

Company Registration No. 08638158 (England and Wales)

# ACORN TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019



 **mha**  
MOORE & SMALLEY

# **ACORN TRUST**

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# ACORN TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

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

### Trustees

Mr G White (Chairman) (Resigned 5 April 2019)  
Mrs J A Hewitt (CEO & Accounting Officer)  
Mr P M Blackburn (Resigned 31 August 2019)  
Mrs J E Todd (Interim Chair)  
Mr M Patel (Resigned 19 December 2018)  
Mr D Mitchell  
Ms A Duckworth  
Mr D Harrison (Chair) (Appointed 26 June 2019)

### Senior management team

- CEO and Accounting Officer	Mrs J A Hewitt
- Headteacher (Bedford Hall Methodist & Westleigh Methodist)	Mrs A Burkes
- Trust Finance Officer	Mrs J Buckley

### Company registration number

08638158 (England and Wales)

### Registered office

Acorn Trust Head Office  
Westleigh Lane  
Leigh  
WN7 5NJ

### Academies operated

Bedford Hall Methodist Primary School  
Westleigh Methodist Primary School

### Location

Wigan  
Wigan

### Headteacher

Mrs A Burkes  
Mrs A Burkes

### 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  
Manchester  
M3 3BZ

# **ACORN TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. 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 Trustee Board 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 Trustees 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.

Each school has a Local Advisory Board which carries some delegated responsibility through the scheme of delegation.

##### Members' liability

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

##### Trustees' indemnities

The Acorn Trust has opted into the Department for Education's Risk Protection Arrangement (RPA). The scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring on Trust business and provides cover up to £10,000,000. The insurance cost relating to Trustees is not separately identifiable from the total cost for the RPA.

##### Method of recruitment and appointment or election of trustees

Trustees are appointed under the rules contained within the Trust memorandum and articles of association. Trustees are appointed based on their skills set and the capacity they can offer. A variety of recruitment methods are used including School Governors One Stop Shop (SGOSS) and Academy Ambassadors to attract the correct skill set through local and national advert. Potential Trustees are asked to submit an expression of interest and personal profile and also undergo an informal interview process with the CEO, Trust Chair and Members before being appointed. Trustees are also given the chance to observe a Trustee or committee meeting before being appointed.

Membership of the Local Advisory Board is in accordance with the terms of reference.

## ACORN TRUST

### TRUSTEES' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2019

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##### Method of recruitment and appointment or election of trustees (Continued)

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

- Parent governors are appointed through a nomination by parents of the students of the Academy. Nominations are asked from both teaching staff and support staff, if there is more than one candidate then a ballot system is used to elect staff governors. Only staff of the Academy are allowed to vote.
- 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.

##### Policies and procedures adopted for the induction and training of trustees

On appointment, trustees receive information relating to the trust and receive an induction pack on the role and responsibilities of Trustees. The training and induction provided for new governors and Trustees will depend on their existing experience. All new governors and trustees will be given information about the Acorn Trust and its schools and given the opportunity to visit the academies and the chance to meet with staff and pupils. They are provided with relevant copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role.

The following documents are provided:

- Governor Declaration of Eligibility form
- Register of Business Interests Form
- List of education acronyms
- LA Governor Training programme
- DFE Governance Handbook
- Committee Structure and Terms of Reference
- Dates of future meetings and school events
- School prospectus (LAB only)
- Trust or School Improvement Plan
- Latest Ofsted report
- Academies Financial Handbook
- Acorn Trust prospectus

Induction tends to be done informally and is tailored specifically to the individual. Governor Hub is used as a central place for all correspondence and data.

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. Training is provided both by the Trust, Wigan Governor Services and external providers.

##### Organisational structure

As a charity and company limited by guarantee, the Acorn Trust is governed by its Board of Trustees 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 and The Before & After School Club - Mighty Oaks. Bedford Hall Methodist Primary School and Westleigh Methodist Primary School are the academies aligned to the Trust.

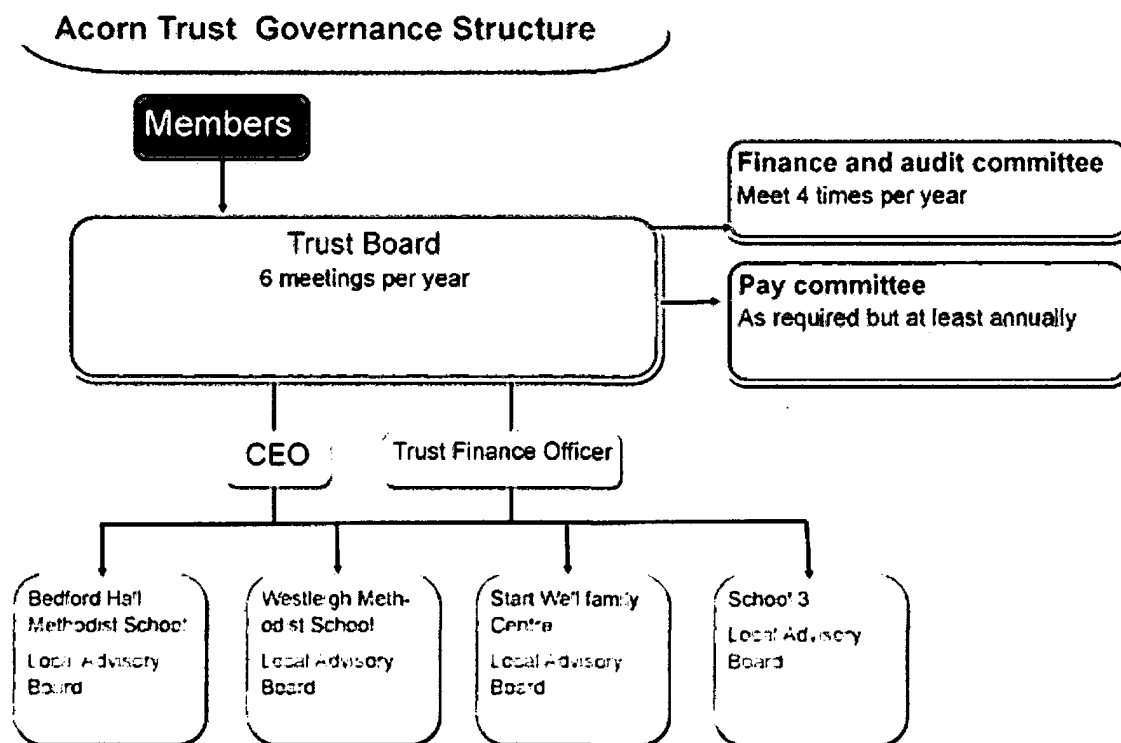
The Acorn Trust Board establish the overall framework for the establishment of the Trust and the academies included within the Trust. The Members determines terms of reference for the Trustees. The Board of Trustees determines terms of reference for all of the committees and approves all relevant Trust 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), and other employees of the Acorn Trust. Trustees are supported in their work by sub-committees and the Local Advisory Board at each school.

