

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	D Middleton A Armstrong H Cowan J Cowan
Trustees	D Middleton, Chair of Trustees ¹ S Edwards, Chief Executive ^{1,2} A Armstrong ¹ J Cowan ^{1,3} R Crow ³ Rev Dr A Edwards (appointed 14 March 2019) G Gosling ^{1,2} J Hampson R Hendrickse ² D Johnson T Morgan K Robinson (resigned 4 June 2019) ² ¹ Finance Committee ² Risk and Audit Committee ³ Remuneration Committee
Company registered number	07654902
Company name	Acorn Education Trust
Principal and registered office	Kingdown School Woodcock Road Warminster Wiltshire BA12 9DR
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 10 academies in Wiltshire. Its academies have a combined pupil capacity of over 3,400.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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 Trustees of Acorn Education Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees comprises the Chief Executive Officer, up to 5 directors appointed by the Members and up to six foundation members approved by the Diocesan Board of Education. The number of Trustees who are employees of the Company, including the Chief Executive Officer, must not exceed one third of the total number of Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Trust and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

During the year there were committees as follows;

- Finance Committee - this meets at least ten times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting and drafting the annual budget including setting staffing levels.
- Risk and Audit Committee - this meets at least three times per year and is responsible for maintaining and assessing the risk register and reporting outcomes and changes to the Board of Trustees. It also receives internal audit reports and the annual accounts.
- Remuneration Committee - The Trust, through the Remuneration Committee, ensures its decisions about levels of executive pay follow a robust, evidence-based process and are reflective of roles and responsibilities. Good quality pay award decisions are dependent on good quality strategic planning for the Trust and well executed appraisal processes.

The Trustees have devolved responsibility for day to day management of the Academies to the Trust Executive Team and Academy Councils. The Academy Councils implement the policies laid down by the Trustees and report back to them on performance.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust executive business team comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees, except the Chief Executive Officer give their time freely and received no remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size. The responsibility of the post, size of the Trust and risk to the Trust of the loss of that post are all taken into account when determining pay levels. Advice is sought from external stakeholders, such as external Auditors and value for money principals are observed at all times.

The roles are also compared for parity against other roles within the Trust, comparing levels of responsibility of the posts.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Acorn Education Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academies.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academies is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The principal object and activity of the Charitable Company is the operation of Acorn Education Trust to provide free education and care for pupils of different abilities between the ages of 3 and 18.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

The Academies aim to advance for the public benefit, education in Wiltshire.

The Academies provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with interest of improving the life of the said community.

STRATEGIC REPORT

Achievements and Performance

Overview

Acorn Education Trust has a total student number well in excess of 3,400, a staff of some 550, 2 secondary schools, 8 primary schools and 4 nurseries. Our schools are doing well; the vast majority of schools have improved results, attendance and behaviour; staff recruitment and retention is healthy and student and staff satisfaction surveys are positive. Two key successes this year has been the re-brokerage of Clarendon and the establishment of Link 2. A second secondary school has been a significant development for Acorn and while there are enormous challenges facing the school, it has been rapidly stabilised due to the work of the Trust. Link 2 is providing excellent alternative provision for our most challenging primary school children.

Ethos and values

As a mixed Trust of Foundation and non- Foundation academies we recognise and support the individual ethos of all schools, whether they are church or non-faith institutions. Our schools have taken part in a wide variety of events over the past year that support and develop both Christian characteristics and British values. Together, we have produced our 6 curriculum principles which are reflected in each school's curriculum intent statement; instilling in our young people a sense of belonging, challenge, a love of learning, aspiration, a desire to make a unique contribution to their school and being ready for their world in their time.

Collaborative working

This year the formal and informal work between our primary schools has gone from strength to strength. Staff at all stages in their careers are benefiting from the wealth of expertise that exists in our schools. While the secondary model is less mature, there is no doubt that the support given to Clarendon by Kingdown has been significant and accelerated Clarendon's improvement. We also developed stronger relationships with other Trusts through the South West RSC learning set model. Sharing ideas in every aspect of trust life has allowed us to reflect positively on where we are but, also learn from strong regional Trusts. Our new internal training programme is providing excellent CPD alongside the secondary offer, provided by the West Wiltshire Alliance, and we hope, will meet most of the professional training needs of our staff.

Infrastructure

This year we created a new senior executive team, to lead operational strategy. This has allowed us to function more efficiently and effectively and develop capacity for future growth. Communication is improving and all business areas are now well lead and managed. Following Clarendon's re-brokerage we secured over £100,000 from the MAT Development and Improvement Fund, which we have used to support improvements in our schools. During the summer, much of the The Avenue refurbishment was completed, alongside the nursery project at New Close, staffroom and classroom improvements at Great Wishford, Dilton Marsh, West Ashton, Clarendon and Kingdown. In IT, the team have carried out developments at New Close, Clarendon, Heytesbury, Kingdown and St. John's. The catering team now supply Dilton Marsh Primary School.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Pupil numbers

Our schools are growing in popularity, as seen by the reception and year 7 numbers this September. The military move next summer however is likely to reduce our numbers in 4 Warminster schools. Another nursery, Heytesbury Hedgehogs joined Acorn in October 2018.

The Future

The transfer in 2020 of a larger military unit out of Warminster to be replaced with a smaller one, is a potential risk for the Trust. On a positive note, we look forward to Rowde C of E Primary School and Wansdkye School joining us in November and December respectively. We will continue to drive improvements in all our schools and nurseries, ensuring those anticipating an inspection achieve a good Ofsted or SIAMs grade, as well as building our capacity to grow.

