

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 2017

ACOL



FRIDAY



A15 \*A6LSPC16\* 22/12/2017 #350  
COMPANIES HOUSE



**MHA** Moore & Smalley  
Trusted Thinking

# ACORN TRUST

## CONTENTS

---

	Page
Reference and administrative details	1
Directors' report	2 - 13
Governance statement	14 - 18
Statement on regularity, propriety and compliance	19
Statement of directors' responsibilities	20
Independent auditor's report on the accounts	21 - 23
Independent reporting accountant's report on regularity	24 - 25
Statement of financial activities including income and expenditure account	26
Balance sheet	27
Statement of cash flows	28
Notes to the accounts including accounting policies	29 - 51

---

# ACORN TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members

Rev P Martin  
Mr K Meredith  
Mr G White  
Mrs D Lancashire  
Mr M Bailey

### Directors

Mr G White (Chairman)  
Mr K Meredith (Vice Chair) (Resigned 31 August 2017)  
Mrs J Buckley (Resigned 31 August 2017)  
Mr K Baxter (Resigned 18 May 2017)  
Mrs J A Hewitt (CEO & Accounting Officer)  
Mr P M Blackburn  
Mrs J E Todd  
Mr M Patel (Appointed 1 September 2017)  
Mr D Mitchell (Appointed 1 September 2017)  
Ms A Duckworth (Appointed 1 September 2017)

### 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 name

Acorn Trust

### Company registration number

08638158 (England and Wales)

### 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 A Burkes  
Mrs C Whalley

### Independent auditor

MHA Moore and Smalley  
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 2017**

---

The directors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. 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 2017

---

#### 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 to have responsibility of their own academy's curriculum, staffing and premises (as set out in the Scheme of Delegation).

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 2017

---

#### Organisational structure

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 2017

---

### 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 organisation 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 2017

---

#### 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 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
- 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
- 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.
- SENd: To ensure all SENd pupils receive high quality teaching and learning
- EYFS provision: To ensure that all areas of the EYFS provides high quality provision that leads to at least good outcomes for all.

#### **Westleigh**

- 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
- 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
- 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
- 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.
- To successfully prepare the school to achieve outstanding in the next SIAMs inspection

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 2017

### Strategic report

#### Achievements and performance

The Trust schools continue to be successful in providing the children with a good level of education.

Ofsted rating for academies within the trust

Bedford Hall Methodist Primary School – OUTSTANDING – October 2007

Westleigh Methodist Primary School – GOOD – April 2013

	Bedford Hall	Westleigh	National
Good level of Development	70%	67%	71%
Year 1 Phonics pass	80%	68%	81%
Year 2 Phonics pass	97%	93%	91%
Key Stage 1 Reading	80%	77%	76%
Key Stage 1 Writing	75%	73%	68%
Key stage 1 Maths	80%	77%	75%

### Acorn Trust Key Stage 2 Performance Tables Comparison

	BHM	WLM	Trust	National
Cohort Average Key Stage 1 score	15.6	15.8	15.7	-
Reading, Writing & Maths expected standard	76%	62%	69%	61%
Reading, Writing & Maths High Score	21%	5%	13%	9%
Reading Progress Measure	0.4	-0.9	-0.3	0
Writing progress measure	3.7	1.8	2.8	0
Maths progress measure	1	-0.7	0.2	0
Reading expected standard	76%	76%	76%	71%
Reading higher standard	28%	19%	24%	25%
Writing expected standard	90%	86%	88%	76%
Writing greater depth	31%	24%	28%	18%
Maths expected standard	86%	81%	84%	75%
Maths higher standard	24%	14%	19%	23%
Grammar, punctuation and spelling expected standard	79%	81%	80%	77%
Grammar, punctuation and spelling higher standard	41%	24%	33%	31%
Average scaled score in Reading	105	103	104	104
Average scaled score in Grammar, Punctuation & Spelling	107	106	106.5	106
Average scaled score in Maths	105	103	104	104

## ACORN TRUST

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2017

---

The Trust continues to play an active role in supporting the wider educational community. The schools in the Trust are member of the Wigan Consortium model and the CEO has been a strategic lead in the consortium. Both schools are also members of the Leigh, Lowton and Golborne Schools Partnership (LLGSP). The LLGSP is a school improvement organisation. The CEO led the training and support for the NQTs across the 26 schools. Bedford Hall continues to be a strategic partner of the Alliance for Learning teaching school and plays a strong and active part in the training of SCITT students.

