

WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	Nick Brown Philip Eavis Gill Rennard
Trustees	Philip Eavis ¹ Nick Brown, Chairman (appointed 2 September 2013) ¹ Gill Rennard, Head Teacher ¹ James Millward ¹ Peter Stratford ¹ Deborah Harris (resigned 13 November 2013) Anna Gurowich, Staff Governor Miranda Liardet, Staff Governor Betty Birt ¹ Lynne Elstob ¹ Kate Lovell, Vice Chairman ¹ Zena Pollard, Responsible Officer Anita Johnson (appointed 12 March 2014)

¹ Business and Finance committee

Company registered number	07706741
Principal and Registered office	Charlton Road Shepton Mallet Somerset BA4 5PF
Company secretary	Ruth Sayer
Accounting Officer	Gill Rennard
Senior management team	Gill Rennard, Headteacher Giles Atkins, Deputy Headteacher Jacqui Ackroyd, Deputy Headteacher Jan Winton, Assistant Headteacher Dinah Manship, Finance Manager Ruth Sayer, Office Manager
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
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Administrative details (continued)

Bankers

NatWest
Somerset Commercial Office
Lakeside House
Blackbrook Business Park
Taunton
TA1 2PX

HSBC
13 High Street
Shepton Mallet
BA4 5AD

Solicitors

Browne Jacobson LLP
1 Manor Court
Dix's Field
Exeter
EX1 1UP

Mogers Drewett LLP
Spring House
East Mill Lane
Sherbourne
DT9 3DP

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Shepton Mallet. It has a pupil capacity of 770 and had a roll of 486 in the school census on 10 October 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of Whitstone School Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Whitstone School Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 cease to be a member.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1 August 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were either appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process or, in the case of Governors whose term of office ended in the following 12 months, for a four year period from the date of the first meeting of the Board of Governors.

The Academy's Board of Governors comprises the Headteacher, a minimum of 2 Parent Governors, up to 3 Staff Governors (providing that the total number of Governors, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Governors) and up to 10 other Governors.

The Academy Trust shall have the following Governors as set out in its Articles of Association and funding agreement:

- up to 7 Governors who are appointed by members.
- Up to 3 Governors co-opted by the Governing Body
- up to 1 LA Governor who is appointed by the Local Authority.
- up to 5 Parent Governors who are elected by Parents of registered pupils at the Academy
- up to 3 staff Governors who are elected by staff of Whitstone School.
- the Headteacher

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

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

**WHITSTONE SCHOOL ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy 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.

When appropriate, new governors are mentored by an experienced Governor.

Organisational Structure

The Board of Governors normally meets twice in the autumn term and once in the spring and summer terms. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports from its Committees and, through the Terms of Reference of that committee, delegates policies 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.

There are 3 committees as follows;

- Business and Finance Committee - this meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

- Teaching and Learning Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to Teaching & Learning, raising achievement, curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

- Appraisal and Pay Committee – this meets twice a year. It is responsible for reviewing staff salaries in line with the Pay Policy and to carry out the Headteacher's performance management.

The following decisions are reserved to the Board of Governors; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the School Improvement Plan and budget.

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and School Leadership Team (SLT). The SLT comprises the Headteacher, two Deputy Headteachers, an Assistant Headteacher, two members of the teaching staff seconded from middle leaders, Finance Manager and Office Manager. The SLT implement the policies agreed by the Governors and report back to them on performance.

The Academy has a leadership structure which consists of the Governors, The School Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Headteacher and Finance Manager are responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to Budget Holders which must be authorised by the Headteacher. The Headteacher is responsible for the appointment of staff and appointment panels for senior teaching posts will include a Governor.

The Headteacher is the Accounting Officer.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Connected Organisations, including Related Party Relationships

Shepton Mallet Leisure Centre forms part of the Academy's facilities and is run and managed by 1610 Ltd, there is a shared use agreement between 1610 Ltd and the Academy. Willow Nursery is an independent charity which occupies part of the Academy's site.

The Academy has strong collaborative links with 7 feeder primary schools which form the Schools' Learning Partnership.

There are no related parties which either control or significantly influence the decisions and operations of Whitstone School Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is the operation of Whitstone School Academy Trust to provide free education and care for pupils of different abilities between the ages of 11 and 16.