Results

Our KS1 results are now an honest reflection of where the children are. At KS2 we have made considerable improvements in many areas. Kingdown has achieved good results at KS4 and 5; Clarendon's KS4 results reflect the challenges we face, however there is already an improving picture at KS5.

KS1 - % working at or above expected standard

	Dilton March	Great Wishford	Heytesbury	Keevil	New Close	St John's	The Avenue	West Ashton	National 2019
Reading	79	59	80	100	45	86	82 (72)**	91/71*	75%
Writing	75	41	70	89	45	64	71 (63)	91/71	70%
Maths	89	47	60	89	45	86	79 (69)	91/71	76%

Trust KS2 Results

Group	Reading			Writing			Maths			RWM	
	APS	Expected Reading	Higher Reading	APS	Expected Writing	Higher Writing	APS	Expected Maths	Higher Maths	Expected RWM	Higher RWM
All pupils (145)	104.2	82.1%	31.7%	101.8	77.2%	19.3%	105.1	81.4%	37.9%	64.8%	10.3%
Boy (81)	103.6	84.0%	29.6%	101.0	71.6%	18.5%	105.5	82.7%	44.4%	63.0%	8.6%
Girl (64)	105.0	79.7%	31.4%	102.8	84.4%	20.3%	104.6	79.7%	29.7%	67.2%	12.5%
Ever FSM (29)	100.3	74.1%	18.5%	99.2	59.3%	704.0%	102.3	74.1%	25.9%	44.4%	0.0%
Non Ever FSM (118)	105.1	83.9%	34.7%	102.4	81.4%	22.0%	105.8	83.1%	40.7%	69.5%	12.7%
SEN (31)	97.0	61.3%	25.8%	94.2	38.7%	16.1%	98.5	54.8%	29.0%	19.4%	0.0%
Non SEN (114)	105.9	87.7%	33.3%	103.6	87.7%	20.2%	106.6	88.6%	40.4%	77.2%	13.2%

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Individual School KS2 results - % working at or above expected level (2018 result)

	Dilton Marsh (29)	Great Wishford (13)	Heytesbu ry (4)	Keevil (20)	New Close (17)	St John's (14)	The Avenue (40) (40)	West Ashton (7) (7)	National '19
Reading	69 (69) -3.29	92 (75) 1.49	100 (100) 4.5	90 (80) 0.2	71 (71) 1.24	64(70) 0.53	76 (73) 1.03	57 (n/a) -2.65	73%
Writing	76 (89) -3.58	85 (63) 0.45	100 (57) 4.6	80 (73) -3.5	53 (65) -4.19	79 (80) 1.45	74 (70) 0.52	86 1.93	78%
Maths	79 (54) -1.4	85 (63) 0.1	100 (86) 10.37	90 (73) -0.56	71 (82) -2	71 (50) 1.67	74 (70) 1.11	86 1.43	79%
SPAG	69 (58)	85 (69)	100(71)	85 (73)	65 (82)	71(70)	82 (78)	71	78%
RWM	58 (54)	77 (50)	100 (57)	80 (47)	47 (47)	64 (50)	66 (63)	57	65%

KS4 & KS5 Results

	Clarendon	Kingdown
GCSE		
Progress 8	-0.31	0.1
Average 8	38.77	48.54
English		
4+	49%	68%
5+	20.08%	49.43%
Maths		
4+	49%	68%
5+	20.08%	49.43%
A Level		
Academic entry	65	108
Average point score	C-	B-
Average point score per applied general	Merit+	Merit+
Average point score per applied	29.14	28.79

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review, £111,884 was carried forward representing 1% of GAG.

Going Concern

After making appropriate enquiries, 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 Going concern policy.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

FINANCIAL REVIEW

Financial Review

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trust's accounting policies.

During the year ended 31 August 2019, total expenditure (excluding restricted fixed asset funds) of £21,871,510 was covered by recurrent grant funding from the DfE, together with other incoming resources of £20,624,420. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £1,247,090.

At 31 August 2019 the net book value of fixed assets was £43,161,483 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in Note 26 to the financial statements.

Trustees have adopted an Internal Assurance Policy and appointed Bishop Fleming to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 1 report which contained matters of significance which are being addressed by the Trustees.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of cash reserves should be approximately two months' payroll costs. 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. The Trust's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £2,609,250. The Trustees are reviewing the options for how to utilise these reserves for the benefit of the Trust.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

Investment Policy

Due to the nature of funding, the Trust may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Chief Executive Officer and Chief Operating Officer within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The principal risks and uncertainties facing the Trust are as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 96% of the Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Trust is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - the Trust has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the risks to revenue funding from a falling roll are small, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

Vision

Preparing young people for their world in their time.

The Acorn Education Trust was formed in August 2014 to create a local solution to a national strategy. Through close collaboration and a shared vision we believe each school will achieve great things while retaining their individual identity. Underpinning this close collaboration is a strong belief in our core purpose - "excellent leadership, excellent teaching and excellent learning".

Every Acorn school will thrive, as we will ensure the 5 strands of Acorn are evident in all that we do.

