced ICT external provider costs
- Reviewing the contracts for photocopiers at one academy and the Startwell centre reducing in reduced costs per copy. Ensuring the other photocopier contract at the other academy is used to its full potential by ensuring the copier is used for all its functions available. Looking at grayscale printing only, double-sided copying and hold and release functions for all the copiers within the Trust
- Purchasing a school app to aid communication to parents at zero cost rather than use of text messages.

ACORN TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The directors have 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 directors are of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that have been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the directors.

The risk and control framework

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

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

The directors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the directors have appointed Moore and Smalley LLP to carry out additional termly checks. This role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, they report to the directors on the operation of the systems of control and on the discharge of the Board of Director's financial responsibilities.

The Responsible Officer'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:

- basic testing on systems and controls in place in as a multi-academy Trust
- testing of payroll systems
- testing of budget control and maintenance
- testing of compliance from previous checks/recommendations

On a termly basis, the results of the RO's checks on the operation of the systems of control are reported to the board of trustees, through the finance committee.

Moore and Smalley LLP have delivered their schedule of work as planned. Minor issues have been raised and addressed by the Trust and school management on a timely basis. No significant weaknesses or discrepancies have been highlighted.

ACORN TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Review of effectiveness

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

- the regular scrutiny of financial and other performance monitoring data by the Finance and Audit Committee;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- termly checks by Moore and Smalley LLP;
- the work of the managers within the trust, who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the board of directors on 7.12.16 and signed on its behalf by:



.....
Mr G White
Chairman



.....
Mrs J A Hewitt
CEO & Accounting Officer

ACORN TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

As Accounting Officer of the Acorn Trust I have considered my responsibility to notify the Trust's Board of Directors and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

I confirm that I and the academy trust's board of directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Mrs J A Hewitt
Accounting Officer

7.12.16

ACORN TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The directors (who also act as trustees for Acorn Trust) are responsible for preparing the Directors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law the directors must not approve the accounts 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 accounts, the directors are required to:

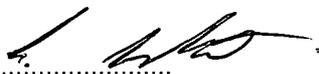
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors 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 accounts 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 directors 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 that grants received from EFA/DfE have been applied for the purposes intended.

The directors 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of directors on 7.12.16 and signed on its behalf by:



.....
Mr G White
Chairman

ACORN TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF ACORN TRUST

We have audited the accounts of Acorn Trust for the year ended 31 August 2016 set out on pages 22 to 44. 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', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors, who also act as trustees for the charitable activities of Acorn Trust, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

ACORN TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF ACORN TRUST (CONTINUED)

Matters on which we are required to report by exception

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

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



Tracey Johnson (Senior Statutory Auditor)
for and on behalf of Moore and Smalley LLP
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

Dated: 13 December 2016

ACORN TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ACORN TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 17 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Acorn Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Acorn Trust's funding agreement with the Secretary of State for Education dated 29 August 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

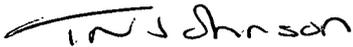
The work undertaken to draw to our conclusion includes an evaluation of the control environment of the Trust together with appropriate enquiry, analytical review and substantive testing of transactions.

ACORN TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ACORN TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