The aims of the Academy during the year/period ended 31 August 2014 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all students.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to maximise the number of students who achieve 5+ A* - C GCSE grades including English and Maths.
- to provide value for money for the funds expended.
- to enhance the curriculum at partner primary schools to accommodate some specialist teaching and a range of activities.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the school's capacity to manage change, and
- to conduct the school's business in accordance with the highest standards of integrity, probity and openness.

At Whitstone School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our school is a community in which young people, staff and parents are part of a safe, happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Improvement Plan which is available from the school office. Improvement foci identified for this year include:

- Raising achievement
- Preparing for the new Progress 8 Measure
- Continuing to improve the quality of Teaching & Learning
- Continuing to improve behaviour and attitudes to learning
- Further improving the quality of leadership at all levels.
- Promoting and marketing the school to secure increased student numbers in the context of a demographic dip.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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 Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

- In February 2013 the school was judged 'Good' by Ofsted in all categories
- The percentage of students achieving 5+ A*-C including English & Maths improved from 50% to 59.5%.
- The overall trend in achievement is impressive; 44% in 2010 to 59.5% in 2014.
- The percentage of students achieving A*-C in Maths rose from 72% to 78% (16 percentage points above the national average).
- The percentage of students achieving A*-C in English rose from 57% to 68% (6 percentage points above the national average).
- The number of fixed term exclusions yet again dropped significantly. Over the past 4 years the total number of days has dropped from 347 to 61½.
- The percentage of lessons judged at least 'Good' increased
- During the year, the Academy secured a capital grant to replace the boilers.
- The percentage of students involved in extra-curricular activities increased. For example, almost half of Year 10 students successfully completed the Bronze DofE award and late busses are provided free of charge on 3 afternoons a week.

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 as the amount of carry forward is restricted. In the period under review, £259,570 was carried forward representing 9% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2014 were 501, a decrease of 51 over 2013.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy 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.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA 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 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and 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 Academy's accounting policies.

During the year ended 31 August 2014 (excluding restricted fixed asset funds and pension reserves), total expenditure of £2,898,854 was covered by recurrent grant funding from the DfE, together with other incoming resources of £2,994,243. The excess of income over expenditure for the year was £95,389 before transfers.

At 31 August 2014 the net book value of fixed assets was £7,128,392 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 students of the Academy.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

The Academy 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 Activity with details in Note 25 to the financial statements.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued for insurance on 22 April 2013 at £15m. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

Key financial policies adopted or reviewed during the year include the Pay Policy, in line with new regulations. A Governors' Appraisal and Pay Committee has been formed accordingly.

Reserves Policy

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

Following the finalisation of the annual accounts for 2014 the Governors have determined that the appropriate level of free cash reserves is no less than £150,000. 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. As a consequence of falling student numbers a further £500,000 of current reserves has been committed to produce balanced budgets to 31 August 2016.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy 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 academy Trust.

Investment Policy

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested in interest bearing deposit accounts at banks as detailed in the Investment policy, or in Treasury deposits, with maturity dates which do not result in the cash funds being unavailable for longer than 12 months.

Periodically, at least annually, the Finance Manager will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 95% of the Academy'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 Academy's finances, internal controls, compliance with regulations and legislation, statutory returns,

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy 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 Academy 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 Academy 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 Academy 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 Academy has agreed a Risk Register and Risk Management Plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed in the light of any new information and formally reviewed annually.

The Governors have assessed the major risks to which the Academy 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.

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

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

The Board of Governors 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 Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its students at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy is seeking to replace the Astro turf pitch and improve sports facilities and is presently negotiating funding with 1610, which operates our Leisure Centre.