Active and Visible Leadership
Care, Support and Challenge
Opportunities for all
Respect, Recognition and Resilience
Needs of all are Paramount

Objectives

A Trust:

- that has a target Ofsted rating of Outstanding for all its academies,
- that sees the development of teaching and learning as key to improvement and raising standards,
- with shared values and collective responsibility for the whole group and the community it serves made up from a group of schools in close geographical proximity and is not remote from the academies it serves.
- based on strong leadership and the development of high quality leaders in all schools and centralised services
- where each school has an agreed level of autonomy based on the school's performance and the level of support it requires.
- where schools work together to deliver value for money services by sharing and optimising resources across the group.
- where individual academies will enjoy better services and facilities, and greater security, than would be possible as a stand-alone academy
- where individual academies will have more resources to direct towards teaching and learning than would be possible as an individual academy.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.


AUDITORS

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 17/12/2019 and signed on its behalf by:



D Middleton
Chair of Trustees



S Edwards
Chief Executive Officer and Accounting Officer

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Acorn Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Education 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

During the year 6 meetings of the Board of Trustees were held. All trustees attended every meeting except for R Crow (1 meeting attended); A Armstrong (3 meetings attended); R Hendrickse (4 meetings attended); J Cowan, D Johnson and G Gosling (5 meetings attended).

The Risk and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose of the Risk and Audit Committee is to ensure that the standards of financial control and administration are adhered to, make financial plans including agreeing the draft budget, and monitor the progress of income and expenditure. It also incorporates the role of an audit committee. 4 meetings were held in the year attended by all committee members except for K Robinson (attended 2 out of 3 meetings).

REVIEW OF VALUE FOR MONEY

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Trust has delivered improved value for money during the year by outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Acorn Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

REVIEW OF EFFECTIVENESS

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17/12/2019 and signed on their behalf by:



D Middleton
Chair of Trustees



S Edwards
Accounting Officer

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Acorn Education Trust I have considered my responsibility to notify the Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



S Edwards
Accounting Officer
Date: 17/12/2019

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and 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 their conduct and operation the Group and the charitable company apply financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 17/12/2019 and signed on its behalf by:



D Middleton
Chair of Trustees



S Edwards
Accounting Officer

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACORN EDUCATION TRUST

OPINION

We have audited the financial statements of Acorn Education Trust (the 'parent Trust') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the consolidated balance sheet, the trust balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Trust's affairs as at 31 August 2019 and of the Group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACORN EDUCATION TRUST (CONTINUED)

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the 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 our knowledge and understanding of the Group and the parent Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the 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:

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

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ACORN
EDUCATION TRUST (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent 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 Group or the parent Trust or to cease operations, or have no realistic alternative but to do so.

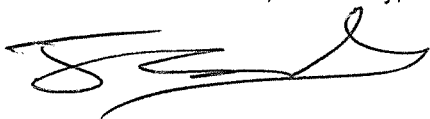
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

USE OF OUR REPORT

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



Joseph Scaife FCA DChA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date:

18/12/17

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 8 September 2017 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 Education Trust during the year 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 Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Acorn Education 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 Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ACORN EDUCATION TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Acorn Education Trust's funding agreement with the Secretary of State for Education dated 22 December 2014 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 year 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 Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

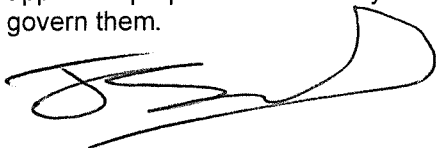
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

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



Joseph Scaife FCA DChA (Senior statutory auditor)

Bishop Fleming LLP
16 Queen Square
Bristol
BS1 4NT

Date: 18/12/19

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants:	3					
Transfer from local authority on conversion		-	-	-	-	(203,440)
Transferred with existing academy		-	56,000	26,112,469	26,168,469	-
Other donations and capital grants		139,390	476,153	1,136,526	1,752,069	1,347,119
Charitable activities		797,035	18,267,563	-	19,064,598	13,215,346
Other trading activities		886,318	-	-	886,318	717,051
Investments	6	1,961	-	-	1,961	1,617
TOTAL INCOME		1,824,704	18,799,716	27,248,995	47,873,415	15,077,693
EXPENDITURE ON:						
Raising funds		802,641	-	-	802,641	593,754
Charitable activities		187,820	20,881,049	1,106,786	22,175,655	14,780,220
TOTAL EXPENDITURE		990,461	20,881,049	1,106,786	22,978,296	15,373,974
NET INCOME/(EXPENDITURE)		834,243	(2,081,333)	26,142,209	24,895,119	(296,281)
Transfers between funds	19	-	869,379	(869,379)	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		834,243	(1,211,954)	25,272,830	24,895,119	(296,281)
Actuarial losses on pension schemes	25	-	(2,051,000)	-	(2,051,000)	1,071,000
NET MOVEMENT IN FUNDS		834,243	(3,262,954)	25,272,830	22,844,119	774,719
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,663,123	(1,003,162)	18,117,059	18,777,020	18,002,301
Net movement in funds		834,243	(3,262,954)	25,272,830	22,844,119	774,719
TOTAL FUNDS CARRIED FORWARD		2,497,366	(4,266,116)	43,389,889	41,621,139	18,777,020

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

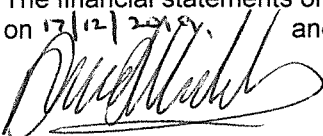
The notes on pages 24 to 55 form part of these financial statements.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07654902