The Trust has been successful in gaining 4 grants from the ESFA to refurbish and develop the school buildings. This was £318,204 in total. This was to help towards a toilet refurb at both academies, a boiler and heating replacement at Westleigh and replacement of external doors at Bedford. A Salix loan of £39,480 was also provided as part of the Heating replacement project.

Both schools were oversubscribed for the 2016 Reception intake and had appeals for places. Both schools continue to have a strong reputation within the respective communities and continue to be schools of choice.

#### 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 £3,153,965 (2016: £2,653,829). The majority of the Trust's income derives from central government funding via the Education & Skills Funding Agency, in the form of current grants. Total funding received for the School's educational operations in the period was £2,762,448 (2016: £2,429,607). Capital grants of £303,381 (2016: £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 £3,194,357 (2016: £2,524,300), the majority of which related to the direct provision of educational operations £1,965,215 (2016: £1,689,869). The excess of expenditure over income was £40,392.

At the period end the Trust's total reserves were £1,083,917 comprising: unrestricted funds of £193,897, restricted funds (excluding pension deficit) £725,511, the restricted fixed asset fund of £910,509, less the Local Government Pension Scheme deficit of £746,000. 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 2017 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the Trust's Schools.

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.

The Trustees have agreed that all restricted and unrestricted reserves will be held centrally in the Trust's bank account rather than by the individual academies. The academies can request to use these reserves for any one off project such as building work, IT resources or large curriculum projects. The money will not be used to support central services.

## ACORN TRUST

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

#### Reserves policy

##### Restricted GAG reserves

The level of reserves is determined by the Trustee Board annually and can fluctuate depending on operational needs but the Trustees have determined that the Trust in 2016/17 should aim to have a minimum of £200,000 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 2017 the Trust held GAG reserves of £423,610 which represents 25% of the GAG income for the year (£1,704,282) which is within the reserve policy. This is slightly more than anticipated but the Trust has been cautious due to the impending salary increases, expiry of the public pay cap, Teacher pension increase in 2017/18 and the pending LGPS pension increases in 2019/20.

##### 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 Trustees' policy to aim to hold approximately 1 months' expenditure, which equates to approximately £150,000 to £200,000 per month, in unrestricted reserves, to provide an additional cushion over and above the restricted GAG reserve.

At 31 August 2017 the level of free/unrestricted reserves held was £193,897 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 - extension at Westleigh Methodist

##### 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.

## ACORN TRUST

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 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. In addition current risks are tabled at every Trustee Meeting for discussion and possible resolution.

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 and salary increases
- Ensuring academies are keeping to an "in-year" budget
- Transfer of the 16/17 reserves to the Trust so they can be used wisely.
- Tabling of current risks at every Trustee meeting
- Continue to convert policies to Trust policies where possible rather than School policies,
- Continuing building up relationships with other multi-academies to assist with SLAS, group tendering and any finance issues and possible staff absence.
- Reviewing staff absence insurance waiting days
- Reviewing the business continuity plans for the Trust and its academies including lock down procedures.
- Training of admin staff on dual roles in case of staff absence
- Refresher training on e-safety and safeguarding for all staff
- Reviewed credit card and debit card procedures
- Reviewed tendering procedures
- Reviewed banking procedures

## ACORN TRUST

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 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 ESFA. 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 FRS102.
- 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 Condition Improvement Grants
- 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.

## ACORN TRUST

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2017

---

##### Financial and risk management objectives and policies

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 Trustees and Finance Committee on a termly basis. It is also uploaded on a monthly basis to our sharepoint so the Finance Committee can monitor it monthly if required.

The Responsible Officer role has been performed during the year by MHA Moore and Smalley 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.

##### **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**

- **LEADERSHIP AND MANAGEMENT:** Ensuring leaders at all levels, including governance. Have the skills, knowledge and systems to lead the school well
- **TEACHING AND LEARNING:** To equip all teachers with skills, knowledge and understanding that leads to high quality teaching and learning where assessment is successfully embedded in the cycle.
- **CURRICULUM DEVELOPMENT:** To redesign the curriculum so it is a catalyst for high quality learning which is bespoke and individualised and ignites curiosity of ownership of learning.
- **SEND:** To ensure all SEND pupils receive high quality teaching and learning.
- **EYFS PROVISION:** To ensure that all areas of the EYFS provides high quality provision that leads to at least good outcomes for all.

##### **Westleigh**

- To meet the needs of all learners in English and Maths.
- To ensure the broad and balanced curriculum helps pupils acquire knowledge, understanding and skills that leads to good progress from their starting points.
- To have strong leadership at all levels to ensure the very best outcomes for all pupils.