Full details of our plans for the future are given in our School Improvement Plan, which is available on our website or from the Clerk to the Governors.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Directors do not act as the Custodian Trustees of any other Charity

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 2 December 2014 and signed on the board's behalf by:

Nick Brown
Chair of Trustees

**WHITSTONE SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Whitstone School Academy 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 Headteacher, 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 Whitstone School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Betty Birt	4	4
Nick Brown, Chairman	4	4
Philip Eavis	4	4
Lynne Elstob	3	4
Anna Gurowich, staff Governor	4	4
Debi Harris	0	1
Anita Johnson	2	2
Miranda Liardet, Staff Governor	3	4
Kate Lovell, Vice Chairman	4	4
James Millward	4	4
Zena Pollard	4	4
Gill Rennard	4	4
Peter Stratford	2	4

The Business and Finance committee is a sub-committee of the main board of trustees. Its purpose is to:

- Assist the decision making of the Board of Governors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Governors' responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- Make appropriate comments and recommendations on such matters to the Board of Governors on a regular basis.

Major issues will be referred to the full Board of Governors for ratification.

Terms of Reference

1. To consider the academy's indicative funding, notified annually by the EFA, and to assess its implications for the academy, in consultation with the headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the Board of Governors.
2. To consider the recommended acceptance/non-acceptance of the academy's budget, at the start of each financial year.
3. To contribute to the formulation of the academy's improvement plan, through consideration of financial priorities and proposals, including staffing and the development and maintenance of buildings and grounds.
4. To ensure the health and safety of students, staff, visitors and other users of the school facilities and to meet the requirements of all Health & Safety legislation.

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GOVERNANCE STATEMENT (continued)

5. To receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
6. To liaise with and receive reports from the Teaching and Learning committee, as appropriate, and to make recommendations about the financial aspects of matters being considered by the committee.
7. To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the EFA, drawing any matters of concern to the attention of the Board of Governors.
8. To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate, make recommendations for improvement.
9. To receive auditors' reports and to recommend to the Board of Governors action as appropriate in response to audit findings.
10. To recommend to the Board of Governors the appointment or reappointment of the auditors of the academy.
11. To incorporate the duties of the Audit Committee as detailed below.
12. To review teachers' pay progression and the salaries of the Headteacher and SLT on an annual basis as recommended by the Appraisal and Pay Committee.
13. To review policies as appropriate in accordance with recommended timescales.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Betty Birt	3	3
Nick Brown	3	3
Philip Eavis	3	3
Lynne Elstob	2	3
Kate Lovell	3	3
James Millward	2	3
Gill Rennard	3	2
Peter Stratford	1	3

The Audit Committee is incorporated into the Business & Finance Sub-committee.

Audit Committee Duties

- review the body's internal and external financial statements and reports to ensure that they reflect best practice
- discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff
- consider all relevant reports by the Comptroller and Auditor General or the appointed external auditor, including reports on the body's accounts, achievement of value for money and the response to any management letters
- review the effectiveness of the body's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner

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GOVERNANCE STATEMENT (continued)

- ensure that the body's internal audit service meets, or exceeds, the standards specified in the Government Internal Audit Manual, complies in all other respects with these guidelines and meets agreed levels of service
- consider and advise the board on the body's annual and long-term audit programme
- consider internal audit reports, including value-for-money reports and the arrangements for their implementation
- review the operation of the body's code of practice for board members and code of conduct for staff
- consider any other matters where requested to do so by the board or the Responsible Officer

- report at least once a year to the board on the discharge of the above duties.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Whitstone School Academy Trust for the year 1 September 2013 to 31 August 2014 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 Academy 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 Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 Business and 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 engaged the services of South West One to carry out termly financial checks and to report to the Responsible Officer. The governors have appointed Zena Pollard, a Governor who is not a member of the Business and Finance Committee, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters. On a termly basis the RO reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

Whitstone Academy Trust confirms that the Responsible Officer function has been delivered in line with the EFA's requirements and no material control issues have arisen as a result of the RO's work.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 Business & 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 2 December 2014 and signed on its behalf, by:

Nick Brown
Chair of Trustees

Gill Rennard
Accounting Officer

**WHITSTONE SCHOOL ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Whitstone School Academy Trust I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Gill Rennard, Head Teacher
Accounting Officer

Date: 2 December 2014

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees (who act as governors of Whitstone School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees and signed on its behalf by:

Nick Brown
Chair of Trustees

Date: 2 December 2014

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITSTONE SCHOOL ACADEMY TRUST

We have audited the financial statements of Whitstone School Academy Trust for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITSTONE SCHOOL ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 17 December 2014