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	42,900,632	17,581,271
		<u>42,900,632</u>	<u>17,581,271</u>
CURRENT ASSETS			
Debtors	16	1,394,142	988,893
Cash at bank and in hand		3,704,858	3,577,918
		<u>5,099,000</u>	<u>4,566,811</u>
Creditors: amounts falling due within one year	17	(2,000,493)	(1,490,062)
NET CURRENT ASSETS		3,098,507	3,076,749
TOTAL ASSETS LESS CURRENT LIABILITIES		45,999,139	20,658,020
NET ASSETS EXCLUDING PENSION LIABILITY		45,999,139	20,658,020
Defined benefit pension scheme liability	25	(4,378,000)	(1,881,000)
TOTAL NET ASSETS		41,621,139	18,777,020
FUNDS OF THE TRUST			
Restricted funds:			
Fixed asset funds	19	43,389,889	18,117,059
Restricted income funds	19	111,884	877,838
		<u>43,501,773</u>	<u>18,994,897</u>
Restricted funds excluding pension asset	19	43,501,773	18,994,897
Pension reserve	19	(4,378,000)	(1,881,000)
Total restricted funds	19	39,123,773	17,113,897
Unrestricted income funds	19	2,497,366	1,663,123
TOTAL FUNDS		41,621,139	18,777,020

The financial statements on pages 20 to 55 were approved by the Trustees, and authorised for issue on 17/12/2019, and are signed on their behalf, by:


D Middleton
Chair of Trustees


S Edwards
Accounting Officer


The notes on pages 24 to 55 form part of these financial statements.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07654902

TRUST STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	42,900,632	17,581,271
Investments	15	1	1
		42,900,633	17,581,272
CURRENT ASSETS			
Debtors	16	1,363,434	972,204
Cash at bank and in hand		3,702,653	3,575,713
		5,066,087	4,547,917
Creditors: amounts falling due within one year	17	(2,060,364)	(1,563,952)
NET CURRENT ASSETS		3,005,723	2,983,965
TOTAL ASSETS LESS CURRENT LIABILITIES		45,906,356	20,565,237
NET ASSETS EXCLUDING PENSION LIABILITY		45,906,356	20,565,237
Defined benefit pension scheme liability	25	(4,378,000)	(1,881,000)
TOTAL NET ASSETS		41,528,356	18,684,237
FUNDS OF THE TRUST			
Restricted funds:			
Fixed asset funds	19	43,389,889	17,581,272
Restricted income funds	19	111,884	849,183
Pension reserve	19	(4,378,000)	(1,881,000)
Total restricted funds	19	39,123,773	16,549,455
Unrestricted funds excluding pension asset	19	2,404,583	2,134,782
Total unrestricted income funds	19	2,404,583	2,134,782
TOTAL FUNDS		41,528,356	18,684,237

The financial statements on pages 20 to 55 were approved by the Trustees, and authorised for issue on 31/10/2019 and are signed on their behalf, by:


D Middleton
Chair of Trustees


S Edwards
Accounting Officer

The notes on pages 24 to 55 form part of these financial statements.

ACORN EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in)/provided by operating activities	21	(792,708)	827,556
CASH FLOWS FROM INVESTING ACTIVITIES	23	919,648	(670,911)
CASH FLOWS FROM FINANCING ACTIVITIES	22	-	173,560
		<hr/>	<hr/>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		126,940	330,205
Cash and cash equivalents at the beginning of the year		3,577,918	3,247,713
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	3,704,858	3,577,918
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 24 to 55 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Trust have been prepared under the historic 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 Education Trust meets the definition of a public benefit entity under FRS 102.

The consolidated statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Trust has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 INCOME

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

• **Grants**

Grants are included in the Consolidated 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 Consolidated Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.3 INCOME (CONTINUED)

- **Donations**

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

- **Other income**

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

- **Transfer of existing academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

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 allocated on the portion of the asset's use.

- **Expenditure on raising funds**

This includes all expenditure incurred by the Group 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 Group's educational operations, including support costs and costs relating to the governance of the Group apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 TAXATION

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the consolidated statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the consolidated statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Land and buildings occupied under a Church Supplemental Agreement are not recognised as assets in the balance sheet. These land and buildings are occupied free of charge under a rolling two-year licence from the landowner. Due to the specialised nature of these land and buildings it is not considered practical to place a value on the notional rent donated by the landowner.

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

Long-term leasehold property	- 50 years straight line
Long-term leasehold land	- 125 years straight line
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 4 years straight line

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 consolidated statement of financial activities.

1.8 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.11 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.12 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.13 OPERATING LEASES

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

1. ACCOUNTING POLICIES (continued)

1.14 PENSIONS

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Group 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group 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 consolidated 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.

1.15 AGENCY ARRANGEMENTS

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at year end are disclosed in note 29.

1.16 FUND ACCOUNTING

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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 judgment:

The Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Transfer from local authority on conversion	-	-	-	-	(203,440)
Transferred with existing academy	-	56,000	26,112,469	26,168,469	-
Donations	139,390	381,314	-	520,704	267,176
Capital Grants	-	94,839	1,136,526	1,231,365	1,079,943
SUBTOTAL	139,390	476,153	1,136,526	1,752,069	1,347,119
	139,390	532,153	27,248,995	27,920,538	1,143,679
TOTAL 2018	188,981	(114,905)	1,069,603	1,143,679	

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FOR THE YEAR ENDED 31 AUGUST 2019

4. FUNDING FOR THE TRUST'S EDUCATION

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA GRANTS				
General Annual Grant	-	15,944,600	15,944,600	11,260,179
Start up Grants	-	-	-	129,404
Other DfE/ESFA grants	-	1,451,910	1,451,910	829,090
	-	17,396,510	17,396,510	12,218,673
Other Government Grants				
Other government grants non capital	187,488	871,053	1,058,541	702,187
	187,488	871,053	1,058,541	702,187
Other funding				
Internal catering income	49,783	-	49,783	52,398
Sales to students	211,957	-	211,957	129,522
Other	347,807	-	347,807	112,566
	797,035	18,267,563	19,064,598	13,215,346
TOTAL 2018	426,585	12,788,761	13,215,346	