## ACORN TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

#### Organisations structure (Continued)



The Trustees have overall responsibility for setting the strategic direction for the Trust including the vision, aims and ethos of the Trust and also have overall responsibility for the management of the Trust's finances. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, risk management, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes. The main responsibilities of the Trust Trustees are prescribed in the Funding Agreement between the Trust and the DfE, in the Academy's Memoranda and Articles of Association and in the Academy's Financial Handbook. The main responsibilities include:

- applying the highest standards of governance, complying with charitable objects, with duties as company directors, with charity law and with the funding agreement;
- agreeing the long term financial objectives for the Trust;
- ensuring that grant from the DfE is used only for the purposes intended;
- ensuring regularity, propriety and value for money;
- adhering to the seven principles of public life;
- approval of the 3 year Trust budget forecast (including the academies individual budget forecasts);
- keeping full and accurate accounting records;
- receiving reports on the expenditure against budget for all the Trust's academies and subsidiaries;
- approval of accruals accounts, giving a true and fair view of the MAT's incoming resources and application of resources during the year, and the state of affairs at the year-end, in accordance with existing accounting standards;
- ensure that bank accounts, financial systems and financial records are operated by more than one person;

# ACORN TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Organisational structure (Continued)

- ensure that all the MAT's property is under the control of the Trustees, and that measures are in place to prevent losses or misuse;
- approval of a written scheme of delegation of financial powers;
- establishing a finance & audit committee to provide assurance over the suitability of, and compliance with, the Trust's financial systems and operational controls and to manage risk;
- Comply with a Financial Notice to Improve (FNI);
- approval of annual accounts;
- authorising orders and the award of contracts within the approval limits;
- appointment of the Chief Executive Officer;
- appointment of the Accounting Officer;
- appointment of the Trust Finance Officer.

The CEO, as accounting officer, is responsible for carrying out the strategic plan for the Trust as well as the leadership of the Trust and its schools. Trustees are responsible for the strategic management of the schools within the Trust. Collectively they make decisions on annual spending and set the budget for the year in liaison with the CEO, Headteachers and senior leaders. They also offer expertise in curricular subjects, project management and capital bids. Each school's management provide information about the standards, curriculum, pupil attainment and attendance for Trustee information and monitoring purposes. This is verified by the CEO and/or external inspection and monitoring reports. Through performance management, the CEO challenge the senior leadership and hold them to account regarding priorities for improvement set out in the Trust and School Development Plan. The School Development Plan is derived from a rigorous process of Trust monitoring and evaluation and the school's own self evaluation.

The daily management and organisation of each school is led by the individual Headteachers. They are supported by the senior leadership at each school that comprises of the Deputy and Assistant Head who are responsible for Key Stage management, standards of attainment and curriculum provision within the school; Foundation Stage, Key Stage 1, and upper and lower KS2. The Trust Finance Officer has responsibility for finance, capital funding and academy administration.

The Board of Trustees meets at least six times a year to receive reports and manage its strategic objectives.

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 £50,000 and with the agreement of the Finance and Audit Committee any up to £100,000.
- authorising payments for the Trust, and its associated academies and the Startwell Centre, over £5000.

## **ACORN TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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##### **Sub-Committees:**

Currently there are three sub-committees, the Finance and Audit Committee, Westleigh Startwell Centre Committee and the Pay Committee. Apart from the Pay Committee, the committees meet at least once per term. The remit of the committees covers all academies within the Trust as well as the Trust itself. Each school also has a local advisory board.

##### **Finance & Audit Committee:**

The main responsibilities of the Finance and Audit Committee are detailed in written terms of reference which have been authorised by the Board of Trustees. As the Trust does not have an annual income of over £50 million, it has a combined Finance and Audit Committee. The Chair of this Committee is a Trustee and other members are appointed by the board and include the Trust Finance Officer. 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 can be carried out.

##### **The main Finance 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 £50,001 up to £100,000;
- authorising changes to the academy personnel establishment and reviewing the academy staffing structure;

##### **The main Audit responsibilities include:**

- 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 Trustees.
- reviewing the reports of external audit and their recommendations
- assessment of risks within the trust and review of control measures in place
- monitoring of financial policies and procedures

##### **Pay Committee (Trust and Local level)**

The main responsibilities of the pay committee are:

- to agree the pay recommendations for the Executive Leader and Headteachers
- to ensure there is clear policy for Executive Leaders salaries and remuneration

##### **The Startwell committee**

The Startwell committee comprises of a range of Stakeholders across the sector including council staff, parents, representatives from local schools, health professionals

The main responsibilities of the Startwell committee is to offer challenge and support to the leadership of the Start Well Family Centre.

##### **Local Advisory Boards**

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



## ACORN TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### Arrangements for setting pay and remuneration of key management personnel

All the members and the Trustees of the trust are volunteers and receive no direct or in-direct payment for their services to the Trust.

The Pay Policy for all staff within the Trust is agreed by the Trustees annually. The pay structure is in-line with STPCD handbook each year. The Trustees undertake the Performance management of the CEO with external advice. The Trustees ensure decisions about CEO pay follow a robust evidence-based process reflective of the individual's roles and responsibilities and that the approach to pay is transparent, proportionate and justifiable, in line with the Academy Financial Handbook

The CEO and Trustees 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.

All salaries are benchmarked against national comparators.

#### 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 Alliance for Learning teaching school in Bolton. The Trust also has regular business manager and CEO meeting with other MATS in the area to share good practice.

The CEO became a Trustee of Blyth Quays Trust on 1st April 2017. From the 1st September 2017 the CEO took up the role of school improvement support for Blyth Quays Trust and became interim CEO (and accounting officer) at Blyth Quays Trust from the 1st January 2018. Although the academies transferred to their new trust (Wise Academies) on 1st September 2018 she remained in post until the company dissolved on 26th March 2019 equally.

# ACORN TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Objectives and activities

#### Objects and aims

The Company's object ("the Object") is specifically restricted to the following:

(a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

(i) Academies other than those designated Methodist, whether with or without a designated religious character; and

(ii) Methodist academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Methodist Church both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice of the Methodist Council,

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Methodist.

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

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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.

The key objectives within the development plan are:

#### **Bedford Hall**

- To raise standards in reading to ensure that at least 85% of children, in Years 1-6, meet their end of year targets.
- To ensure more able children are stretched and challenged in mathematics.
- To ensure children have covered all National Curriculum requirements for foundation subjects by the end of the academic year.
- The quality of teaching and learning over time improves, recognising individual teachers starting points and personal development requirements.
- To improve pupil attendance particularly with those pupils who are PA.