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WHITSTONE
SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Whitstone School Academy Trust during the year 1 September 2013 to 31 August 2014 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 Whitstone School Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Whitstone School Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Whitstone School Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF WHITSTONE SCHOOL ACADEMY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Whitstone School Academy Trust's funding agreement with the Secretary of State for Education dated 01 August 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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 non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WHITSTONE
SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
17 December 2014

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	13,451	50,053	-	63,504	127,591
Activities for generating funds	4	78,356	-	-	78,356	73,793
Investment income	5	5,375	-	-	5,375	8,286
Incoming resources from charitable activities		3,356	2,843,652	415,936	3,262,944	3,584,743
TOTAL INCOMING RESOURCES		100,538	2,893,705	415,936	3,410,179	3,794,413
RESOURCES EXPENDED						
Charitable activities	8,9	56,388	2,909,236	170,986	3,136,610	3,339,864
Governance costs	10	-	34,230	-	34,230	28,859
TOTAL RESOURCES EXPENDED	7	56,388	2,943,466	170,986	3,170,840	3,368,723
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		44,150	(49,761)	244,950	239,339	425,690
Transfers between Funds	19	-	(29,321)	29,321	-	-
NET INCOME FOR THE YEAR		44,150	(79,082)	274,271	239,339	425,690
Actuarial gains and losses on defined benefit pension schemes		-	31,000	-	31,000	(43,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		44,150	(48,082)	274,271	270,339	382,690
Total funds at 1 September		593,167	(785,107)	7,028,258	6,836,318	6,453,628
TOTAL FUNDS AT 31 AUGUST		637,317	(833,189)	7,302,529	7,106,657	6,836,318

All of the academy trust's activities derive from acquisitions in the current financial period.

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

The notes on pages 23 to 42 form part of these financial statements.

WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07706741

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	15		7,128,392		7,028,258
CURRENT ASSETS					
Debtors	16	567,259		75,025	
Cash at bank and in hand		951,316		926,669	
		<u>1,518,575</u>		<u>1,001,694</u>	
CREDITORS: amounts falling due within one year	17	<u>(224,060)</u>		<u>(153,634)</u>	
NET CURRENT ASSETS			<u>1,294,515</u>		848,060
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,422,907</u>		<u>7,876,318</u>
CREDITORS: amounts falling due after more than one year	18		<u>(206,250)</u>		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>8,216,657</u>		7,876,318
Defined benefit pension scheme liability	26		<u>(1,110,000)</u>		<u>(1,040,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>7,106,657</u>		<u>6,836,318</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	19	276,811		254,893	
Fixed asset funds	19	7,302,529		7,028,258	
Restricted funds excluding pension liability		<u>7,579,340</u>		<u>7,283,151</u>	
Pension reserve		<u>(1,110,000)</u>		<u>(1,040,000)</u>	
Total restricted funds			<u>6,469,340</u>		6,243,151
Unrestricted funds	19		<u>637,317</u>		<u>593,167</u>
TOTAL FUNDS			<u>7,106,657</u>		<u>6,836,318</u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:

Chair of Trustees

The notes on pages 23 to 42 form part of these financial statements.

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	21	(345,544)	111,542
Returns on investments and servicing of finance	22	5,375	8,286
Capital expenditure and financial investment	22	144,816	(62,406)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(195,353)	57,422
Financing	22	220,000	-
INCREASE IN CASH IN THE YEAR		24,647	57,422

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
Increase in cash in the year	24,647	57,422
Cash outflow from decrease in debt and lease financing	(220,000)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(195,353)	57,422
Net funds at 1 September 2013	926,669	869,247
NET FUNDS AT 31 AUGUST 2014	731,316	926,669

The notes on pages 23 to 42 form part of these financial statements.

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

Guidance in the Accounts Direction 2014 has changed from last year and where this impacts the comparative figures these have been adjusted.

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.5 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 Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% Straight line
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33.33% Straight line

1.7 OPERATING LEASES

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

1.8 TAXATION

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

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.9 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2014.

3. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	13,451	50,053	63,504	127,591

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	15,113	-	15,113	11,163
Catering	63,243	-	63,243	62,630
	<u>78,356</u>	<u>-</u>	<u>78,356</u>	<u>73,793</u>

5. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Investment income	5,375	-	5,375	8,286
	<u>5,375</u>	<u>-</u>	<u>5,375</u>	<u>8,286</u>

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
Capital Grants	-	415,936	415,936	471,210
General Annual Grant	-	2,717,264	2,717,264	2,896,672
Other DfE/EFA grants	-	100,410	100,410	129,450
	<u>-</u>	<u>3,233,610</u>	<u>3,233,610</u>	<u>3,497,332</u>
Other Government grants				
High Needs	-	25,978	25,978	76,079
	<u>-</u>	<u>25,978</u>	<u>25,978</u>	<u>76,079</u>
Other funding				
Internal catering income	-	-	-	49
Other	3,356	-	3,356	11,283
	<u>3,356</u>	<u>-</u>	<u>3,356</u>	<u>11,332</u>
	<u>3,356</u>	<u>3,259,588</u>	<u>3,262,944</u>	<u>3,584,743</u>

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

7. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2014	Premises	Other	2014	2013
	£	2014	2014	£	£
		£	£		
Direct costs	1,948,285	98,825	284,189	2,331,299	2,405,223
Support costs	388,194	147,313	269,804	805,311	934,641
CHARITABLE ACTIVITIES	2,336,479	246,138	553,993	3,136,610	3,339,864
GOVERNANCE	13,914	-	20,316	34,230	28,859
	2,350,393	246,138	574,309	3,170,840	3,368,723

8. DIRECT COSTS

	Total	Total
	2014	2013
	£	£
Pension finance costs	43,000	31,000
Educational supplies	69,687	140,123
Examination fees	48,364	52,004
Staff development	5,736	10,653
Other costs	43,755	9,262
Supply teachers	44,130	16,549
Wages and salaries	1,562,240	1,625,624
National insurance	114,878	122,084
Pension cost	257,826	262,014
Depreciation	141,683	135,910
	2,331,299	2,405,223

**WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. SUPPORT COSTS

	Total 2014 £	Total 2013 £
Recruitment and other staff costs	5,157	8,424
Maintenance of premises and equipment	71,831	120,160
Cleaning	16,604	5,905
Rent and rates	18,974	19,350
Heat and light	61,206	85,615
Insurance	33,707	37,790
Security and transport	30,090	33,282
Catering	62,310	60,276
Technology costs	10,785	18,851
Office overheads	50,626	43,718
Legal and professional	24,810	38,642
Bank interest and charges	1,714	1,429
Wages and salaries	310,409	355,166
National insurance	19,548	20,763
Pension cost	58,237	55,436
Depreciation	29,303	29,834
	805,311	934,641
	805,311	934,641

10. GOVERNANCE COSTS

	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	7,815	7,350
Auditors' non audit costs	4,620	4,400
Legal and professional costs	7,881	3,824
Governance expense	13,914	13,285
	34,230	28,859
	34,230	28,859

11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	170,986	165,744
Auditors' remuneration	7,815	7,350
Auditors' remuneration - non-audit	4,620	4,400
Other item - user input	16,210	11,889
	199,631	189,383
	199,631	189,383

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**NOTES TO THE FINANCIAL STATEMENTS
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12. STAFF

a. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	1,886,563	1,994,075
Social security costs	134,426	142,847
Pension cost note 26	316,063	317,450
	<u>2,337,052</u>	<u>2,454,372</u>
Supply teacher costs	13,341	12,737
	<u>2,350,393</u>	<u>2,467,109</u>

b. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	32	32
Administration and Support	36	35
Management	4	4
	<u>72</u>	<u>71</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014	2013
	No.	No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this employee amounted to £10,356 (2013: £10,010).

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13. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

During the year, no Trustees received any reimbursement of expenses (2013: £NIL).

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration for the 12 month period was as follows G Rennard £80,001 - £85,000 (2013: £80,001 - £85,000), A Gurowich £20,001 - £25,000 (2013: £15,001 - £20,000), M Liardet £45,001 - £50,000 (2013: £40,001 - £45,000).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £121 (2013: £141). The cost of this insurance is included in the total insurance cost.

15. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2013	7,182,361	69,040	103,132	7,354,533
Additions	246,881	3,575	20,664	271,120
At 31 August 2014	<u>7,429,242</u>	<u>72,615</u>	<u>123,796</u>	<u>7,625,653</u>
DEPRECIATION				
At 1 September 2013	233,347	29,404	63,524	326,275
Charge for the year	119,264	14,139	37,583	170,986
At 31 August 2014	<u>352,611</u>	<u>43,543</u>	<u>101,107</u>	<u>497,261</u>
NET BOOK VALUE				
At 31 August 2014	<u><u>7,076,631</u></u>	<u><u>29,072</u></u>	<u><u>22,689</u></u>	<u><u>7,128,392</u></u>
At 31 August 2013	<u><u>6,949,014</u></u>	<u><u>39,636</u></u>	<u><u>39,608</u></u>	<u><u>7,028,258</u></u>

Included in land and buildings is freehold land at valuation of £1,224,840.

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16. DEBTORS

	2014	2013
	£	£
VAT recoverable	69,275	10,427
Other debtors	455,458	18,751
Prepayments and accrued income	42,526	45,847
	567,259	75,025
	567,259	75,025

**17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Other loans	13,750	-
Trade creditors	14,811	24,992
Other taxation and social security	39,298	42,693
Other creditors	45,694	35,521
Accruals and deferred income	110,507	50,428
	224,060	153,634
	224,060	153,634

DEFERRED INCOME

Deferred income at 1 September 2013		2,751
Resources deferred during the year		87,372
Amounts released from previous years		(2,751)
		87,372
Deferred income at 31 August 2014		87,372

At the balance sheet date the Academy was holding funds received in advance for the construction of a new all weather pitch to be commenced in 2014/15.

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18. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Other loans	<u>206,250</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	<u>206,250</u>	<u>-</u>

This amount represents the repayments due, by installments, to the EFA for the loan element of the ACMF funding received for the boiler project. No interest is chargeable on this balance.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	593,167	100,538	(56,388)	-	-	637,317
RESTRICTED FUNDS						
General Annual Grant (GAG)	241,280	2,717,264	(2,667,326)	(29,321)	-	261,897
High Needs	-	25,978	(25,978)	-	-	-
Donations	13,613	12,400	(11,099)	-	-	14,914
Pupil premium	-	100,410	(100,410)	-	-	-
Curriculum Trips	-	37,653	(37,653)	-	-	-
Pension reserve	(1,040,000)	-	(101,000)	-	31,000	(1,110,000)
	(785,107)	2,893,705	(2,943,466)	(29,321)	31,000	(833,189)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	6,410,093	-	(122,462)	-	-	6,287,631
Fixed assets purchased from GAG	132,023	-	(39,166)	29,321	-	122,178
DfE/EFA Capital grants	486,142	415,936	(9,358)	-	-	892,720
	7,028,258	415,936	(170,986)	29,321	-	7,302,529
Total restricted funds	6,243,151	3,309,641	(3,114,452)	-	31,000	6,469,340
Total of funds	6,836,318	3,410,179	(3,170,840)	-	31,000	7,106,657

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

Restricted Funds

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Donations - This represents general donations to be used for the normal running of the Academy, including education and support costs.

Pupil Premium - Pupil premium represents funding received from the EFA for children that qualify for free

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19. STATEMENT OF FUNDS (continued)

school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Pension Reserve – This represents the academy’s share of the assets and liabilities in the Local Government Pension Scheme.

Fixed Asset Funds

Fixed assets transferred on conversion - This represents unspent the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/EFA Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	7,128,392	7,128,392	7,028,258
Current assets	395,664	948,774	174,137	1,518,575	1,001,694
Creditors due within one year	242,153	(452,463)	(13,750)	(224,060)	(153,634)
Creditors due in more than one year	-	-	(206,250)	(206,250)	-
Pension scheme liability	-	(1,110,000)	-	(1,110,000)	(1,040,000)
	<u>637,317</u>	<u>(833,189)</u>	<u>7,302,529</u>	<u>7,106,657</u>	<u>6,836,318</u>