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	56,858	56,858	36,821
Trading subsidiary activities	829,460	829,460	680,230
	886,318	886,318	717,051

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	1,961	1,961	1,617

7. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising funds:					
Direct costs	510,362	-	292,279	802,641	593,754
Education:					
Direct costs	13,558,637	788,824	1,442,207	15,789,668	10,788,035
Allocated support costs	2,723,343	2,539,082	1,123,562	6,385,987	3,992,185
	<u>16,792,342</u>	<u>3,327,906</u>	<u>2,858,048</u>	<u>22,978,296</u>	<u>15,373,974</u>
TOTAL 2018	<u>11,767,061</u>	<u>1,492,075</u>	<u>2,114,838</u>	<u>15,373,974</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	15,789,668	6,385,987	22,175,655	14,780,220
TOTAL 2018	10,788,035	3,992,185	14,780,220	

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Pension finance cost	24,640	29,040
Staff costs	13,311,584	9,373,830
Depreciation	788,824	473,153
Educational supplies	524,349	308,061
Examination fees	255,067	150,919
Staff development	24,506	26,289
Other costs	613,645	359,019
Supply teachers	247,053	67,724
	15,789,668	10,788,035

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Pension finance cost	31,360	36,960
Staff costs	2,723,343	1,932,333
Depreciation	317,962	162,166
Staff development	43,297	21,049
Other costs	130,859	54,322
Recruitment and support	42,879	57,369
Maintenance of premises and equipment	1,493,648	512,978
Cleaning	250,768	92,074
Rent and rates	126,440	100,079
Energy costs	210,661	347,262
Insurance	72,662	51,882
Security and transport	102,140	54,970
Catering	257,689	168,435
Technology costs	246,287	117,013
Office overheads	139,461	28,267
Legal and professional	182,028	232,563
Bank interest and charges	3,478	2,696
Governance	11,025	19,767
	6,385,987	3,992,185

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	1,106,786	635,319
Fees paid to auditors for:		
- audit	18,850	17,000
- other services	6,845	3,605

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Wages and salaries	12,730,309	8,962,555	12,277,958	8,618,314
Social security costs	1,153,553	771,778	1,134,829	760,082
Pension costs	2,611,123	1,932,597	2,571,836	1,895,360
	16,494,985	11,666,930	15,984,623	11,273,756
Agency staff costs	247,053	67,724	247,053	67,724
Staff restructuring costs	50,304	32,407	50,304	32,407
	16,792,342	11,767,061	16,281,980	11,373,887

Staff restructuring costs comprise:

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Redundancy payments	39,767	15,907	39,767	15,907
Settlement payments	10,537	16,500	10,537	16,500
	50,304	32,407	50,304	32,407

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

The staff restructuring costs above relate to costs incurred for 1 non-statutory/non-contractual settlement and 4 redundancy payments in the year. Individually the payments were £10,537, £20,188, £5,427 and £14,152. All payments were made in August 2019.

c. STAFF NUMBERS

The average number of persons employed by the Group and the Trust during the year was as follows:

	Group 2019 No.	Group 2018 No.	Trust 2019 No.	Trust 2018 No.
Teachers	216	163	180	131
Administration and support	283	238	128	96
Managers	50	46	49	44
	549	447	357	271

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. STAFF COSTS (CONTINUED)

c. STAFF NUMBERS (CONTINUED)

The average headcount expressed as full-time equivalents was:

	Group 2019 No.	Group 2018 No.	Trust 2019 No.	Trust 2018 No.
Teachers	180	131	180	131
Administration and support	144	96	128	91
Managers	49	44	49	44
	373	271	357	266

d. HIGHER PAID STAFF

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

	Group 2019 No.	Group 2018 No.
In the band £60,001 - £70,000	7	8
In the band £70,001 - £80,000	3	1
In the band £100,001 - £110,000	-	1
In the band £120,001 - £130,000	1	1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. CENTRAL SERVICES

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

- Finance, budgeting, financial returns, audit and accounts
- Payroll
- Human Resources
- Legal advice
- Strategy and MAT growth
- School improvement services
- Supplier contracts
- Asset management
- Marketing
- Policy administration
- Insurance negotiation
- Business development
- Grant sourcing
- Income generation
- Catering collaboration

The Group charges for these services on the following basis:

The Trust charges schools a flat percentage (3.5% for Sponsored Schools and 3% for non-sponsored schools) on the total income per school, to manage the central services.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
Kingdown School	215,591	217,926
Dilton Marsh C of E Primary School	22,351	21,931
The Avenue Primary School	34,175	29,532
Keevil C of E Primary School	13,420	12,557
West Ashton C of E Primary School	10,168	10,237
Heytesbury C of E Primary School	9,197	8,038
St John's C of E Primary School	14,432	15,164
New Close Primary School	14,145	15,540
Great Wishford C of E (VA) Primary School	13,921	6,858
The Clarendon Academy	130,937	-
TOTAL	478,337	337,783

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. TRUSTEES' REMUNERATION AND EXPENSES

The Executive Head and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Head and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Trust in respect of their role as Trustees. The value of Trustee' remuneration and other benefits was as follows: S Edwards: Remuneration £125,000 - £130,000 (2018: £125,000 - £130,000), Employer's pension contributions £20,000 - £25,000 (2018: £20,000 - £25,000). Other related party transactions involving Trustees are set out in note 28.