#### **Westleigh**

- To raise standards in writing to ensure at least 85% of children, in Years 1-6, meet their end of year targets.
- To ensure clear development and progression of skills in each foundation subject.
- The quality of teaching and learning over time improves, recognising individual teachers starting points and personal development requirements.
- To set up provision (indoor and outdoor) which provides learning rich opportunities covering all aspects of learning.

The evaluated SDP for 2017/18 demonstrates 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. Quality first teaching is always a priority.

#### Public benefit

The Board of Trustees are aware of the Charity Commission's guidance on public benefit and have had due regard to this in exercising their duties during the period. They fully comply with all statutory guidance and support wider educational objectives through a stronger community role.

The key public benefit delivered by the Acorn Trust is the maintenance and development of the high-quality broad all rounded education provided by the Schools, to the young people of Leigh and the communities, the operation of a before and after school club and the leading of the Startwell centre for the Leigh, Lowton and Golborne borough to aid development of 0-5 year olds and their families.

# ACORN TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 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 – October 2019

SIAMS Inspections for faith schools within the Trust

Bedford Hall Methodist Primary – OUTSTANDING – MAY 2019

Westleigh Methodist Primary – OUTSTANDING – September 2017

#### Acorn Trust

Achievements at the Trust remain good. We believe that all children are entitled to a high-quality education.

	Acorn Trust	National	Difference
Good Level of Development	70%	72%	-2%
Year 1 Phonics	88.5%	82%	+6.5%
Year 2 Phonics cumulative	89%	91%	-2%

End of Key Stage 1	Working at the Expected Level			Working at Greater Depth		
	Acorn Trust	National	Difference	Acorn Trust	National	Difference
Reading	72%	75%	-3%	18%	25%	-7%
Writing	66%	69%	-3%	10%	11%	-5%
Maths	75.5%	76%	-0.5%	14%	22%	-8%

End of Key Stage 2 attainment	Working at the Expected Level			Working at Greater Depth		
	Acorn Trust	National	Difference	Acorn Trust	National	Difference
Reading	76.5%	73%	+3.5%	19%	27%	-8%
Writing	88%	78%	+10%	28.5%	20%	+8.5%
Maths	79.5%	79%	+0.5%	34.5%	27%	+7.5%
RWM	65.5%	65%	+0.5%	13.5%	11%	+2.5%
GPS	71.5%	78%	-6.5%	36%	36%	0%

# ACORN TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

End of Key Stage 2 Progress	Progress			Scaled score		
	Acorn Trust	National	Difference	Acorn Trust	National	Difference
Reading	1.2	0	+1.2	104	104	0
Writing	3.55	0	+3.55	?	---	---
Maths	2.0	0	+2.0	105	105	0
GPS	---	---	---	104.5	106	-1.5

### Bedford Hall

	Bedford Hall	National	Difference
Good Level of Development	73%	72%	+1%
Year 1 Phonics	87%	82%	+5%
Year 2 Phonics cumulative	93%	91%	+2%

End of Key Stage 1	Working at the Expected Level			Working at Greater Depth		
	BHM	National	Difference	BHM	National	Difference
Reading	77%	75%	+2%	17%	25%	-8%
Writing	73%	69%	+4%	13%	15%	-2%
Maths	77%	76%	+1%	17%	22%	-5%

End of Key Stage 2	Working at the Expected Level			Working at Greater Depth		
	BHM	National	Difference	BHM	National	Difference
Reading	86%	73%	+13%	28%	27%	+1%
Writing	90%	78%	+12%	28%	20%	+8%
Maths	83%	79%	+4%	45%	27%	+18%
RWM	69%	65%	+4%	17%	11%	+6%
GPS	76%	78%	-2%	34%	36%	-2%

End of Key Stage 2 Progress	Progress			Scaled score		
	BHM	National	Difference	BHM	National	Difference
Reading	+3.00	0	+3.00	106	104	+2
Writing	+3.50	0	+3.50	?	---	---
Maths	+3.2	0	+3.2	107	105	+2
GPS	---	---	---	105	106	-1

# ACORN TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### Westleigh Methodist Primary School

	Westleigh	National	Difference
Good Level of Development	67%	72%	-5%
Year 1 Phonics	90%	82%	+8%
Year 2 Phonics cumulative	85%	91%	-6%

End of Key Stage 1	Working at the Expected Level			Working at Greater Depth		
	WLM	National	Difference	WLM	National	Difference
Reading	67%	75%	-8%	19%	25%	-6%
Writing	59%	69%	-10%	7%	15%	-8%
Maths	74%	76%	-2%	11%	22%	-11%

End of Key Stage 2	Working at the Expected Level			Working at Greater Depth		
	WLM	National	Difference	WLM	National	Difference
Reading	67%	73%	-6%	10%	27%	-17%
Writing	86%	78%	+8%	29%	20%	+9%
Maths	76%	79%	-3%	24%	27%	-3%
RWM	62%	65%	-3%	10%	11%	-1%
GPS	67%	78%	-9%	38%	36%	+2%

End of Key Stage 2 Progress	Progress			Scaled score		
	WLM	National	Difference	WLM	National	Difference
Reading	-0.6	0	-0.6	102	104	-2
Writing	+3.6	0	+3.6	?	—	—
Maths	+0.8	0	+0.8	103	105	-2
GPS	—	—	—	104	106	-2

## **ACORN TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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Both schools were oversubscribed for the 2019 Reception intake and had appeals for places. Both schools continue to have a strong reputation within their respective communities and continue to be schools of choice.

Westleigh Methodist reopened fully on 1st September 2018 following the devastating fire. Staff across the Trust worked relentlessly to ensure that the school was ready for children at the start of the new academic year.

There was a change of leadership at Westleigh Methodist as the previously Headteacher began her new role on the 1st September. The Trust made the decision to defer recruiting a new Headteacher until later in the year and Mrs Burkes, the Headteacher at Bedford Hall took the role as Executive Headteacher for 12 months.

During the year the CEO delivered a bespoke headship programme, Headwise, across the Trust to support skilled and capable senior leaders within the Trust to prepare for Headship. The course was a huge success and all those that attended gave overwhelming feedback as to its impact. Following on from this the Deputy Headteacher at Westleigh was successful in gaining the new role and took up the role on 1st September 2019.

The school has been awarded the accolade of silver winner for the Pearson Teaching Awards School of the Year: Making a Difference and will discover if they are the gold winner in October 2019. They have been to a celebratory tea at the houses of parliament in June. The school was also shortlisted for the Manchester Evening News School of the Year and attended the awards ceremony in June.

Bedford Hall had its SIAMS inspection and was the first Methodist school to gain the highest grading of excellent under the new inspection framework. The report recognised its strong ethos and inclusivity, praising the bespoke curriculum it provides for its pupils.