As a Trust we continue to endeavour to grow. We are accredited as an academy sponsor and seek to find the appropriate match of school to join the trust. We will continue to be an outward facing community and strive to have more members of staff receive external accreditation as an SLE. Our work within the consortium and wider educational community will continue to be a focus.

## **ACORN TRUST**

### **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2017**

---

#### **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.

## ACORN TRUST

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 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 MHA Moore and Smalley 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 11.12.17 and signed on its behalf by:



Mr G White  
Chairman



## ACORN TRUST

### GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 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)	3	3
Mr K Meredith (Vice Chair) (Resigned 31 August 2017)	3	3
Mrs J Buckley (Resigned 31 August 2017)	3	3
Mr K Baxter (Resigned 18 May 2017)	0	2
Mrs J A Hewitt (CEO & Accounting Officer)	3	3
Mr P M Blackburn	3	3
Mrs J E Todd	2	3

The Trustee Board has participated in a review of its governance in 2016/17 which resulted in one Trustee resigning (due to lack of availability/attendance) and 2 Trustees stepping down due to their conflict of interest (One being the Finance Officer and the other being a Chair of the Local Advisory Board).

We identified that the Board was missing several skill sets and we successfully recruited 3 new directors to start their term of office from 1st September 2017. We recognise that the Trust would benefit from additional Trustees and will endeavour to recruit these during the year.

Following the skills review and recruitment of new Trustees a CPD program will commence in Dec 2017 to improve on the Trustee board knowledge and skills to further equip them in their role.

The Trustees are well aware of their 3 strategic functions of ensuring clarity of vision, ethos and strategic vision; holding executive leaders' to account for the educational performance of the schools and its pupils; and overseeing the financial performance of the Trust to ensure proper stewardship of those funds including regularity and propriety. The Board and its committees ensure all meeting are focussed upon these core functions.

The board is committed to the continuance of the assessment of its effectiveness and any further training and development as required. The Board has carried out the NGA skills audit and are currently acting upon areas of development highlighted through this process. They have recruited external experts to ensure the very best training and development for the Trust Board.

The Trust Board have worked extensively to ensure that governance at all levels but especially at the Local Advisory Board level is fit for purpose and is clear about its key role in holding leaders to account for the performance of the organisation. This has led to ensuring no trustees are also members of the local advisory board allowing for clarity of accountability. Additional training has been offered to all governors to support them in their roles.

The Trustees are confident that the data that is provided to the board is fit for purpose. All finance data is cross checked and verified in more detail on a monthly basis. Data is exported directly from the finance system minimising the possibility of human error. The CEO and Chair of the finance committee delve deeper into the data on a more regular basis with the Trust Finance Officer. Performance data is verified against external data (such as ASP and FFT) to equip the Trustees with the understanding of the performance of the schools and wider Trust against national measures. The CEO and Chair of the Standards Committee each look in more detail at the data within individual schools and cohorts. Internal assessment and tracking information is exported directly from the data management system (Target Tracker) and is verified for accuracy with a wider group of schools and through external assessments (PIRA and PUMA). Attendance and exclusion data is exported directly from the Management Information System to ensure accurate reporting.

## ACORN TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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:

Directors	Meetings attended	Out of possible
Mr P M Blackburn (Chairman)	3	4
Mr K Baxter (Vice Chair until 18 May 2017)	2	3
Mr K Meredith (Vice Chair from 18 May 2017)	4	4
Mrs J A Hewitt (CEO & Accounting Officer)	3	4
Mr G White	3	4
<b>Other committee members</b>		
Mrs C Whalley	4	4
Mrs J Quenby	2	2
Mrs J Buckley	4	4
Mrs R Cadman	4	4
Mrs A Burkes (maternity leave)/Mrs G Whitehead	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:

- Applying for capital grants and being successful in 4 out of 4
- 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
- Sharing staff between schools to assist with vacancies
- Reviewing the Acorn Trust central team and changing roles accordingly to help reduce the central team salary costs
- Purchasing a budgeting software to look at budget forecasts for the next 5 years to help make strategic decisions regarding the Trust and academies futures thus saving an annual cost of approx. £15,000 for the Trust.
- Sharing software and licenses where possible between academies by purchasing as a Trust.
- Retendering of the school meals contract with 16 other local schools

## **ACORN TRUST**

### **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

---

#### **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 MHA Moore and Smalley 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 tendering procedures
- testing of credit card procedures
- testing of trip income and expenditure procedures
- 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.