During the year, retirement benefits were accruing to 1 Trustees (2018 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2019, Trustees' expenses of £812 (2018: £Nil) have been incurred.

13. TRUSTEES' AND OFFICERS' INSURANCE

The Group has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS

GROUP AND TRUST

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2018	19,080,758	817,314	1,578,041	47,707	21,523,820
Additions	-	46,375	223,560	43,743	313,678
Transfers intra group	26,109,203	2,346	920	-	26,112,469
At 31 August 2019	45,189,961	866,035	1,802,521	91,450	47,949,967
DEPRECIATION					
At 1 September 2018	2,202,765	399,995	1,296,549	43,240	3,942,549
Charge for the year	805,115	121,983	169,910	9,778	1,106,786
At 31 August 2019	3,007,880	521,978	1,466,459	53,018	5,049,335
NET BOOK VALUE					
At 31 August 2019	42,182,081	344,057	336,062	38,432	42,900,632
At 31 August 2018	16,877,993	417,319	281,492	4,467	17,581,271

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. FIXED ASSET INVESTMENTS

Trust	Investments in subsidiary companies £
COST OR VALUATION	
At 1 September 2018	1
AT 31 AUGUST 2019	<u>1</u>
NET BOOK VALUE	
AT 31 AUGUST 2019	<u>1</u>
<i>AT 31 AUGUST 2018</i>	<u>1</u>

PRINCIPAL SUBSIDIARIES

The following was a subsidiary undertaking of the Trust:

Name	Company number	Holding	Included in consolidation
Academy Collaborative Services Limited	09360756	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss) for the year £	Net assets £
Academy Collaborative Services Limited	829,602	802,783	26,819	92,784

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NOTES TO THE FINANCIAL STATEMENTS
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16. DEBTORS

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
DUE WITHIN ONE YEAR				
Trade debtors	120,057	25,006	92,433	23,581
Other debtors	577	30,651	577	30,428
Prepayments and accrued income	903,671	420,940	903,671	420,940
Tax recoverable	369,837	512,296	366,753	497,255
	1,394,142	988,893	1,363,434	972,204

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Bank overdrafts	3,975	86,129	-	84,274
Trade creditors	759,398	735,409	760,122	726,082
Amounts owed to group undertakings	-	-	68,491	93,826
Other taxation and social security	304,355	208,615	300,905	208,615
Other creditors	356,718	216,044	354,799	207,290
Accruals and deferred income	576,047	243,865	576,047	243,865
	2,000,493	1,490,062	2,060,364	1,563,952

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Deferred income				
Deferred income at 1 September 2018	204,434	161,775	204,434	161,775
Resources deferred during the year	249,768	204,434	249,768	204,434
Amounts released from previous periods	(204,434)	(161,775)	(204,434)	(161,775)
	249,768	204,434	249,768	204,434

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NOTES TO THE FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
FINANCIAL ASSETS				
Financial assets measured at fair value through income and expenditure	3,704,858	3,577,918	3,702,653	3,575,713
Financial assets measured at amortised cost	772,993	377,110	745,369	375,462
	4,477,851	3,955,028	4,448,022	3,951,175
	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	1,446,370	1,077,013	1,509,691	1,150,903

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group and accruals.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds	<u>1,663,123</u>	<u>1,824,704</u>	<u>(990,461)</u>	<u>-</u>	<u>-</u>	<u>2,497,366</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	806,027	15,944,600	(16,638,743)	-	-	111,884
Start Up Grant	71,811	-	(71,811)	-	-	-
Pupil Premium	-	769,166	(769,166)	-	-	-
UIFSM	-	149,297	(149,297)	-	-	-
Devolved Formula Capital and School Condition Allocation	-	-	(333,591)	333,591	-	-
Condition Improvement Funding	-	94,839	(630,627)	535,788	-	-
Other ESFA Grants	-	533,447	(533,447)	-	-	-
Named Pupil Allowance	-	225,548	(225,548)	-	-	-
Income on conversion	-	8,843	(8,843)	-	-	-
Young People's Support Service	-	345,224	(345,224)	-	-	-
Other Local Authority Funding	-	321,281	(321,281)	-	-	-
Other Donations	-	351,471	(351,471)	-	-	-
Pension reserve	(1,881,000)	56,000	(502,000)	-	(2,051,000)	(4,378,000)
	<u>(1,003,162)</u>	<u>18,799,716</u>	<u>(20,881,049)</u>	<u>869,379</u>	<u>(2,051,000)</u>	<u>(4,266,116)</u>

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19. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
RESTRICTED FIXED ASSET FUNDS						
Fixed Assets Transferred On Conversion	15,620,861	-	(336,555)	-	-	15,284,306
Fixed Assets From GAG and Other Restricted	1,501,971	1,136,526	(266,460)	(333,591)	-	2,038,446
Fixed Assets From Condition Improvement Funding	994,227	-	(33,537)	(535,788)	-	424,902
Fixed Assets Transferred In From Existing Academies	-	26,112,469	(470,234)	-	-	25,642,235
	<u>18,117,059</u>	<u>27,248,995</u>	<u>(1,106,786)</u>	<u>(869,379)</u>	<u>-</u>	<u>43,389,889</u>
TOTAL RESTRICTED FUNDS	<u>17,113,897</u>	<u>46,048,711</u>	<u>(21,987,835)</u>	<u>-</u>	<u>(2,051,000)</u>	<u>39,123,773</u>
TOTAL FUNDS	<u>18,777,020</u>	<u>47,873,415</u>	<u>(22,978,296)</u>	<u>-</u>	<u>(2,051,000)</u>	<u>41,621,139</u>

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

The General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Trust, including education and support costs.