Mighty Oaks before and After school club has been open for 24 months and has witnessed a successful launch. The club is well regarded by pupils and parents alike.

The Trust continues to be an outward facing organisation and plays an active role in supporting the wider educational community. The schools in the Trust are members of the Wigan Consortium model and the CEO has been a strategic lead in the consortium for many years. Both schools are also members of the Leigh, Lowton and Golborne Schools Partnership (LLGSP). The LLGSP is a school improvement organisation. 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. Westleigh joined the teaching school in the summer term as a strategic partner.

The Trust made the decision to establish a Trust central office and have been based within the Start Well Centre since September 2018. This has been a positive move and has further strengthened productivity.

The Trust finance officer has been the Data Protection Officer (DPO) for 15 schools in the locality on an SLA basis, providing training, support and guidance. This has worked well and all of them have signed up for an SLA for a second year.

The CEO and Executive Headteacher have embarked upon a post-graduate course in coaching at the University of Cumbria and hope to complete the course in the next academic year. The skills gained have already been valuable in offering coaching to senior leaders in the Trust.

#### Going concern

After making appropriate enquiries and reviewing the 5 year budget, the Board of Trustees 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.

# **ACORN TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **Financial review**

The Trust's total incoming resources during the period were £2,870,227 (2018: £3,215,491). 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 £2,744,292 (2018: £3,095,028).

Total outgoing resources for the period were £3,048,369 (2018: £3,395,112), the majority of which related to the direct provision of educational operations £2,968,939 (2018: £3,312,570). The excess of expenditure over income was a deficit of £178,142 (2018: £179,621 deficit). This deficit was expected due to the use of reserves (Conditional Improvement Grant and school reserves) in completing building works, use of pupil premium carried forward, growth fund carried forward and Startwell Centre funds carried forward.

At the period end the Trust's total reserves were £539,154 comprising: unrestricted funds of £246,299, restricted funds (excluding pension deficit) £637,611, the restricted fixed asset fund of £911,244, less the Local Government Pension Scheme deficit of £1,256,000. 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 2019 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 GAG reserves and unrestricted reserves will be held centrally in the Trust's bank account. 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

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

#### Reserves policy

Reserves held at 31 August 2019 were as follows:

	£
Total reserves	539,154
Add back pension reserve	1,256,000
Less reserves attributable to fixed assets	(911,244)
Unrestricted and general restricted funds	883,910
Less other restricted funds	(637,611)
Free reserves	246,299

#### 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 2018/19 should aim to have a minimum of £200,000 held in reserves but no more than 20% 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 2019 the Trust held GAG reserves of £498,659 which represents 29% of the GAG income for the year of £1,693,592, which is within the reserve policy. This is slightly more than anticipated but the Trust has been cautious due to the impending teacher and support staff salary increases, Teacher pension increase in 2018/19 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 2019 the level of free/unrestricted reserves held was £246,299 which was mainly attributable to lettings income, before and after school income, income from staff consultancy work, 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 salaries.

#### Investment policy

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

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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.

An annual Risk Register is maintained at the Acorn Trust which is reviewed by the Finance and Audit Committee. It identifies all of the risks (in particular those relating to specific teaching, provision of facilities, media 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, key current risks for HR, finance, the Startwell Centre and the schools are identified and reviewed every term with the trustees and relevant senior leaders. Current risks are tabled at every Trustee Meeting for discussion and control measure 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.

None of our academies face any financial risk associated with falling rolls. However, the uncertainties relating to budget reforms, increasing employment and salary costs as well as well increasing premises costs and the uncertainty of Brexit are all contributing to cost pressure in future periods which increases the importance of maintaining robust levels of revenue reserves. The main risks that are within the Trust's majority control are:

- The loss of reputation resulting from a drop in standards, poor Ofsted result and/or academic performance at the schools
- Failure to safeguard our pupils
- Falling pupil numbers
- Pressures on growth which exceed Trust capacity
- Lack of succession planning within Trust governance and leadership
- Business interruption due to significant property related incidents
- Recruitment and retention difficulties
- Risk of breaching the Academies Financial Handbook

## **ACORN TRUST**

### **TRUSTEES' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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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. There is also uncertainty regarding the Teachers' Pension increased costs and the level and time length of funding that the Government will continue to support the increased costs.
- UIFSMs – this appears to be having a detrimental effect on the number of pupils signing up for FSMs in reception, Y1 and Y2 thus affecting pupil premium funding
- SEND – the amount of children being identified with SEND within school and the lack/lateness of funding to help support this child.
- Opening of Free schools within the area that may impact on pupil numbers
- Changes to Pay and Conditions that are unfunded

A number of new operational systems have been implemented during the year in order to minimise specific risks.

Control measures include:

- Review of the Acorn Trust financial procedures in line with the Academies Financial Handbook 2019
- In-depth regular data analysis through the Quality Assurance programme, including Consortia validation and external peer reviews
- Robust self-evaluation procedures and careful monitoring of learning and teaching linked to rigorous performance management
- Financial planning, budgeting and regular monitoring reports highlighting key areas of financial risk
- Ensuring academies are keeping to an "in-year" budget
- Reserves to be used for only one-off projects and to be agreed by the CEO.
- Continuing building up relationships with other multi-academies to assist with SLAs, group tendering and any finance issues and possible staff absence.
- Recruitment policy and vetting procedures as required by legislation for the protection of vulnerable children
- Review of retention incentives including flexible working
- Tabling of current risks at every Trustee meeting
- Reviewing the business continuity plans for the Trust and its academies
- Installing additional security measures to assist with lockdown and carrying out drills every term
- Building educational expertise and capacity across the Trust with LLEs and SLEs

The Trustees 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 Trustees 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.

# **ACORN TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Fundraising**

To date there has been no fundraising for the purpose of the Trust. The schools and the Startwell Centre undertake fundraising on behalf of other charities such as Comic Relief, Children in Need, local food banks. All funds are collected by the Finance department and paid to the relevant charity by cheque.

The PTA within each school fundraises on behalf of the school through family events, socials and fun activities. All fundraising is optional and the Trust Leadership team ensure all activities are monitored at its schools, with its PTAs and the Startwell centre to ensure and PTA follow the Charity Commission's code of practice is followed.

The Trust is mindful of protecting vulnerable people and members of the public thus they ensure all donations for fundraising events are completely voluntary without undue pressure or persistent approaches.

The Trust does not work with professional fundraisers or commercial participators and has received no complaints in relation to its fundraising activities.

