

WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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

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**WHITSTONE SCHOOL ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Nick Brown (resigned 12 July 2016) Philip Eavis Gill Rennard Kate Lovell (appointed 12 July 2016)
Trustees	Philip Eavis, Chairman ¹ Nick Brown (resigned 12 July 2016) ¹ Gill Rennard, Head Teacher ¹ James Millward ¹ Peter Stratford (resigned 1 September 2015) ¹ Anna Gurowich, Staff Governor Miranda Roberts, Staff Governor Betty Birt (resigned 31 August 2016) ¹ Lynne Elstob Kate Lovell, Vice Chairman ¹ Zena Pollard, Responsible Officer Anita Johnson Stuart Byrne (appointed 11 January 2016) Allan Kingshott (appointed 11 January 2016)
	¹ Business and Finance committee
Company registered number	07706741
Company name	Whitstone School Academy Trust
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 (resigned 31 August 2016) Devlina Main, Business Manager
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

**WHITSTONE SCHOOL ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Bankers

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

HSBC
13 High Street
Shepton Mallet
BA4 5AD

LLoyds
64 Fore Street
Trowbridge
BA14 8EU

Solicitors

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

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. 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 455 in the school census on 1 October 2016.

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 ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance from the Risk Protection Arrangement (RPA) 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.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 August 2011 the Trustees appointed all those Trustees that served the predecessor school to be Governors of the newly formed Academy. These Trustees 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 Trustees comprises the Headteacher, a minimum of 2 Parent Governors, up to 3 Staff Governors (providing that the total number of Trustees, 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 Trustees.

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

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

Trustees 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 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 Academy'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 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 Trustee.

Organisational Structure

The Board of Trustees 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 Trustees; 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 Trustees 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 Trustees 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, one Assistant Headteacher, one member of the teaching staff seconded from middle leaders, Business 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 Business Manager are responsible for the authorisation of

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider that the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received 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 in line with the Academy's Pay Policy and Performance Management Appraisal document.

The Trustees benchmark against pay levels in other Academies of a similar size.

Connected Organisations, including Related Party Relationships

Shepton Mallet Leisure Centre forms part of the Academy's facilities and is being run and managed by the school from 22nd April 2016. 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 2016 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 manage and run the Leisure Centre to ensure it provides a first class facility for students, parents, staff and the Shepton Mallet community and to provide a source of income for school.
- 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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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
- 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.

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.

The Academy provides facilities for recreational and other leisure time occupation for the community in the interests of social welfare and with the interest of improving the life of the said community.

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 in 2016 is 65%, significantly above the national average with a below average prior attainment cohort.
- The overall trend in achievement is impressive; 44% in 2010 to 54% in 2015 and 65% in 2016.
- The gap between the achievement and progress of Pupil Premium students and non-Pupil Premium students has closed significantly in both Maths and English.
- The number of fixed term exclusions yet again dropped significantly. Over the past 5 years the total number of days has dropped from 347 to 18.
- The quality of Teaching and Learning continues to improve as evidenced by GCSE results.
- During the year, the Academy started a project to replace the West Wing roof and fire alarm system.
- During the year, the Academy refurbished part of the Leisure Centre.
- The percentage of students involved in extra curricular activities increased. For example, over a third 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, £nil (2015: £nil) was carried forward representing 0% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 were 455, a decrease of 2 from 2015.

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 2015 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 2016 (excluding restricted fixed asset funds and pension reserves), total expenditure of £2,919,546 was covered by recurrent grant funding from the DfE, together with other incoming resources of £2,777,980. The excess of expenditure over income for the year was £141,566 before transfers.

At 31 August 2016 the net book value of fixed assets was £7,635,852 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

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 24 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 Trustees 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 Trustees 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 2016 the Trustees have determined that the appropriate level of free cash reserves is no less than £100,000. 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. At 31 August 2016, the Academy Trust had unrestricted free reserves of £455,274 and £10,000 of restricted reserves that are available for revenue purposes. This represents less than two months of expenditure. The reason for carrying reserves at a level higher than the £100,000 minimum is that the Academy Trust is currently experiencing reduced pupil numbers for demographic reasons. However, the Trustees believe these have reached their lowest point and are likely to increase from this year onwards. Given that EFA funding is on a "lag" basis and with the increasing cost pressures, particularly through increased pension and national insurance contributions, the academy is likely to experience further deficits before it can return to surplus. Furthermore, the Academy Trust is currently repaying a loan that it had from the EFA for fixed asset investment and the repayments have to come from future surpluses or brought forward reserves.

At 31 August, unrestricted funds tied up in fixed assets amount to £95,359 and, together with the restricted fixed asset funds of nearly £7.6m are not available for the Academy Trust's day to day operations.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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, 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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 will continue to run the Leisure Centre and develop the facility to provide good quality sport and leisure provision for all stakeholders.

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.

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 2016 and signed on the board's behalf by:

**Philip Eavis
Chair of Trustees**

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 Statement of Trustees' responsibilities. 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	3	4
Nick Brown	4	4
Stuart Byrne	2	2
Philip Eavis	4	4
Lynne Elstob	4	4
Anna Gurowich	4	4
Allan Kingshott	1	2
Anita Johnson	3	4
Kate Lovell	3	4
James Millward	1	4
Gill Rennard, Head Teacher	4	4
Miranda Roberts	4	4
Zena Pollard	3	4

The Board of Governors have carried out an assessment of the Trust's composition and a skills audit for the Trustees. Currently the Trustees have the necessary range of skills and experience needed to effectively manage the business of the Academy. An action plan is being developed to meet the training requirements of certain Trustees in order to further develop their skills, effectiveness, leadership and impact.