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



Tracey Johnson
Reporting Accountant
Moore and Smalley LLP

Richard House
9 Winckley Square
Preston
PR1 3HP

Dated: 13 December 2016

ACORN TRUST

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

| | Notes | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2016 £ | Total 2015 £ |
|---|-------|-------------------------|-------------------------------|-----------------------------------|------------------|------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 3,582 | 152,394 | 12,700 | 168,676 | 213,610 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 3 | 63,139 | 2,366,468 | - | 2,429,607 | 2,365,841 |
| Other trading activities | 4 | 54,697 | - | - | 54,697 | 57,604 |
| Investments | 5 | 849 | - | - | 849 | 725 |
| Total income and endowments | | <u>122,267</u> | <u>2,518,862</u> | <u>12,700</u> | <u>2,653,829</u> | <u>2,637,780</u> |
| Expenditure on: | | | | | | |
| Raising funds | 6 | 33,306 | - | - | 33,306 | 26,988 |
| Charitable activities: | | | | | | |
| - Educational operations | 7 | 43,986 | 2,328,161 | 118,847 | 2,490,994 | 2,424,611 |
| Total expenditure | 6 | <u>77,292</u> | <u>2,328,161</u> | <u>118,847</u> | <u>2,524,300</u> | <u>2,451,599</u> |
| Net income/(expenditure) | | 44,975 | 190,701 | (106,147) | 129,529 | 186,181 |
| Transfers between funds | | (21,070) | (22,994) | 44,064 | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 18 | - | (333,000) | - | (333,000) | 7,000 |
| Net movement in funds | | 23,905 | (165,293) | (62,083) | (203,471) | 193,181 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | <u>226,977</u> | <u>(42,586)</u> | <u>3,604,387</u> | <u>3,788,778</u> | <u>3,595,597</u> |
| Total funds carried forward | 16 | <u>250,882</u> | <u>(207,879)</u> | <u>3,542,304</u> | <u>3,585,307</u> | <u>3,788,778</u> |

ACORN TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

| | Notes | 2016 | | 2015 | |
|---|-------|------------------|------------------|----------------|------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | | 3,542,304 | | 3,604,387 |
| Current assets | | | | | |
| Debtors | 12 | 151,377 | | 76,505 | |
| Cash at bank and in hand | | 887,636 | | 721,097 | |
| | | <u>1,039,013</u> | | <u>797,602</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (130,511) | | (140,785) | |
| Net current assets | | | 908,502 | | 656,817 |
| Total assets less current liabilities | | | 4,450,806 | | 4,261,204 |
| Creditors: amounts falling due after more than one year | 14 | | (51,499) | | (42,426) |
| Net assets excluding pension liability | | | 4,399,307 | | 4,218,778 |
| Defined benefit pension liability | 18 | | (814,000) | | (430,000) |
| Net assets | | | <u>3,585,307</u> | | <u>3,788,778</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | 16 | | | | |
| - Fixed asset funds | | | 3,542,304 | | 3,604,387 |
| - Restricted income funds | | | 606,121 | | 387,414 |
| - Pension reserve | | | (814,000) | | (430,000) |
| Total restricted funds | | | 3,334,425 | | 3,561,801 |
| Unrestricted income funds | 16 | | 250,882 | | 226,977 |
| Total funds | | | <u>3,585,307</u> | | <u>3,788,778</u> |

The accounts set out on pages 22 to 44 were approved by the board of directors and authorised for issue on 12.12.16 and are signed on its behalf by:



Mr G White
Chairman

Company Number 08638158

ACORN TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|--|-------|-----------|----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Net cash provided by operating activities | 19 | | 195,663 | | 466,969 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 849 | | 725 | |
| Capital grants from DfE and EFA | | 12,700 | | 210,128 | |
| Payments to acquire tangible fixed assets | | (56,764) | | (489,206) | |
| | | | (43,215) | | (278,353) |
| Cash flows from financing activities | | | | | |
| New other loan | | 17,118 | | 53,926 | |
| Repayment of other loan | | (3,027) | | (5,342) | |
| | | | 14,091 | | 48,584 |
| Change in cash and cash equivalents in the reporting period | | | | | |
| | | | 166,539 | | 237,200 |
| Cash and cash equivalents at 1 September 2015 | | | | | |
| | | | 721,097 | | 483,897 |
| Cash and cash equivalents at 31 August 2016 | | | | | |
| | | | 887,636 | | 721,097 |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

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

These accounts for the year ended 31 August 2016 are the first accounts of Acorn Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 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 receivable

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

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

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

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.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, directors' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

The Trust operates from the property at Bedford Hall Methodist Primary School and the site at Westleigh Methodist Primary School under supplemental agreements with the Methodist Church. Further clarification was released in the 2014-15 Academies Accounts Direction which clarified that the land and buildings should be recognised in the Trust's balance sheet to recognise the substance of the arrangement which is that the Trust will derive future economic benefit from its continuing ability to operate from these premises without incurring an expense for their use.

A prior year adjustment was made in the accounts for the year ended 31 August 2015 and based on a depreciated replacement cost valuation carried out as at 31 March 2014 on behalf of the Department for Education, the depreciated replacement cost of these land and buildings was £2,850,600.