Start up grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a School to an Academy

Pupil Premium - This represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the underlying inequalities between those children and their wealthier peers.

Universal Infant Free School Meals (UIFSM) - This represents funding received from the ESFA to support the Trust in delivering the legal requirement to offer free school meals to all their reception, year 1 and year 2 pupils.

Other ESFA grants - This represents funding received from the ESFA, including rates funding and PE sport grant.

Named Pupil Allowance - This represents funding received from Wiltshire County Council in addition to the funding received for High Needs.

**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (CONTINUED)

Young Peoples Support Services - This represents funding from Wiltshire County Council as an alternative provision trial for children who have been or are at risk of being excluded.

Other local authority funding - This represents other funding from Wiltshire County Council including Pupil Premium and Resource Base funding.

Other donations - This represents contributions received from the parents towards school trips as well as other funding received for specific purposes.

Pension reserve represents the Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Trust is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion represents the land, buildings and equipment donated to the Trust on conversion from the local authority.

Fixed assets purchased from GAG and other restricted funds represents amounts spent on fixed assets from the GAG funding received from the ESFA and other specific capital grants.

Condition Improvement Fund (CIF) funding represents amounts awarded by the ESFA for significant works in order to keep the Trust buildings safe and in good working order.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Kingdown School	1,328,615	1,177,303
Dilton Marsh C of E Primary School	224,167	253,990
The Avenue Primary School	386,958	371,249
Keevil C of E Primary School	18,717	-
West Ashton C of E Primary School	(33,167)	9,932
Heytesbury C of E Primary School	52,801	60,786
St John's C of E Primary School	58,101	37,074
Great Wishford C of E Primary School	25,263	45,453
New Close Primary School	113,757	221,513
The Clarendon Academy	20,155	-
Central Services (including Trading subsidiary)	413,883	363,661
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,609,250	2,540,961
Restricted fixed asset fund	43,389,889	18,117,059
Pension reserve	(4,378,000)	(1,881,000)
	<hr/>	<hr/>
TOTAL	41,621,139	18,777,020
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
West Ashton C of E Primary School	33,167
	<hr/> <hr/>

The Trust is taking the following action to return the academy to surplus:

A deficit recovery plan has been put in place to return the school to an in-year surplus.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (CONTINUED)

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Kingdown School	5,608,605	1,120,477	219,472	1,731,210	8,679,764	7,662,251
Dilton Marsh C of E Primary School	697,182	114,288	16,032	176,360	1,003,862	910,486
The Avenue Primary School	1,179,989	111,742	39,435	589,708	1,920,874	1,381,150
Keevil C of E Primary School	328,577	27,940	35,371	164,939	556,827	510,142
West Ashton C of E Primary School	311,794	33,837	25,315	114,109	485,055	490,056
Heytesbury C of E Primary School	260,800	33,309	23,408	101,177	418,694	324,429
St John's C of E Primary School	407,122	44,009	21,374	119,822	592,327	593,964
Great Wishford C of E Primary School	386,865	43,272	236	156,597	586,970	895,678
New Close Primary School	610,530	47,211	401	131,163	789,305	534,567
The Clarendon Academy	3,251,163	668,572	122,547	1,402,127	5,444,409	-
Central Services (including Trading subsidiary)	176,405	700,268	14,750	502,000	1,393,423	1,477,497
TRUST	13,219,032	2,944,925	518,341	5,189,212	21,871,510	14,780,220

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19. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds	1,598,487	1,334,234	(1,269,598)	-	-	1,663,123
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	852,860	11,260,179	(11,095,718)	(211,294)	-	806,027
Start Up Grant	73,986	127,804	(129,979)	-	-	71,811
School standards funds	-	522,700	(522,700)	-	-	-
Pupil Premium	-	135,243	(135,243)	-	-	-
Devolved Formula Capital	-	10,340	(10,340)	-	-	-
Other ESFA Grants	-	171,147	(171,147)	-	-	-
Sponsored capacity fund	55,000	-	(55,000)	-	-	-
Named pupil allowance	-	117,092	(117,092)	-	-	-
Enhanced learning provision	-	74,051	(74,051)	-	-	-
School sports service	64,487	43,050	(107,537)	-	-	-
Young Peoples Support Services	-	156,090	(156,090)	-	-	-
Other local authority funding	-	193,788	(193,788)	-	-	-
Other donations	-	239,372	(239,372)	-	-	-
Pension reserve	(2,114,000)	(377,000)	(461,000)	-	1,071,000	(1,881,000)
	<u>(1,067,667)</u>	<u>12,673,856</u>	<u>(13,469,057)</u>	<u>(211,294)</u>	<u>1,071,000</u>	<u>(1,003,162)</u>