### **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**

- Further improve the quality of teaching, in line with our intent, so that more is outstanding, with a specific focus on securing opportunities for children to be challenged and in turn deepen their learning across the curriculum, particularly in science and foundation subjects.
- Further raise attainment in mathematics with a focus on developing fluency to enhance procedural understanding and number sense.
- Reading is at the centre and forefront of learning.
- To amend the approach to positive behaviour management to bring to the fore the celebration of positive behaviour and children attaining high expectations set by the school.
- To introduce a spiral curriculum which encompasses all requirements of the new RSE and Health framework and meets the needs of the community we serve.
- All leaders are proactive in creating, implementing and driving a communication strategy that enables the school to run efficiently - owned by all.
- To ensure vocabulary, communication and early reading is at the centre and forefront of EYFS practice.

# ACORN TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Westleigh

- Further improve the quality, in line with our intent, so that more is outstanding, with a specific focus on securing opportunities for children to be challenged and in turn deepen their learning across the curriculum, particularly in science and the foundation subjects
- Further raise attainment in mathematics with a focus on developing fluency to enhance procedural understanding and number sense
- Reading is centre and forefront of learning
- To amend the approach to positive behaviour management to bring to the fore the celebration of positive behaviour and children attaining high expectations set by the school.
- To improve whole school attendance and reduce persistent absences
- To introduce a spiral curriculum which encompasses all requirements of the new RSE and Health framework and meets the needs of the community we serve.
- All leaders are proactive in creating, implementing and driving a communication strategy that enables the school to run efficiently - owned by all.
- To ensure vocabulary, communication and early reading is at the centre and forefront of EYFS practice.

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 are reviewing our communication and marketing strategy to support this. We will continue to be an outward facing community and strive to have more members of staff receive external accreditation such as SLE. Our work within the consortium and wider educational community will continue to be a focus. We are delivering a year long program 'Headwise' which aims to prepare senior leaders to take up the role of Headteacher.

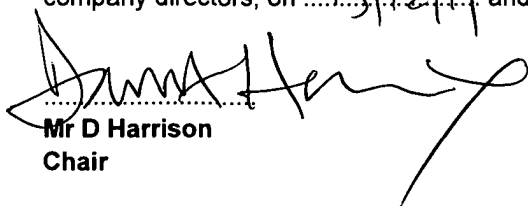
### Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all 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 trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 31.12.19 and signed on its behalf by:



Mr D Harrison  
Chair

## **ACORN TRUST**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019**

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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 trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

**Mrs J A Hewitt**  
**Accounting Officer**



# ACORN TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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### Scope of responsibility

As trustees 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 Board of Trustees 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 Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr G White (Chairman) (Resigned 5 April 2019)	2	3
Mrs J A Hewitt (CEO & Accounting Officer)	6	6
Mr P M Blackburn (Resigned 31 August 2019)	5	6
Mrs J E Todd (Interim Chair)	6	6
Mr M Patel (Resigned 19 December 2018)	1	1
Mr D Mitchell	6	6
Ms A Duckworth	5	6
Mr D Harrison (Chair) (Appointed 26 June 2019)	1	1

Trustees continue to monitor their own performance through skill audits, and have identified where the skill set needs improving in particularly due to the new pathway the Trust is hoping to follow. The Board identified several skill sets were missing and are currently advertising for two Trustees via Academy Ambassadors. We have already successfully recruited one Trustee who joined in June 2019 with expertise in academy operations, finance, and growth. Once we have fully appointed all Trustees, the Trust will carry out an external review to ensure the Board has all key skills necessary for the Trust to prosper.

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 meetings are focused 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.

# ACORN TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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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 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 Bromcom ) 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.

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:

Trustees	Meetings attended	Out of possible
Mr G White (Chairman) (Resigned 5 April 2019)	1	1
Mrs J A Hewitt (CEO & Accounting Officer)	4	4
Mr P M Blackburn (Resigned 31 August 2019)	4	4
Mrs J E Todd (Interim Chair)	3	4
<b>Other committee members</b>		
Mrs J Quenby	4	4
Mrs J Buckley (Finance Officer)	4	4
Mrs R Cadman	3	4
Mr K Meredith	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.

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:

- Implementing a new communication system for parents using push messages and emails rather than text messages.
- Moving to a central office with its own meeting room thus saving costs on transport and improving communication
- Review of some servicing to cut out the middle man
- Headship across both schools to avoid recruiting the wrong person
- Maximising staff consultancy work to bring in income for the Trust
- Sharing software and licenses where possible between academies by purchasing as a Trust

The area of future focus will be to review servicing, joint procurement and improved SLAs.



# ACORN TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### **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 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees.

### **Capacity to handle risk**

The Trustees 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 Trustees 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 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees.

### **The risk and control framework**

The academy trust's system of internal financial control is based on the Academies Financial Handbook which is documented in the Acorn Trust Financial Policy, procedures and regulations. The 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 termly financial reports which are reviewed and agreed at board of trustees level.
- 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 key performance indicators 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.

Financial management information is provided to the CEO, Chair of Trustees and Chair of Finance on a monthly basis. It is also reviewed at every Trustee and Finance Committee meeting as well as uploaded on a monthly basis to Governor Hub so Trustees or Finance Committee members can monitor it monthly if required.



## ACORN TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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The Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA Moore and Smalley to carry out additional termly checks with the role of Responsible Officer. 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 Finance Committee and Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' 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 lunch income procedures as a new payment was implemented with the new caterer - Lunchshop
- testing of compliance to the Acorn Trust Financial procedures – purchasing, invoicing and payments, cash management, credit card procedures, petty cash, bank deposits and reconciliations and accuracy of cashflows.
- 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.

#### 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:

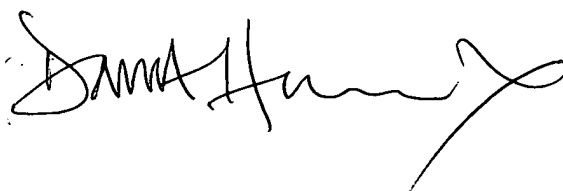
- The regular scrutiny of financial and other performance monitoring data by the Finance and Audit Committee;
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The internal audit checks carried out by the Responsible officer from MHA Moore and Smalley ;
- The work of the managers within the trust, who have responsibility for the development and maintenance of the internal control framework with clear levels of delegation and separation of duties.
- There being no material irregular or improper transactions and no instances of transactions which would not comply with the provisions of the Financial Handbook.

Approved by order of the board of trustees on 13/12/19 and signed on its behalf by:



Mrs J A Hewitt  
CEO & Accounting Officer

Mr D Harrison  
Chair



## ACORN TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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The trustees (who are also the directors of Acorn Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees 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 trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 13/12/19 and signed on its behalf by:



**Mr D Harrison**  
Chair

# **ACORN TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN TRUST FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the accounts of Acorn Trust for the year ended 31 August 2019 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 2018 to 2019 issued by the Education & 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 2019 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 2018 to 2019.