Computer equipment costing £500 or more or other assets costing £750 or more are considered for capitalisation as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

| | |
|------------------------------|-------|
| Leasehold land and buildings | 2% |
| Property alterations | 2% |
| Furniture and equipment | 20% |
| Computer equipment | 33.3% |

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

1.6 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 Taxation

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

1.9 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.10 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 directors.

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 and include grants from the Education Funding Agency.

1.11 Critical accounting estimates and areas of judgement

Accounting 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.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Critical accounting estimates and assumptions

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

Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, an impairment is recorded as an impairment loss.

Impairment of trade debtors

At each balance sheet date, management undertake a review of outstanding debtor balances and consider whether there is any indication of impairment or any balances requiring provision.

This calculation is based on the financial position of the customers, the payment history and any ongoing discussions.

Valuation of the Local Government Pension Scheme defined benefit liability

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Classification and valuation of the playing fields at Bedford Hall

The playing fields at Bedford Hall are held under a 125 year lease and are wholly used in the course of the academy's business and are held within the academy.

At the date of transition, the long leasehold land and buildings were measured at their fair value at 1 September 2014, which upon transition, has been interpreted as deemed cost. Subsequent purchases of land and buildings are initially measured at cost.

Classification and valuation of long leasehold land and buildings owned by the Methodist Church

The buildings occupied by the school, and the land on which the buildings are situated are the subject of a deed from the Circuit Meeting of the Leigh and Hindley Circuit of the Methodist Church, which grants the school the use of these land and buildings until the earlier of the termination of the funding agreement or the members giving the school two years notice to leave. The land and buildings are included in the accounts. Further information on the accounting treatment adopted can be found in the tangible fixed assets accounting policy.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

2 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 143,704 | 143,704 | 210,128 |
| Other donations | 3,582 | 21,390 | 24,972 | 3,482 |
| | <u>3,582</u> | <u>165,094</u> | <u>168,676</u> | <u>213,610</u> |

The income from donations and capital grants was £168,676 (2015: £213,610) of which £3,582 was unrestricted (2015: £1,885), £152,394 was restricted (2015: £1,597) and £12,700 was restricted fixed assets (2015: £210,128).

3 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / EFA grants | | | | |
| General annual grant (GAG) | - | 1,716,833 | 1,716,833 | 1,695,971 |
| Other DfE / EFA grants | - | 256,463 | 256,463 | 257,588 |
| | <u>-</u> | <u>1,973,296</u> | <u>1,973,296</u> | <u>1,953,559</u> |
| Other government grants | | | | |
| Local authority grants | - | 325,744 | 325,744 | 304,925 |
| | <u>-</u> | <u>325,744</u> | <u>325,744</u> | <u>304,925</u> |
| Other funds | | | | |
| Other incoming resources | 63,139 | 67,428 | 130,567 | 107,357 |
| | <u>63,139</u> | <u>67,428</u> | <u>130,567</u> | <u>107,357</u> |
| Total funding | <u>63,139</u> | <u>2,366,468</u> | <u>2,429,607</u> | <u>2,365,841</u> |

The income from funding for educational operations was £2,429,607 (2015: £2,365,841) of which £63,139 was unrestricted (2015: £69,641) and £2,366,468 was restricted (2015: £2,296,200).

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 39,784 | - | 39,784 | 48,330 |
| Other income | 14,913 | - | 14,913 | 9,274 |
| | <u>54,697</u> | <u>-</u> | <u>54,697</u> | <u>57,604</u> |

The income from other trading activities was £54,697 (2015: £57,604) of which £54,697 was unrestricted (2015: £57,604).

5 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|-------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Other investment income | 849 | - | 849 | 725 |
| | <u>849</u> | <u>-</u> | <u>849</u> | <u>725</u> |

The income from funding for investment income was £849 (2015: £725) of which £849 was unrestricted (2015: £725).