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21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	239,339	425,690
Returns on investments and servicing of finance	(5,375)	(8,286)
Depreciation of tangible fixed assets	170,986	165,744
Capital grants from DfE	(415,936)	(471,210)
Decrease in stocks	-	2,248
Increase in debtors	(491,554)	(14,961)
Increase/(decrease) in creditors	55,996	(73,683)
FRS17 pension finance (income)/cost	43,000	31,000
FRS17 pension costs less contributions paid	58,000	55,000
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	(345,544)	111,542

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	5,375	8,286
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(271,120)	(533,616)
Capital grants from DfE	415,936	471,210
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	144,816	(62,406)
FINANCING		
Other new loans	220,000	-

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23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	926,669	24,647	-	951,316
DEBT:				
Debts due within one year	-	-	(13,750)	(13,750)
Debts falling due after more than one year	-	-	(206,250)	(206,250)
NET FUNDS	926,669	24,647	(220,000)	731,316

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

25. CAPITAL COMMITMENTS

At 31 August 2014 the Academy had capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided in these financial statements	362,578	-

26. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's 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 Somerset County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £26,867 were payable to the scheme at 31 August 2014 (2013: 25,423) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions

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26. PENSION COMMITMENTS (continued)

along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the

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26. PENSION COMMITMENTS (continued)

Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £108,000, of which employer's contributions totalled £79,000 and employees' contributions totalled £29,000. The agreed contribution rates for future years are 15.1% for employers and 5.5 - 7.5% 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.

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities and gilts	6.40	526,000	6.30	410,000
Other bonds	3.60	79,000	2.80	57,000
Property	5.90	67,000	5.50	42,000
Cash	2.90	14,000	0.50	10,000
Total market value of assets		686,000		519,000
Present value of scheme liabilities		(1,796,000)		(1,559,000)
(Deficit)/surplus in the scheme		(1,110,000)		(1,040,000)

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(1,796,000)	(1,559,000)
Fair value of scheme assets	686,000	519,000
Net liability	(1,110,000)	(1,040,000)

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Current service cost	(137,000)	(142,000)
Interest on obligation	(76,000)	(53,000)
Expected return on scheme assets	33,000	22,000
	(180,000)	(173,000)
	(180,000)	(173,000)

Movements in the present value of the defined benefit obligation were as follows:

	2014 £	2013 £
Opening defined benefit obligation	1,559,000	1,290,000
Current service cost	137,000	142,000
Interest cost	76,000	53,000
Contributions by scheme participants	29,000	34,000
Actuarial Losses	21,000	80,000
Benefits paid	(26,000)	(40,000)
Liability transferred on conversion	-	-
	1,796,000	1,559,000
	1,796,000	1,559,000

Movements in the fair value of the Academy's share of scheme assets:

	2014 £	2013 £
Opening fair value of scheme assets	519,000	379,000
Expected return on assets	33,000	22,000
Actuarial gains and (losses)	52,000	37,000
Contributions by employer	79,000	87,000
Contributions by employees	29,000	34,000
Benefits paid	(26,000)	(40,000)
	686,000	519,000
	686,000	519,000

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £159,000 loss (2013: £190,000 loss).

The Academy expects to contribute £88,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities and gilts	76.00 %	79.00 %
Other bonds	12.00 %	11.00 %
Property	10.00 %	8.00 %
Cash	2.00 %	2.00 %

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26. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Expected return on scheme assets at 31 August	5.90 %	5.90 %
Rate of increase in salaries	4.40 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.90 %

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

	2014	2013
Retiring today		
Males	23.6	20.1
Females	26.0	24.1
Retiring in 20 years		
Males	25.8	22.1
Females	28.3	26.0

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2014	2013	2012	2011	2010
	£	£	£	£	£
Defined benefit obligation	(1,796,000)	(1,559,000)	(1,290,000)	-	-
Scheme assets	686,000	519,000	379,000	-	-
Deficit	<u>(1,110,000)</u>	<u>(1,040,000)</u>	<u>(911,000)</u>	<u>-</u>	<u>-</u>
Experience adjustments on scheme liabilities	(21,000)	(80,000)	(152,000)	-	-
Experience adjustments on scheme assets	52,000	37,000	5,000	-	-

27. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	1,588	-
Between 2 and 5 years	-	-	9,902	12,018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and the 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.

With the exception of those stated in note 13, no related party transactions took place in the period of account.