### **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 trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees 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**

Other information includes Reference and Administrative details, Trustees Report, incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. 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) FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' 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 trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees 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 trustees 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 trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the accounts**

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.

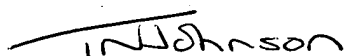
## ACORN TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN TRUST (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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#### Use of our report

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

17 December 2019

## **ACORN TRUST**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ACORN TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 17 August 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 consideration of governance issues, 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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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 2018 to 31 August 2019 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

17 December 2019



# ACORN TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2019	Total 2018
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	5,912	7,509	32,521	45,942	37,271
Charitable activities:						
- Funding for educational operations	4	139,322	2,604,970	-	2,744,292	3,095,028
Other trading activities	5	79,432	-	-	79,432	82,542
Investments	6	561	-	-	561	650
<b>Total income and endowments</b>		<b>225,227</b>	<b>2,612,479</b>	<b>32,521</b>	<b>2,870,227</b>	<b>3,215,491</b>
<b>Expenditure on:</b>						
Raising funds	7	79,430	-	-	79,430	82,542
Charitable activities:						
- Educational operations	9	135,122	2,743,360	90,457	2,968,939	3,312,570
<b>Total expenditure</b>	<b>7</b>	<b>214,552</b>	<b>2,743,360</b>	<b>90,457</b>	<b>3,048,369</b>	<b>3,395,112</b>
<b>Net income/(expenditure)</b>		<b>10,675</b>	<b>(130,881)</b>	<b>(57,936)</b>	<b>(178,142)</b>	<b>(179,621)</b>
Transfers between funds		-	(41,632)	41,632	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(433,000)	-	(433,000)	246,000
<b>Net movement in funds</b>		<b>10,675</b>	<b>(605,513)</b>	<b>(16,304)</b>	<b>(611,142)</b>	<b>66,379</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		235,624	(12,876)	927,548	1,150,296	1,083,917
Total funds carried forward	18	246,299	(618,389)	911,244	539,154	1,150,296

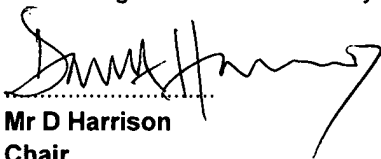
# ACORN TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	13		911,244		927,548
<b>Current assets</b>					
Debtors	14	179,393		474,749	
Cash at bank and in hand		897,945		773,333	
		1,077,338		1,248,082	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(143,478)		(295,065)	
<b>Net current assets</b>			933,860		953,017
<b>Total assets less current liabilities</b>			1,845,104		1,880,565
Creditors: amounts falling due after more than one year	16		(49,950)		(62,269)
<b>Net assets before defined benefit pension scheme liability</b>			1,795,154		1,818,296
Defined benefit pension scheme liability	20		(1,256,000)		(668,000)
<b>Total net assets</b>			539,154		1,150,296
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	18				
- Fixed asset funds			911,244		927,548
- Restricted income funds			637,611		655,124
- Pension reserve			(1,256,000)		(668,000)
<b>Total restricted funds</b>			292,855		914,672
<b>Unrestricted income funds</b>	18		246,299		235,624
<b>Total funds</b>			539,154		1,150,296

The accounts on pages 31 to 54 were approved by the trustees and authorised for issue on 13/12/19 and are signed on their behalf by:

  
 Mr D Harrison  
 Chair

Company Number 08638158

# ACORN TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	21		178,005		(213,992)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		561		650	
Capital grants from DfE Group		32,521		12,740	
Purchase of tangible fixed assets		(74,153)		(263,945)	
Proceeds from sale of tangible fixed assets		-		42,003	
<b>Net cash used in investing activities</b>			(41,071)		(208,552)
<b>Cash flows from financing activities</b>					
Repayment of other loan		(12,322)		(8,877)	
<b>Net cash used in financing activities</b>			(12,322)		(8,877)
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			124,612		(431,421)
Cash and cash equivalents at beginning of the year			773,333		1,204,754
<b>Cash and cash equivalents at end of the year</b>			897,945		773,333

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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 2018 to 2019 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 trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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

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 2019

### 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 accounts 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.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 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 guidance provided by the Academy Accounts Direction states that 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 this guidance, the Directors have concluded that the Trust does not have control and have adopted an accounting policy whereby the land and buildings occupied under the deed (including any subsequent improvements made to the land and buildings) are not 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.

#### 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.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 1.7 Leased assets

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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education & Skills Funding Agency.

### 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.



# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 2 Critical accounting estimates and areas of judgement

(Continued)

#### 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 20, 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 2019. 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 guidance from the Academy Accounts Direction, the land and buildings (excluding the playing fields at Bedford Hall) are not 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 2019

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	32,521	32,521	12,740
Other donations	5,912	7,509	13,421	24,531
	<u>5,912</u>	<u>40,030</u>	<u>45,942</u>	<u>37,271</u>

The income from donations and capital grants was £45,942 (2018: £37,271) of which £5,912 was unrestricted (2018: £4,480), £7,509 was restricted (2018: £20,051) and £32,521 was restricted fixed assets (2018: £12,740).

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

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,693,592	1,693,592	1,677,567
Other DfE / ESFA grants	-	269,720	269,720	242,026
	<u>-</u>	<u>1,963,312</u>	<u>1,963,312</u>	<u>1,919,593</u>
<b>Other government grants</b>				
Local authority grants	-	609,591	609,591	629,059
	<u>-</u>	<u>609,591</u>	<u>609,591</u>	<u>629,059</u>
<b>Other funds</b>				
Other incoming resources	139,322	32,067	171,389	546,376
	<u>139,322</u>	<u>32,067</u>	<u>171,389</u>	<u>546,376</u>
<b>Total funding</b>	<u>139,322</u>	<u>2,604,970</u>	<u>2,744,292</u>	<u>3,095,028</u>

The income from funding for educational operations was £2,744,292 (2018: £3,095,028) of which £139,322 was unrestricted (2018: £461,837) and £2,604,970 was restricted (2018: £2,633,191).

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	4,088	-	4,088	23,695
Other income	75,344	-	75,344	58,847
	<u>79,432</u>	<u>-</u>	<u>79,432</u>	<u>82,542</u>

The income from other trading activities was £79,432 (2018: £82,542) of which £79,432 was unrestricted (2018: £82,542).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Other investment income	561	-	561	650
	<u>561</u>	<u>-</u>	<u>561</u>	<u>650</u>

The income from funding for investment income was £561 (2018: £650) of which £561 was unrestricted (2018: £650).

### 7 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2019 £	Total 2018 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	54,383	-	25,047	79,430	82,542
Academy's educational operations					
- Direct costs	1,784,302	33,351	265,929	2,083,582	2,078,635
- Allocated support costs	351,838	294,599	238,920	885,357	1,233,935
	<u>2,190,523</u>	<u>327,950</u>	<u>529,896</u>	<u>3,048,369</u>	<u>3,395,112</u>

The expenditure on raising funds was £79,430 (2018: £82,542) of which £79,430 was unrestricted (2018: £82,542).