6 Expenditure

| | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2016 £ | Total 2015 £ |
|---|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 1,419,080 | 13,764 | 257,025 | 1,689,869 | 1,601,604 |
| - Allocated support costs | 249,757 | 222,719 | 328,649 | 801,125 | 823,007 |
| | <u>1,668,837</u> | <u>236,483</u> | <u>585,674</u> | <u>2,490,994</u> | <u>2,424,611</u> |
| Other expenditure | | | | | |
| Raising funds | - | - | 33,306 | 33,306 | 26,988 |
| | <u>-</u> | <u>-</u> | <u>33,306</u> | <u>33,306</u> | <u>26,988</u> |
| Total expenditure | <u>1,668,837</u> | <u>236,483</u> | <u>618,980</u> | <u>2,524,300</u> | <u>2,451,599</u> |

The expenditure on raising funds was £33,306 (2015: £26,988) of which £33,306 was unrestricted (2015: £26,988).

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure (Continued)

| Net income/(expenditure) for the year includes: | 2016 | 2015 |
|---|----------------|---------------|
| | £ | £ |
| Fees payable to auditor for: | | |
| - Audit | 5,800 | 5,700 |
| - Other services | 4,885 | 6,475 |
| Depreciation of tangible fixed assets | 118,847 | 88,492 |
| | <u>118,847</u> | <u>88,492</u> |

Central services

The academy trust has provided the following central services to its academies during the year:

- Human resources
- Financial services
- Legal services

The trust splits the charges for central services equally between both academies.

The amounts charged during the year were as follows:

| | Total £ |
|---------------------------------------|----------------|
| Bedford Hall Methodist Primary School | 150,000 |
| Westleigh Methodist Primary School | 150,000 |
| | <u>300,000</u> |

7 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs - educational operations | 21,855 | 1,668,014 | 1,689,869 | 1,601,604 |
| Support costs - educational operations | 22,131 | 778,994 | 801,125 | 823,007 |
| | <u>43,986</u> | <u>2,447,008</u> | <u>2,490,994</u> | <u>2,424,611</u> |

The expenditure on educational operations was £2,490,994 (2015: £2,424,611) of which £43,986 was unrestricted (2015: £23,375), £2,328,161 was restricted (2015: £2,312,744) and £118,847 was restricted fixed assets (2015: £88,492).

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

| 7 Charitable activities | (Continued) | |
|----------------------------------|--------------------|----------------|
| | 2016 | 2015 |
| | £ | £ |
| Analysis of support costs | | |
| Support staff costs | 249,757 | 236,315 |
| Depreciation and amortisation | 105,083 | 82,322 |
| Premises costs | 221,981 | 300,421 |
| Other support costs | 211,132 | 189,115 |
| Governance costs | 13,172 | 14,834 |
| | <u>801,125</u> | <u>823,007</u> |

| 8 Staff costs | 2016 | 2015 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,285,098 | 1,282,318 |
| Social security costs | 77,896 | 68,098 |
| Operating costs of defined benefit pension schemes | 257,926 | 231,581 |
| | <u>1,620,920</u> | <u>1,581,997</u> |
| Staff costs | 1,620,920 | 1,581,997 |
| Supply staff costs | 32,935 | 33,334 |
| Staff restructuring costs | 14,982 | 6,000 |
| | <u>1,668,837</u> | <u>1,621,331</u> |

Staff numbers

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

| | 2016 | 2015 |
|----------------------------|---------------|---------------|
| | Number | Number |
| Teachers | 18 | 16 |
| Administration and support | 39 | 39 |
| Management | 7 | 7 |
| | <u>64</u> | <u>62</u> |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Higher paid staff

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

| | 2016 Number | 2015 Number |
|-------------------|-------------------|-------------------|
| £70,001 - £80,000 | - | 1 |
| £80,001 - £90,000 | 1 | - |
| | <u> </u> | <u> </u> |

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for this member of staff amounted to £13,825 (2015: £11,220).

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,982 (2015: £,6000). Individually, the payments were £500, £500, £3,000, £3,401 and £7,581.

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £262,166 (2015: £209,307)

9 Directors' remuneration and expenses

The Headteacher and other staff directors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors. During the year, travel and subsistence payments totalling £846 (2015: £412) were reimbursed to directors.