MHA Moore and Smalley 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 2017

---

#### 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 MHA Moore and Smalley;
- 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 11.12.17 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 2017

---

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 2016.

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 ESFA.



Mrs J A Hewitt  
Accounting Officer

12.12.17

## ACORN TRUST

### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

---

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 and Skills 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 2016 to 2017;
- 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 ESFA/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 11.12.17 and signed on its behalf by:



Mr G White  
Chairman

## ACORN TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN TRUST

---

#### Opinion

We have audited the accounts of Acorn Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 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 2016 to 2017.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

## ACORN TRUST

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

---

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- 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; and
- the Directors' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



## ACORN TRUST

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

---

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. 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 auditors' 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's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

18 December 2017

## **ACORN TRUST**

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

---

In accordance with the terms of our engagement letter dated 17 August 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Acorn Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Acorn Trust and ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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 AND SKILLS FUNDING AGENCY (CONTINUED)

---

#### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley

Reporting Accountant  
MHA Moore and Smalley

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

18 December 2017

# ACORN TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2017	Total 2016
	Notes	£	£	£	£	as restated £
<b>Income and endowments from:</b>						
Donations and capital grants	3	5,760	31,773	303,381	340,914	168,676
Charitable activities:						
- Funding for educational operations	4	58,299	2,704,149	-	2,762,448	2,429,607
Other trading activities	5	49,871	-	-	49,871	54,697
Investments	6	732	-	-	732	849
<b>Total income and endowments</b>		<u>114,662</u>	<u>2,735,922</u>	<u>303,381</u>	<u>3,153,965</u>	<u>2,653,829</u>
<b>Expenditure on:</b>						
Raising funds	7	23,434	-	-	23,434	33,306
Charitable activities:						
- Educational operations	8	79,735	2,961,116	73,957	3,114,808	2,434,879
<b>Total expenditure</b>	7	<u>103,169</u>	<u>2,961,116</u>	<u>73,957</u>	<u>3,138,242</u>	<u>2,468,185</u>
<b>Net income/(expenditure)</b>		11,493	(225,194)	229,424	15,723	185,644
Transfers between funds		(68,478)	213,584	(145,106)	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	199,000	-	199,000	(333,000)
<b>Net movement in funds</b>		<u>(56,985)</u>	<u>187,390</u>	<u>84,318</u>	<u>214,723</u>	<u>(147,356)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		250,882	(207,879)	826,191	869,194	1,016,551
Total funds carried forward	17	<u>193,897</u>	<u>(20,489)</u>	<u>910,509</u>	<u>1,083,917</u>	<u>869,195</u>

# ACORN TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		17,319		64,659
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		732		849	
Capital grants from DfE and ESFA		303,381		143,704	
Payments to acquire tangible fixed assets		(25,101)		(56,764)	
			279,012		87,789
<b>Cash flows from financing activities</b>					
New other loan		27,528		17,118	
Repayment of other loan		(6,741)		(3,027)	
			20,787		14,091
<b>Change in cash and cash equivalents in the reporting period</b>			317,118		166,539
Cash and cash equivalents at 1 September 2016			887,636		721,097
<b>Cash and cash equivalents at 31 August 2017</b>			<u>1,204,754</u>		<u>887,636</u>


# ACORN TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		777,336		826,192
<b>Current assets</b>					
Debtors	13	169,713		151,377	
Cash at bank and in hand		1,204,754		887,636	
		<u>1,374,467</u>		<u>1,039,013</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(250,739)		(130,511)	
<b>Net current assets</b>			<u>1,123,728</u>		<u>908,502</u>
<b>Total assets less current liabilities</b>			<u>1,901,064</u>		<u>1,734,694</u>
Creditors: amounts falling due after more than one year	15		(71,147)		(51,499)
<b>Net assets excluding pension liability</b>			<u>1,829,917</u>		<u>1,683,195</u>
Defined benefit pension liability	19		(746,000)		(814,000)
<b>Net assets</b>			<u><u>1,083,917</u></u>		<u><u>869,195</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			910,509		826,192
- Restricted income funds			725,511		606,121
- Pension reserve			(746,000)		(814,000)
<b>Total restricted funds</b>			<u>890,020</u>		<u>618,313</u>
<b>Unrestricted income funds</b>	17		<u>193,897</u>		<u>250,882</u>
<b>Total funds</b>			<u><u>1,083,917</u></u>		<u><u>869,195</u></u>

The accounts set out on pages 26 to 51 were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

  
 .....  
 Mr G White  
 Chairman

Company Number 08638158

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

---

### 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

##### 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.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 1 Accounting policies

(Continued)

#### 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'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

#### 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.



# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

The land and buildings at Bedford Hall and Westleigh Methodist are the subject of a deed from the Methodist Church which grants the Trust the use of the land and buildings until the earlier of the termination of the funding agreement or the Church giving the Trust two years notice to leave.