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

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	6,350	6,150
- Other services	5,775	5,230
Depreciation of tangible fixed assets	90,457	71,711
Loss on disposal of fixed assets	-	19
Net interest on defined benefit pension liability	20,000	20,000
	<u>122,582</u>	<u>108,110</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 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 based on an estimate of budgeted central costs, which tends to fall within 6% - 8% of each academy's GAG funding for that year.

The amounts charged during the year were as follows:	2019 £	2018 £
Bedford Hall Methodist Primary School	95,502	107,963
Westleigh Methodist Primary School	86,894	102,286
	<u>182,396</u>	<u>210,249</u>

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	57,944	2,025,638	2,083,582	2,078,635
<b>Support costs</b>				
Educational operations	77,178	808,179	885,357	1,233,935
	<u>135,122</u>	<u>2,833,817</u>	<u>2,968,939</u>	<u>3,312,570</u>

The expenditure on charitable activities was £2,968,939 (2018: £3,312,570) of which £135,122 was unrestricted (2018: £425,240), £2,743,360 was restricted (2018: £2,815,600) and £90,457 was restricted fixed assets (2018: £71,730).

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	351,838	329,406
Depreciation	57,106	50,868
Premises costs	224,117	626,858
Other support costs	240,171	215,423
Governance costs	12,125	11,380
	<u>885,357</u>	<u>1,233,935</u>

## ACORN TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

#### 10 Staff

##### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	1,571,663	1,576,166
Social security costs	124,927	116,511
Pension costs	423,691	441,753
Amounts paid to employees	2,120,281	2,134,430
Agency staff costs	70,242	40,584
Staff restructuring costs	-	10,213
	<u>2,190,523</u>	<u>2,185,227</u>

Staff restructuring costs comprise:

Redundancy payments	-	10,213
	<u>-</u>	<u>10,213</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2018: £10,213).

##### Staff numbers

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

	2019 Number	2018 Number
Teachers	16	19
Administration and support	48	46
Management	9	9
	<u>73</u>	<u>74</u>

##### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	-
£100,001 - £110,000	-	1
	<u>-</u>	<u>1</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

(Continued)

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 employer's pension contributions for these members of staff amounted to £22,929 (2018: £16,328).

#### Key management personnel

The key management personnel of the academy trust comprise the trustees 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 £266,140 (2018: £325,573).

### 11 Trustees' remuneration and expenses

The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £684 (2018: £5,037) were reimbursed to trustees. The reduction in travel and subsistence payments is due to a reduction in travel expenses incurred as part of support provided to another academy in the previous year. This support has not been required in the current year.

The value of trustees' remuneration was as follows:

Mrs J A Hewitt (Headteacher and Director)

Remuneration £65,000 - £70,000 (2018: £100,000 - £105,000)

Employer's pension contributions £10,000 - £15,000 (2017: £15,000 - £20,000)

From 1 September 2018, Mrs J A Hewitt reduced her hours to four days a week.

Other related party transactions involving the trustees are set out within note 24, including support work that Mrs J A Hewitt provided to Blyth Quays Trust last year. This resulted in income of £50,422 being received by Acorn Trust for the year ended 31 August 2018.

### 12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees 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 2019 was £530 (2018: £530).

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

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Leasehold land and buildings £	Property alterations £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2018	35,400	817,688	202,080	104,009	1,159,177
Additions	-	2,063	32,920	39,170	74,153
At 31 August 2019	35,400	819,751	235,000	143,179	1,233,330
<b>Depreciation</b>					
At 1 September 2018	870	44,543	132,755	53,461	231,629
Charge for the year	290	16,395	40,421	33,351	90,457
At 31 August 2019	1,160	60,938	173,176	86,812	322,086
<b>Net book value</b>					
At 31 August 2019	34,240	758,813	61,824	56,367	911,244
At 31 August 2018	34,530	773,145	69,325	50,548	927,548

### 14 Debtors

	2019 £	2018 £
VAT recoverable	21,236	49,536
Other debtors	82,468	316,351
Prepayments and accrued income	75,689	108,862
	179,393	474,749

### 15 Creditors: amounts falling due within one year

	2019 £	2018 £
Other loans	12,313	12,316
Trade creditors	4,268	148
Accruals and deferred income	126,897	282,601
	143,478	295,065

### 16 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other loans	49,950	62,269

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019.

	(Continued)	
	2019	2018
<b>16 Creditors: amounts falling due after more than one year</b>		
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments	9,022	15,778
Wholly repayable within five years	53,241	58,807
	<u>62,263</u>	<u>74,585</u>
Less: included in current liabilities	(12,313)	(12,316)
	<u>49,950</u>	<u>62,269</u>

Included within other creditors payable within and greater than one year, are five Salix loans totalling £62,263. 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 in instalments of £1,720 every six months, commencing from 1 March 2019.

<b>17 Deferred income</b>	<b>2019</b>	<b>2018</b>
	£	£
Deferred income is included within:		
Creditors due within one year	64,964	64,291
	<u>64,291</u>	<u>67,545</u>
Deferred income at 1 September 2018	64,291	67,545
Released from previous years	(64,291)	(67,545)
Resources deferred in the year	64,964	64,291
	<u>64,964</u>	<u>64,291</u>
<b>Deferred income at 31 August 2019</b>	<b>64,964</b>	<b>64,291</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.



# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	388,944	1,693,592	(1,574,056)	(9,821)	498,659
Other DfE / ESFA grants	125,025	269,720	(363,365)	-	31,380
Other government grants	109,105	609,591	(597,233)	(31,811)	89,652
Other restricted funds	32,050	39,576	(53,706)	-	17,920
Pension reserve	(668,000)	-	(155,000)	(433,000)	(1,256,000)
	<u>(12,876)</u>	<u>2,612,479</u>	<u>(2,743,360)</u>	<u>(474,632)</u>	<u>(618,389)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	34,531	-	(290)	-	34,241
DfE group capital grants	461,570	32,521	(18,862)	-	475,229
Capital expenditure from GAG	431,447	-	(71,305)	41,632	401,774
	<u>927,548</u>	<u>32,521</u>	<u>(90,457)</u>	<u>41,632</u>	<u>911,244</u>
<b>Total restricted funds</b>	<u>914,672</u>	<u>2,645,000</u>	<u>(2,833,817)</u>	<u>(433,000)</u>	<u>292,855</u>
<b>Unrestricted funds</b>					
General funds	<u>235,624</u>	<u>225,227</u>	<u>(214,552)</u>	<u>-</u>	<u>246,299</u>
<b>Total funds</b>	<u>1,150,296</u>	<u>2,870,227</u>	<u>(3,048,369)</u>	<u>(433,000)</u>	<u>539,154</u>

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 2019.