The value of directors' remuneration was as follows:

Mrs J A Hewitt (Headteacher and Director)
Remuneration £80,000 - £85,000 (2015: £75,000 - £80,000)
Employer's pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

Mrs J Buckley (School Business Manager and Director)
Remuneration £30,000 - £35,000 (2015: £30,000 - £35,000)
Employer's pension contributions £5,000 - 10,000 (2015: £5,000 - £10,000)

Other related party transactions involving the directors are set out within note 21.

10 Directors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £530 (2015: £530).

The cost of this insurance is included in the total insurance cost.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

| | Leasehold land and buildings £ | Property alterations £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|-----------------------|---|------------------------------|------------------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 September 2015 | 2,918,734 | 641,343 | 171,570 | 23,775 | 3,755,422 |
| Additions | - | - | 18,438 | 38,326 | 56,764 |
| At 31 August 2016 | 2,918,734 | 641,343 | 190,008 | 62,101 | 3,812,186 |
| Depreciation | | | | | |
| At 1 September 2015 | 111,107 | 8,315 | 23,474 | 8,139 | 151,035 |
| Charge for the year | 56,405 | 12,828 | 35,112 | 14,502 | 118,847 |
| At 31 August 2016 | 167,512 | 21,143 | 58,586 | 22,641 | 269,882 |
| Net book value | | | | | |
| At 31 August 2016 | 2,751,222 | 620,200 | 131,422 | 39,460 | 3,542,304 |
| At 31 August 2015 | 2,807,627 | 633,028 | 148,096 | 15,636 | 3,604,387 |

12 Debtors

| | 2016 £ | 2015 £ |
|--------------------------------|-----------|-----------|
| VAT recoverable | 12,226 | 23,250 |
| Other debtors | 5,142 | 7,016 |
| Prepayments and accrued income | 134,009 | 46,239 |
| | 151,377 | 76,505 |

13 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------|-----------|-----------|
| Other loans | 11,176 | 6,158 |
| Trade creditors | 3,303 | 1,101 |
| Accruals and deferred income | 116,032 | 133,526 |
| | 130,511 | 140,785 |

14 Creditors: amounts falling due after more than one year

| | 2016 £ | 2015 £ |
|-------------|-----------|-----------|
| Other loans | 51,499 | 42,426 |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

| | (Continued) | |
|--|-------------------|-------------------|
| 14 Creditors: amounts falling due after more than one year | 2016 | 2015 |
| Analysis of loans | | |
| Wholly repayable within five years | 62,675 | 48,584 |
| Less: included in current liabilities | (11,176) | (6,158) |
| | <u> </u> | <u> </u> |
| Amounts included above | 51,499 | 42,426 |
| | <u> </u> | <u> </u> |

Loan maturity

Included within other creditors payable within and greater than one year, are four Salix loans totalling £62,675. The first loan is repayable in instalments of £2,789 every six months, commencing from 1 March 2015. The second and third loans are repayable in instalments of £290 each every six months, commencing from 1 March 2016. The fourth loan is repayable in instalments of £1,070 every six months, commencing from 1 March 2017.

| 15 Deferred income | 2016 | 2015 |
|--|-------------------|-------------------|
| | £ | £ |
| Deferred income is included within: | | |
| Creditors due within one year | 31,483 | 28,550 |
| | <u> </u> | <u> </u> |
| Deferred income at 1 September 2015 | 28,550 | 27,057 |
| Released from previous years | (28,550) | (27,057) |
| Amounts deferred in the year | 31,483 | 28,550 |
| | <u> </u> | <u> </u> |
| Deferred income at 31 August 2016 | <u>31,483</u> | <u>28,550</u> |