The Directors have previously followed earlier guidance included in the Academy Accounts Direction and have included the value of land and buildings in the accounts on the grounds that the Trust has a right to use them in order to carry out its aims and objectives.

The guidance provided by the Academy Accounts Direction has been revised this year. The key criteria for determining whether a value for land and buildings occupied under a Church licence agreement should be included in the accounts is whether or not the Church authority has retained control over the use of and access to the land and buildings or whether this has been passed to the Trust, and the extent to which the Church has given up the rights to consent to capital works being carried out.

In the light of the revised guidance, the Directors have concluded that the Trust does not have control and have adopted a new accounting policy, the effect of which is set out in note 27, where the land and buildings occupied under the deed (including any subsequent improvements made to the land and buildings) are no longer recognised in the accounts. The alternative treatment whereby the Trust's occupation for the period may be recognised as a notional donation has not been adopted as the donated amount cannot be reliably measured.

This treatment excludes the school playing fields at Bedford Hall which are under a 125 year lease from Wigan Borough Council. Therefore the control of the playing fields rests with Acorn Trust and as such has been included in the balance sheet.

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.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 1 Accounting policies

(Continued)

#### 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.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 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.

#### 1.10 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 19, 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.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

(Continued)

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.

#### 1.11 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 & Skills Funding Agency.

## ACORN TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 2 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.

##### 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 19, 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 2017. 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. Following revised guidance from the Academy Accounts Direction, the land and buildings (excluding the playing fields at Bedford Hall) are no longer recognised in the accounts on the grounds that the Methodist Circuit retains control over the use of and access to the land and buildings. 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 2017

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	303,381	303,381	143,704
Other donations	5,760	31,773	37,533	24,972
	<u>5,760</u>	<u>335,154</u>	<u>340,914</u>	<u>168,676</u>

The income from donations and capital grants was £340,914 (2016: £168,676) of which £5,760 was unrestricted (2016: £3,582), £31,773 was restricted (2016: £152,394) and £303,381 was restricted fixed assets (2016: £12,700).

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,704,282	1,704,282	1,716,833
Other DfE / ESFA grants	-	315,043	315,043	256,463
	<u>-</u>	<u>2,019,325</u>	<u>2,019,325</u>	<u>1,973,296</u>
<b>Other government grants</b>				
Local authority grants	-	629,637	629,637	325,744
	<u>-</u>	<u>629,637</u>	<u>629,637</u>	<u>325,744</u>
<b>Other funds</b>				
Other incoming resources	58,299	55,187	113,486	130,567
	<u>58,299</u>	<u>55,187</u>	<u>113,486</u>	<u>130,567</u>
<b>Total funding</b>	<u>58,299</u>	<u>2,704,149</u>	<u>2,762,448</u>	<u>2,429,607</u>

The income from funding for educational operations was £2,762,448 (2016: £2,429,607) of which £58,299 was unrestricted (2016: £63,139) and £2,704,149 was restricted (2016: £2,366,468).

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	26,427	-	26,427	39,784
Other income	23,444	-	23,444	14,913
	<u>49,871</u>	<u>-</u>	<u>49,871</u>	<u>54,697</u>

The income from other trading activities was £49,871 (2016: £54,697) of which £49,871 was unrestricted (2016: £54,697).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Other investment income	<u>732</u>	<u>-</u>	<u>732</u>	<u>849</u>

The income from funding for investment income was £732 (2016: £849) of which £732 was unrestricted (2016: £849).

### 7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	13,515	-	9,919	23,434	33,306
Academy's educational operations					
- Direct costs	1,629,310	21,072	314,833	1,965,215	1,689,869
- Allocated support costs	314,569	593,862	241,162	1,149,593	745,010
	<u>1,957,394</u>	<u>614,934</u>	<u>565,914</u>	<u>3,138,242</u>	<u>2,468,185</u>

The expenditure on raising funds was £23,434 (2016: £33,306) of which £23,434 was unrestricted (2016: £33,306).

#### Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	5,980	5,800
- Other services	5,753	4,885
Depreciation of tangible fixed assets	73,957	62,732
Net interest on defined benefit pension liability	<u>18,000</u>	<u>17,000</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 7 Expenditure (Continued)

#### Central services

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

- Human resources
- Financial services
- Legal services

The central service charge is calculated at 7% of each academy's GAG funding, plus an additional charge based on actual salary costs.

The amounts charged during the year were as follows:

	Total £
Bedford Hall Methodist Primary School	107,643
Westleigh Methodist Primary School	102,178
	<u>209,821</u>

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	33,344	1,931,871	1,965,215	1,689,869
Support costs - educational operations	46,391	1,103,202	1,149,593	745,010
	<u>79,735</u>	<u>3,035,073</u>	<u>3,114,808</u>	<u>2,434,879</u>

The expenditure on educational operations was £3,114,808 (2016: £2,434,879) of which £79,735 was unrestricted (2016: £43,986), £2,961,116 was restricted (2016: £2,328,161) and £73,957 was restricted fixed assets (2016: £62,732).

	2017 £	2016 £
<b>Analysis of support costs</b>		
Support staff costs	314,569	249,757
Depreciation and amortisation	52,885	48,968
Premises costs	530,159	221,981
Other support costs	238,054	211,132
Governance costs	13,926	13,172
	<u>1,149,593</u>	<u>745,010</u>

## ACORN TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

#### 9 Staff costs

	2017 £	2016 £
Wages and salaries	1,448,379	1,285,098
Social security costs	91,930	77,896
Operating costs of defined benefit pension schemes	370,420	257,926
Staff costs	1,910,729	1,620,920
Supply staff costs	43,165	32,935
Staff restructuring costs	3,500	14,982
Total staff expenditure	1,957,394	1,668,837

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £3,500 (2016: £14,982).

#### Staff numbers

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

	2017 Number	2016 Number
Teachers	17	18
Administration and support	48	39
Management	10	7
	75	64

#### Higher paid staff

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

	2017 Number	2016 Number
£80,001 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 employer's pension contributions for this member of staff amounted to £13,964 (2016: £13,825).

#### 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 £275,043 (2016: £285,594)



# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 10 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 £1,444 (2016: £846) were reimbursed to directors.

The value of directors' remuneration was as follows:

Mrs J A Hewitt (Headteacher and Director)

Remuneration £85,000 - £90,000 (2016: £80,000 - £85,000)

Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

Mrs J Buckley (School Business Manager and Director)

Remuneration £35,000 - £40,000 (2016: £30,000 - £35,000)

Employer's pension contributions £5,000 - 10,000 (2016: £5,000 - £10,000)

Other related party transactions involving the directors are set out within note 22.

### 11 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 2017 was £530 (2016: £530).

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

### 12 Tangible fixed assets

	Leasehold land and buildings	Property alterations	Furniture and equipment	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2016	35,400	641,343	190,008	62,101	928,852
Additions	-	770	6,677	17,654	25,101
At 31 August 2017	35,400	642,113	196,685	79,755	953,953
<b>Depreciation</b>					
At 1 September 2016	290	21,143	58,586	22,641	102,660
Charge for the year	290	12,828	39,767	21,072	73,957
At 31 August 2017	580	33,971	98,353	43,713	176,617
<b>Net book value</b>					
At 31 August 2017	34,820	608,142	98,332	36,042	777,336
At 31 August 2016	35,110	620,200	131,422	39,460	826,192

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

<b>13 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
VAT recoverable	32,064	12,226
Other debtors	189	5,142
Prepayments and accrued income	137,460	134,009
	<u>169,713</u>	<u>151,377</u>
<b>14 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other loans	12,315	11,176
Trade creditors	3,340	3,303
Accruals and deferred income	235,084	116,032
	<u>250,739</u>	<u>130,511</u>
<b>15 Creditors: amounts falling due after more than one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other loans	<u>71,147</u>	<u>51,499</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments	21,872	-
Wholly repayable within five years	61,590	62,675
	<u>83,462</u>	<u>62,675</u>
Less: included in current liabilities	(12,315)	(11,176)
Amounts included above	<u>71,147</u>	<u>51,499</u>
<b>Loan maturity</b>	<u></u>	<u></u>

Included within other creditors payable within and greater than one year, are five Salix loans totalling £83,462. 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. The fifth loan is repayable over an 8 year period.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16	Deferred income	2017 £	2016 £
	Deferred income is included within:		
	Creditors due within one year	67,545	31,483
	Deferred income at 1 September 2016	31,483	28,550
	Released from previous years	(31,483)	(28,550)
	Amounts deferred in the year	67,545	31,483
	<b>Deferred income at 31 August 2017</b>	<b>67,545</b>	<b>31,483</b>

At the balance sheet date the Trust was holding funds received in advance in relation to the Universal Free School Meals grant and Local Authority Start Well Centre funding.