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 2019

### 18 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	423,610	1,677,567	(1,587,460)	(124,773)	388,944
Other DfE / ESFA grants	165,932	242,026	(353,665)	70,732	125,025
Other government grants	100,544	629,059	(598,510)	(21,988)	109,105
Other restricted funds	35,425	104,590	(107,965)	-	32,050
Pension reserve	(746,000)	-	(168,000)	246,000	(668,000)
	<u>(20,489)</u>	<u>2,653,242</u>	<u>(2,815,600)</u>	<u>169,971</u>	<u>(12,876)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	34,821	-	(290)	-	34,531
DfE group capital grants	534,543	12,740	(14,981)	(70,732)	461,570
Capital expenditure from GAG	341,145	-	(56,459)	146,761	431,447
	<u>910,509</u>	<u>12,740</u>	<u>(71,730)</u>	<u>76,029</u>	<u>927,548</u>
<b>Total restricted funds</b>	<u>890,020</u>	<u>2,665,982</u>	<u>(2,887,330)</u>	<u>246,000</u>	<u>914,672</u>
<b>Unrestricted funds</b>					
General funds	<u>193,897</u>	<u>549,509</u>	<u>(507,782)</u>	<u>-</u>	<u>235,624</u>
<b>Total funds</b>	<u>1,083,917</u>	<u>3,215,491</u>	<u>(3,395,112)</u>	<u>246,000</u>	<u>1,150,296</u>

### Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Bedford Hall Methodist Primary School	150,654	134,416
Westleigh Methodist Primary School	275,190	249,876
Central services	458,066	506,456
Total before fixed assets fund and pension reserve	<u>883,910</u>	<u>890,748</u>
Restricted fixed asset fund	911,244	927,548
Pension reserve	(1,256,000)	(668,000)
Total funds	<u>539,154</u>	<u>1,150,296</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Funds

(Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Bedford Hall Methodist Primary School	756,151	48,226	123,403	156,001	1,083,781	1,107,656
Westleigh Methodist Primary School	968,265	59,020	125,830	269,000	1,422,115	1,728,944
Central services	114,268	244,592	16,696	76,461	452,017	284,261
	<u>1,838,684</u>	<u>351,838</u>	<u>265,929</u>	<u>501,462</u>	<u>2,957,913</u>	<u>3,120,861</u>

### 19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	911,244	911,244
Current assets	260,058	817,280	-	1,077,338
Creditors falling due within one year	(13,759)	(129,719)	-	(143,478)
Creditors falling due after one year	-	(49,950)	-	(49,950)
Defined benefit pension liability	-	(1,256,000)	-	(1,256,000)
<b>Total net assets</b>	<u>246,299</u>	<u>(618,389)</u>	<u>911,244</u>	<u>539,154</u>

	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	927,548	927,548
Current assets	235,624	1,012,458	-	1,248,082
Creditors falling due within one year	-	(295,065)	-	(295,065)
Creditors falling due after one year	-	(62,269)	-	(62,269)
Defined benefit pension liability	-	(668,000)	-	(668,000)
<b>Total net assets</b>	<u>235,624</u>	<u>(12,876)</u>	<u>927,548</u>	<u>1,150,296</u>

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 20 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

##### Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

##### Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employers pension costs paid to the TPS in the period amounted to £127,702 (2018: £135,151).

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

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

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

#### 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 per cent for employers and per cent for employees. The estimated value of employer contributions for the forthcoming year is £169,000.

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

Total contributions made	2019 £	2018 £
Employer's contributions	138,000	138,000
Employees' contributions	41,000	41,000
Total contributions	179,000	179,000

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.1	3.1
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

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

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	24.8	26.2

	2019 £'000	2018 £'000
Real discount rate - 0.5%	394	271
Salary increase rate + 0.5%	41	35
Pension increase rate + 0.5%	346	233

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

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

	2019 Fair value £	2018 Fair value £
Equities	990,760	833,000
Bonds	218,550	196,000
Cash	131,130	110,250
Property	116,560	85,750
Total market value of assets	1,457,000	1,225,000

The actual return on scheme assets was £63,000 (2018: £59,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	247,000	286,000
Past service cost	26,000	-
Interest income	(37,000)	(27,000)
Interest cost	57,000	47,000
Total operating charge	293,000	306,000

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

	2019 £
At 1 September 2018	1,893,000
Current service cost	247,000
Interest cost	57,000
Employee contributions	41,000
Actuarial loss/(gain)	459,000
Benefits paid	(10,000)
Past service cost	26,000
At 31 August 2019	2,713,000

# ACORN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Pension and similar obligations

(Continued)

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

	2019 £
At 1 September 2018	1,225,000
Interest income	37,000
Actuarial gain	26,000
Employer contributions	138,000
Employee contributions	41,000
Benefits paid	(10,000)
At 31 August 2019	<u>1,457,000</u>

### 21 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	(178,142)	(179,621)
Adjusted for:		
Capital grants from DfE and other capital income	(32,521)	(12,740)
Investment income receivable	(561)	(650)
Defined benefit pension costs less contributions payable	135,000	148,000
Defined benefit pension scheme finance cost	20,000	20,000
Depreciation of tangible fixed assets	90,457	71,711
Loss on disposal of fixed assets	-	19
Decrease/(increase) in debtors	295,356	(305,035)
(Decrease)/increase in creditors	(151,584)	44,324
<b>Net cash provided by/(used in) operating activities</b>	<u>178,005</u>	<u>(213,992)</u>

### 22 Contingent liabilities

The academy had no contingent liabilities at 31 August 2019.

## **ACORN TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **23 Related party transactions**

Julie-Ann Hewitt, the CEO and Accounting Officer of the Trust was a trustee for Blyth Quays Trust until 26th March 2019. From 1 September 2017 Julie Anne took up the role of school improvement support and from 1 January 2018 became the interim CEO for Blyth Quays Trust. In 2017/18, the income received from this totalled £50,422 of which £3,336 relates to mileage and subsistence that has been repaid to Julie-Ann. This transaction was supplied at cost. The service to Blyth Quays Trust ended on 31 August 2018 and from 1 September 2018 the remuneration for this extra service ended (see note 11 for director remuneration).

During the year, Julie-Ann's daughter was employed by the Trust on a zero hours contract for three months to assist in the Westleigh Methodist Primary School library following the fire. She received remuneration totalling £1,177.

In 2017/18, Mrs Todd, a director of the Trust, performed a safeguarding audit during the year costing £600. The Trust purchased this service at arms' length and Mrs Todd 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. The transaction was below the threshold of £2,500 but was nevertheless supplied at cost.

#### **24 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.