At the balance sheet date the Trust was holding funds received in advance in relation to the Universal Free School Meals grant.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

| | Balance at 1 September 2015 | Incoming resources | Resources expended | Gains, losses & transfers | Balance at 31 August 2016 |
|---|-----------------------------------|-----------------------|-----------------------|------------------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| Restricted general funds | | | | | |
| General Annual Grant | 247,996 | 1,716,833 | (1,561,544) | (19,912) | 383,373 |
| Other DfE / EFA grants | 138,259 | 387,467 | (322,979) | - | 202,747 |
| Other government grants | - | 325,744 | (322,662) | (3,082) | - |
| Other restricted funds | 1,159 | 88,818 | (69,976) | - | 20,001 |
| | <u>387,414</u> | <u>2,518,862</u> | <u>(2,277,161)</u> | <u>(22,994)</u> | <u>606,121</u> |
| Funds excluding pensions | (430,000) | - | (51,000) | (333,000) | (814,000) |
| | <u>(42,586)</u> | <u>2,518,862</u> | <u>(2,328,161)</u> | <u>(355,994)</u> | <u>(207,879)</u> |
| Restricted fixed asset funds | | | | | |
| DfE / EFA capital grants | 406,316 | 12,700 | (14,511) | - | 404,505 |
| Inherited funds | 2,807,628 | - | (56,404) | - | 2,751,224 |
| Capital expenditure from GAG and other funds | 390,443 | - | (47,932) | 44,064 | 386,575 |
| | <u>3,604,387</u> | <u>12,700</u> | <u>(118,847)</u> | <u>44,064</u> | <u>3,542,304</u> |
| Total restricted funds | <u>3,561,801</u> | <u>2,531,562</u> | <u>(2,447,008)</u> | <u>(311,930)</u> | <u>3,334,425</u> |
| Unrestricted funds | | | | | |
| General funds | <u>226,977</u> | <u>122,267</u> | <u>(77,292)</u> | <u>(21,070)</u> | <u>250,882</u> |
| Total funds | <u>3,788,778</u> | <u>2,653,829</u> | <u>(2,524,300)</u> | <u>(333,000)</u> | <u>3,585,307</u> |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

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

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

General Annual Grant must be used for the normal running expenses of the Trust and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/EFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants include LEA funding for Special Educational Needs of £13,961 and Early Years funding of £158,595, both of which were fully expended in the year.

The pension reserves represents the value of the Trust's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

Total funds analysis by academy

| | Total £ |
|--|-------------|
| Fund balances at 31 August 2016 were allocated as follows: | |
| Bedford Hall Methodist Primary School | 301,180 |
| Westleigh Methodist Primary School | 429,380 |
| Central services | 126,443 |
| | <hr/> |
| Total before fixed assets fund and pension reserve | 857,003 |
| | |
| Restricted fixed asset fund | 3,542,304 |
| Pension reserve | (814,000) |
| | <hr/> |
| Total funds | 3,585,307 |
| | <hr/> <hr/> |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

Total cost analysis by academy

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total £ |
|--|--|--------------------------------------|------------------------------|---|------------------|
| Bedford Hall Methodist Primary School | 600,028 | 45,540 | 116,464 | 236,988 | 999,020 |
| Westleigh Methodist Primary School | 702,930 | 60,736 | 119,833 | 196,240 | 1,079,739 |
| Central services | 105,639 | 118,917 | 7,583 | 43,552 | 275,691 |
| | <u>1,408,597</u> | <u>225,193</u> | <u>243,880</u> | <u>476,780</u> | <u>2,354,450</u> |

17 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2016 £ |
|--|----------------------------|-------------------------------------|---|--------------------|
| Fund balances at 31 August 2016 are represented by: | | | | |
| Tangible fixed assets | - | - | 3,542,304 | 3,542,304 |
| Current assets | 250,882 | 788,131 | - | 1,039,013 |
| Creditors falling due within one year | - | (130,511) | - | (130,511) |
| Creditors falling due after one year | - | (51,499) | - | (51,499) |
| Defined benefit pension liability | - | (814,000) | - | (814,000) |
| | <u>250,882</u> | <u>(207,879)</u> | <u>3,542,304</u> | <u>3,585,307</u> |

18 Pensions 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 the Greater Manchester Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employers pension costs paid to the TPS in the period amounted to £117,105 (2015: £107,364).

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

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

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.6 per cent for employers and 5.5 to 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £91,000.