17	Funds	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
	<b>Restricted general funds</b>					
	General Annual Grant	383,373	1,704,282	(1,729,591)	65,546	423,610
	Other DfE / ESFA grants	202,747	315,043	(511,834)	159,976	165,932
	Other government grants	-	629,637	(517,155)	(11,938)	100,544
	Other restricted funds	20,001	86,960	(71,536)	-	35,425
	Funds excluding pensions	606,121	2,735,922	(2,830,116)	213,584	725,511
	Pension reserve	(814,000)	-	(131,000)	199,000	(746,000)
		(207,879)	2,735,922	(2,961,116)	412,584	(20,489)
	<b>Restricted fixed asset funds</b>					
	Transferred on conversion	35,111	-	(290)	-	34,821
	DfE / ESFA capital grants	404,505	303,381	(13,367)	(159,976)	534,543
	Capital expenditure from GAG and other funds	386,575	-	(60,300)	14,870	341,145
		826,191	303,381	(73,957)	(145,106)	910,509
	<b>Total restricted funds</b>	<b>618,312</b>	<b>3,039,303</b>	<b>(3,035,073)</b>	<b>267,478</b>	<b>890,020</b>
	<b>Unrestricted funds</b>					
	General funds	250,882	114,662	(103,169)	(68,478)	193,897
	<b>Total funds</b>	<b>869,194</b>	<b>3,153,965</b>	<b>(3,138,242)</b>	<b>199,000</b>	<b>1,083,917</b>

## ACORN TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 17 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 2017.

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/ESFA 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 LA funding for Special Educational Needs, Early Years funding, Growth funding and Start Well Centre funding.

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 Bedford Hall playing field, expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	247,996	1,716,833	(1,561,544)	(19,912)	383,373
Other DfE / ESFA 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	387,414	2,518,862	(2,277,161)	(22,994)	606,121
Pension reserve	(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>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	35,401	-	(290)	-	35,111
DfE / ESFA capital grants	406,316	12,700	(14,510)	-	404,506
Capital expenditure from GAG and other funds	390,443	-	(47,932)	44,064	386,575
	<u>832,160</u>	<u>12,700</u>	<u>(62,732)</u>	<u>44,064</u>	<u>826,192</u>
<b>Total restricted funds</b>	<u>789,574</u>	<u>2,531,562</u>	<u>(2,390,893)</u>	<u>(311,930)</u>	<u>618,313</u>
<b>Unrestricted funds</b>					
General funds	<u>226,977</u>	<u>122,267</u>	<u>(77,292)</u>	<u>(21,070)</u>	<u>250,882</u>
<b>Total funds</b>	<u>1,016,551</u>	<u>2,653,829</u>	<u>(2,468,185)</u>	<u>(333,000)</u>	<u>869,195</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Total funds analysis by academy

	Total £
Fund balances at 31 August 2017 were allocated as follows:	
Bedford Hall Methodist Primary School	116,981
Westleigh Methodist Primary School	297,205
Central services	505,222
	<hr/>
Total before fixed assets fund and pension reserve	919,408
Restricted fixed asset fund	910,509
Pension reserve	(746,000)
	<hr/>
Total funds	<u>1,083,917</u>

#### 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	630,338	81,235	106,980	289,754	1,108,307
Westleigh Methodist Primary School	858,332	82,826	133,257	504,910	1,579,325
Central services	110,991	94,774	9,248	25,332	240,345
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,599,661	258,835	249,485	819,996	<u>2,927,977</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Funds

(Continued)

#### Funds analysis by academy - previous year

	Total 2016 £
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
Total before fixed assets fund and pension reserve	857,003
Restricted fixed asset fund	826,192
Pension reserve	(814,000)
Total funds	869,195

#### Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
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>

## ACORN TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

#### 18 Analysis of net assets between funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2017
	£	£	£	£
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	777,336	777,336
Current assets	197,058	1,044,236	133,173	1,374,467
Creditors falling due within one year	(3,161)	(247,578)	-	(250,739)
Creditors falling due after one year	-	(71,147)	-	(71,147)
Defined benefit pension liability	-	(746,000)	-	(746,000)
	<u>193,897</u>	<u>(20,489)</u>	<u>910,509</u>	<u>1,083,917</u>
	Unrestricted Funds	Restricted funds:		Total 2016
	£	General	Fixed asset	£
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	826,192	826,192
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>826,192</u>	<u>869,195</u>

#### 19 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.

##### 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.



## ACORN TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

#### 19 Pensions and similar obligations

(Continued)

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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employers pension costs paid to the TPS in the period amounted to £120,421 (2016: £117,105).