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
RESTRICTED FIXED ASSET FUNDS						
Fixed Assets Transferred On Conversion	15,957,415	-	(336,554)	-	-	15,620,861
Fixed Assets From GAG and Other Restricted	1,514,066	72,581	(295,970)	211,294	-	1,501,971
Fixed Assets From Condition Improvement Funding	-	997,022	(2,795)	-	-	994,227
	<u>17,471,481</u>	<u>1,069,603</u>	<u>(635,319)</u>	<u>211,294</u>	<u>-</u>	<u>18,117,059</u>
TOTAL RESTRICTED FUNDS	<u>16,403,814</u>	<u>13,743,459</u>	<u>(14,104,376)</u>	<u>-</u>	<u>1,071,000</u>	<u>17,113,897</u>
TOTAL FUNDS	<u>18,002,301</u>	<u>15,077,693</u>	<u>(15,373,974)</u>	<u>-</u>	<u>1,071,000</u>	<u>18,777,020</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	42,900,632	42,900,632
Current assets	2,497,366	2,112,377	489,257	5,099,000
Creditors due within one year	-	(2,000,493)	-	(2,000,493)
Provisions for liabilities and charges	-	(4,378,000)	-	(4,378,000)
TOTAL	<u>2,497,366</u>	<u>(4,266,116)</u>	<u>43,389,889</u>	<u>41,621,139</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	17,581,271	17,581,271
Current assets	793,422	3,237,601	535,788	4,566,811
Creditors due within one year	869,701	(2,359,763)	-	(1,490,062)
Provisions for liabilities and charges	-	(1,881,000)	-	(1,881,000)
TOTAL	1,663,123	(1,003,162)	18,117,059	18,777,020

21. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the year (as per statement of financial activities)	24,895,119	(296,281)
ADJUSTMENTS FOR:		
Depreciation	1,106,786	635,319
Capital grants from DfE and other capital income	(1,231,365)	(72,581)
Interest receivable	(1,961)	(1,617)
Defined benefit pension scheme cost less contributions payable	390,000	395,000
Defined benefit pension scheme finance cost	56,000	66,000
Increase in debtors	(405,249)	(578,991)
Increase in creditors	510,431	477,267
Net assets and liabilities from local authority on conversion	-	203,440
Net assets and liabilities on transfer in of existing academy	(26,112,469)	-
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(792,708)	827,556

ACORN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. CASH FLOWS FROM FINANCING ACTIVITIES

	Group 2019 £	Group 2018 £
Cash transferred on conversion to an Academy Trust	-	173,560
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	173,560

23. CASH FLOWS FROM INVESTING ACTIVITIES

	Group 2019 £	Group 2018 £
Interest receivable	1,961	1,617
Purchase of tangible fixed assets	(313,678)	(745,109)
Capital grants from DfE Group	1,231,365	72,581
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	919,648	(670,911)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £
Cash in hand	3,704,858	3,577,918
TOTAL CASH AND CASH EQUIVALENTS	3,704,858	3,577,918

25. PENSION COMMITMENTS

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

25. PENSION COMMITMENTS (CONTINUED)

TEACHERS' PENSION SCHEME

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 Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 June 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the TPS 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 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £1,455,754 (2018 - £1,199,002).

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 Group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Group has set out above the information available on the scheme.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £889,000 (2018 - £589,000), of which employer's contributions totalled £710,000 (2018 - £465,000) and employees' contributions totalled £ 117,000 (2018 - £124,000). The agreed contribution rates for future years are 23 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.60	2.70
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80

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
<i>Retiring today</i>		
Males	21.4	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.1	26.7

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.5%	1,966	1,134
Salary increase rate +0.5%	274	192
Pension increase rate +0.5%	1,653	927

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. PENSION COMMITMENTS (CONTINUED)

The Group's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	7,566,000	4,903,000
Bonds	1,492,000	967,000
Property	1,385,000	898,000
Cash and other liquid assets	213,000	138,000
Total market value of assets	10,656,000	6,906,000

The actual return on scheme assets was £442,000 (2018 - £552,000).

The amounts recognised in the Consolidated statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(1,101,000)	(859,000)
Past service cost	(22,000)	-
Interest income	273,000	151,000
Interest cost	(329,000)	(217,000)
Total amount recognised in the consolidated statement of financial activities	(1,179,000)	(925,000)

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

	2019 £	2018 £
At 1 September	8,786,000	7,389,000
Current service cost	1,101,000	859,000
Interest cost	329,000	217,000
Employee contributions	180,000	124,000
Actuarial losses/gains	2,282,000	(666,000)
Benefits paid	(111,000)	(133,000)
Past service costs	53,000	1,000
Effect of business combinations	2,415,000	995,000
At 31 August	15,035,000	8,786,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. PENSION COMMITMENTS (CONTINUED)

Changes in the fair value of the Group's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	6,905,000	5,275,000
Interest income	273,000	151,000
Actuarial gains	231,000	405,000
Employer contributions	708,000	465,000
Employee contributions	180,000	124,000
Benefits paid	(111,000)	(133,000)
Effect of business combinations	2,471,000	618,000
At 31 August	10,657,000	6,905,000

26. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Group and the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Trust 2018 £
Not later than 1 year	804	804

27. MEMBERS' LIABILITY

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

28. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

29. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the Academy Trust received £28,119 and disbursed £8,273 from An amount of £83,464 is included in other creditors relating to undistributed funds that is repayable to ESFA.

30. TRANSFER OF EXISTING ACADEMIES INTO THE TRUST

Transferred-in The Clarendon Academy

	Value reported by transferring trust £	Transfer in recognised £
TANGIBLE FIXED ASSETS		
Long-term leasehold property	26,109,203	26,109,203
Furniture and equipment	2,346	2,346
Computer equipment	920	920
PENSIONS		
Pensions - pension scheme assets	2,471,000	2,471,000
Pensions - pension scheme liabilities	(2,415,000)	(2,415,000)
NET ASSETS	<u>26,168,469</u>	<u>26,168,469</u>