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.

| Total contributions made | 2016 | 2015 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Employer's contributions (rounded) | 91,000 | 77,000 |
| Employees' contributions (rounded) | 26,000 | 22,000 |
| | <u> </u> | <u> </u> |
| Total contributions | 117,000 | 99,000 |
| | <u> </u> | <u> </u> |

| Principal actuarial assumptions | 2016 | 2015 |
|--|-------------------|-------------------|
| | % | % |
| Rate of increases in salaries | 3.4 | 3.9 |
| Rate of increase for pensions in payment | 2.1 | 2.7 |
| Discount rate | 2.1 | 3.8 |
| Inflation assumption (CPI) | 2.1 | 3.8 |
| | <u> </u> | <u> </u> |

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 and 80% of the maximum tax-free cash for post April 2008 service.

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

| | 2016 | 2015 |
|----------------------|-------------------|-------------------|
| | Years | Years |
| Retiring today | | |
| - Males | 21.4 | 21.4 |
| - Females | 24.0 | 24.0 |
| Retiring in 20 years | | |
| - Males | 24.0 | 24.0 |
| - Females | 26.6 | 26.6 |
| | <u> </u> | <u> </u> |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations (Continued)

| The academy trust's share of the assets in the scheme | 2016 Fair value £ | 2015 Fair value £ |
|---|-------------------------|-------------------------|
| Equities | 639,000 | 455,000 |
| Bonds | 151,000 | 114,000 |
| Cash | 44,000 | 25,000 |
| Property | 53,000 | 38,000 |
| | <u>887,000</u> | <u>632,000</u> |

| | | |
|--|----------------|---------------|
| Actual return on scheme assets - gain/(loss) | <u>138,000</u> | <u>13,000</u> |
|--|----------------|---------------|

| Amounts recognised in the statement of financial activities | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Current service cost (net of employee contributions) | 125,000 | 109,000 |
| Net interest cost | 17,000 | 15,000 |
| | <u>142,000</u> | <u>124,000</u> |

| Changes in the present value of defined benefit obligations | 2016 £ |
|---|------------------|
| Obligations at 1 September 2015 | 1,062,000 |
| Current service cost | 125,000 |
| Interest cost | 43,000 |
| Employee contributions | 26,000 |
| Actuarial loss | 445,000 |
| | <u>1,701,000</u> |

| Changes in the fair value of the academy trust's share of scheme assets | 2016 £ |
|---|----------------|
| Assets at 1 September 2015 | 632,000 |
| Interest income | 26,000 |
| Return on plan assets (excluding amounts included in net interest): | |
| Actuarial gain | 112,000 |
| Employer contributions | 91,000 |
| Employee contributions | 26,000 |
| | <u>887,000</u> |

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

18 Pensions and similar obligations (Continued)

19 Reconciliation of net income to net cash flows from operating activities

| | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Net income for the reporting period | 129,529 | 186,181 |
| Adjusted for: | | |
| Capital grants from DfE/EFA and other capital income | (12,700) | (210,128) |
| Investment income | (849) | (725) |
| Defined benefit pension costs less contributions payable | 34,000 | 32,000 |
| Defined benefit pension net finance cost/(income) | 17,000 | 15,000 |
| Depreciation of tangible fixed assets | 118,847 | 88,492 |
| (Increase)/decrease in debtors | (74,872) | 317,706 |
| Increase/(decrease) in creditors | (15,292) | 38,443 |
| Net cash provided by operating activities | 195,663 | 466,969 |

20 Contingent liabilities

The academy had no contingent liabilities at 31 August 2016.

21 Related party transactions

No related party transactions took place in the period of account other than certain directors' remuneration and expenses already disclosed in note 9.

22 Members' liability

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

ACORN TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

23 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

Reconciliation of funds for the previous financial period

| | 1 September 2014 £ | 31 August 2015 £ |
|--|-----------------------------|-----------------------------|
| Funds as reported under previous UK GAAP and under FRS 102 | 3,595,597 | 3,788,778 |
| | <u> </u> | <u> </u> |

Reconciliation of net income for the previous financial period

| | 2015 £ |
|---|-----------------------------|
| Net income as reported under previous UK GAAP and under FRS 102 | 193,181 |
| | <u> </u> |

Notes to reconciliations on adoption of FRS 102

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income/expense by £10,000 and increase the credit in other recognised gains and losses in the SOFA by the equivalent amount.