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit 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 £118,000.

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.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

Total contributions made	2017 £	2016 £
Employer's contributions (rounded)	119,000	91,000
Employees' contributions (rounded)	35,000	26,000
Total contributions	154,000	117,000
Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.2	3.4
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1
Inflation assumption (CPI)	2.5	2.1

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

	2017 Years	2016 Years
Retiring today		
- Males	21.5	21.4
- Females	24.1	24.0
Retiring in 20 years		
- Males	23.7	24.0
- Females	26.2	26.6

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.

	2017 £'000	2016 £'000
Real discount rate - 0.5%	235	243
Salary increase rate + 0.5%	38	98
Pension increase rate + 0.5%	194	137

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

#### The academy trust's share of the assets in the scheme

	2017 Fair value £	2016 Fair value £
Equities	727,080	639,000
Bonds	159,360	151,000
Cash	49,800	44,000
Property	59,760	53,000
Total market value of assets	996,000	887,000
Actual return on scheme assets - gain/(loss)	(40,000)	138,000

#### Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	232,000	125,000
Interest income	(35,000)	(26,000)
Interest cost	53,000	43,000
Total operating charge	250,000	142,000

#### Changes in the present value of defined benefit obligations

	2017 £	2016 £
Obligations at 1 September 2016	1,701,000	1,062,000
Current service cost	232,000	125,000
Interest cost	38,000	43,000
Employee contributions	35,000	26,000
Actuarial (gain)/loss	(259,000)	445,000
Benefits paid	(5,000)	-
At 31 August 2017	1,742,000	1,701,000

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Pensions and similar obligations

(Continued)

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

	2017 £	2016 £
Assets at 1 September 2016	887,000	632,000
Interest income	20,000	26,000
Actuarial loss/(gain)	(60,000)	112,000
Employer contributions	119,000	91,000
Employee contributions	35,000	26,000
Benefits paid	(5,000)	-
At 31 August 2017	<u>996,000</u>	<u>887,000</u>

### 20 Reconciliation of net income to net cash flows from operating activities

	2017 £	2016 £
Net income for the reporting period	15,723	185,644
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(303,381)	(143,704)
Investment income receivable	(732)	(849)
Defined benefit pension costs less contributions payable	113,000	34,000
Defined benefit pension net finance cost	18,000	17,000
Depreciation of tangible fixed assets	73,957	62,732
(Increase) in debtors	(18,336)	(74,872)
Increase/(decrease) in creditors	119,088	(15,292)
Net cash provided by operating activities	<u>17,319</u>	<u>64,659</u>

### 21 Contingent liabilities

The academy had no contingent liabilities at 31 August 2017.

### 22 Related party transactions

Mr Buckley, husband of Mrs J Buckley, a director, provided maintenance services amounting to £795. The Trust purchased these services at arms' length and Mrs Buckley did not influence the decision to purchase the service which was deemed by the remaining directors to be in the best interest of the trust. Both transactions were below the threshold of £2,500 but were nevertheless supplied at cost.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 23 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.

### 24 Prior period adjustment

		1 September 2015	31 August 2016
	Notes	£	£
<b>Reconciliation of funds</b>			
Funds as previously reported		3,788,778	3,585,307
Adjustments arising:			
Land and buildings occupied under lease	1	(2,772,227)	(2,716,112)
Funds as restated		<u>1,016,551</u>	<u>869,195</u>
<b>Reconciliation of net income for the previous financial period</b>	Notes		2016 £
Net income as previously reported			129,529
Adjustments arising:			
Land and buildings occupied under lease	1		56,115
Net income as restated			<u>185,644</u>

### Notes to restatement

#### 1) Derecognition of Methodist Church land and buildings

The directors have considered the requirements of the Academy Accounts Direction as set out in the accounting policies and have concluded that the Trust does not have control over the land and buildings owned by the Methodist Church and have therefore made a prior year adjustment to remove all such assets, including the capitalised building improvements previously added to these assets. The effect of this has been that tangible fixed assets and fixed asset reserves have decreased by £2,716,112. The previously reported net income for the year to 31 August 2016 has also increased by £56,115 as a result of the reversal of the depreciation charge on and capital additions made to the land and buildings occupied under license.