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

- * 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.
- * To consider the recommended acceptance/non-acceptance of the academy's budget, at the start of each financial year.

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GOVERNANCE STATEMENT (continued)

- * 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.
- * 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.
- * 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.
- * 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.
- * 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.
- * 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.
- * To receive auditors' reports and to recommend to the Board of Governors action as appropriate in response to audit findings.
- * To recommend to the Board of Governors the appointment or reappointment of the auditors of the academy.
- * To incorporate the duties of the Audit Committee as detailed below.
- * 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.
- * 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	2	3
Nick Brown	3	3
Stuart Byrne	2	2
Philip Eavis	3	3
Lynne Elstob	3	3
Allan Kingshott	2	2
Kate Lovell	3	3
James Millward	1	3
Zena Pollard	3	3
Gill Rennard	3	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

GOVERNANCE STATEMENT (continued)

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
- ◆ 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.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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 Academy'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 Academy has delivered improved value for money during the year by:

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 2015 to 31 August 2016 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 2015 to 31 August 2016 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

GOVERNANCE STATEMENT (continued)

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 to appoint Educational Financial Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. 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 internal auditor;
- the work of the external auditors;
- 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 2016 and signed on their behalf, by:

Philip Eavis
Chair of Trustees

Gill Rennard
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Whitstone School Academy Trust I have considered my responsibility to notify the academy trust 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 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.

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

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

Gill Rennard
Accounting Officer

Date: 2 December 2016

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

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 Strategic report, the Trustees' 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 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the 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:

Philip Eavis, Chairman
Chair of Trustees

Date: 2 December 2016

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF WHITSTONE SCHOOL ACADEMY TRUST**

We have audited the financial statements of Whitstone School Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 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 Statement of Trustees' responsibilities, 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 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 ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
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: 14 December 2016

**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 17 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Whitstone School Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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 2015 to 31 August 2016 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

14 December 2016

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

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	3	15,678	69,446	491,848	576,972	80,422
Charitable activities	6	81,617	2,496,842	-	2,578,459	2,704,307
Other trading activities	4	111,328	-	-	111,328	40,481
Investments	5	3,069	-	-	3,069	3,389
TOTAL INCOME		211,692	2,566,288	491,848	3,269,828	2,828,599
EXPENDITURE ON:						
Charitable activities		359,199	2,679,957	168,967	3,208,123	3,161,205
TOTAL EXPENDITURE	7	359,199	2,679,957	168,967	3,208,123	3,161,205
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	(147,507)	(113,669)	322,881	61,705	(332,606)
		-	1,979	(1,979)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		(147,507)	(111,690)	320,902	61,705	(332,606)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(746,000)	-	(746,000)	38,000
NET MOVEMENT IN FUNDS		(147,507)	(857,690)	320,902	(684,295)	(294,606)
RECONCILIATION OF FUNDS:						
Total funds brought forward		698,140	(1,149,310)	7,263,221	6,812,051	7,106,657
TOTAL FUNDS CARRIED FORWARD		550,633	(2,007,000)	7,584,123	6,127,756	6,812,051

The notes on pages 23 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		7,633,581		7,499,086
CURRENT ASSETS					
Debtors	15	94,673		49,405	
Cash at bank and in hand		1,036,953		826,833	
			<u>1,131,626</u>	<u>876,238</u>	
CREDITORS: amounts falling due within one year	16	(455,451)		(213,523)	
NET CURRENT ASSETS			<u>676,175</u>		<u>662,715</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,309,756</u>		<u>8,161,801</u>
CREDITORS: amounts falling due after more than one year	17		<u>(165,000)</u>		<u>(178,750)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>8,144,756</u>		<u>7,983,051</u>
Defined benefit pension scheme liability	24		<u>(2,017,000)</u>		<u>(1,171,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,127,756</u></u>		<u><u>6,812,051</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	10,000		21,690	
Fixed asset funds	19	7,584,123		7,263,221	
			<u>7,594,123</u>	<u>7,284,911</u>	
Restricted funds excluding pension liability					
Pension reserve		(2,017,000)		(1,171,000)	
			<u>5,577,123</u>	<u>6,113,911</u>	
Total restricted funds			<u>5,577,123</u>		<u>6,113,911</u>
Unrestricted funds	19		<u>550,633</u>		<u>698,140</u>
TOTAL FUNDS			<u><u>6,127,756</u></u>		<u><u>6,812,051</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2016 and are signed on their behalf, by:

Philip Eavis
Chair of Trustees

The notes on pages 23 to 44 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>105,215</u>	<u>373,157</u>
Cash flows from investing activities:			
Interest received		3,069	3,389
Purchase of tangible fixed assets		(323,072)	(552,873)
Capital grants from DfE/EFA		491,848	12,404
Net cash provided by/(used in) investing activities		<u>171,845</u>	<u>(537,080)</u>
Cash flows from financing activities:			
Repayments of borrowings		(27,500)	-
Net cash used in financing activities		<u>(27,500)</u>	<u>-</u>
Change in cash and cash equivalents in the year		249,560	(163,923)
Cash and cash equivalents brought forward		<u>787,393</u>	<u>951,316</u>
Cash and cash equivalents carried forward	22	<u><u>1,036,953</u></u>	<u><u>787,393</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Whitstone School Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Whitstone School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Whitstone School Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

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 Academy 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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 with restrictions imposed by the funder and include grants from the Department for Education.

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

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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

Charitable Activities are costs incurred on the academy's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

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 2016**

1. ACCOUNTING POLICIES (continued)

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. 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 Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% - 7% 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 incorporating income and expenditure account on a straight line basis over the lease term.

1.8 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.9 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.

1.10 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.

1.11 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.

1. ACCOUNTING POLICIES (continued)

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.13 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.14 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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. ACCOUNTING POLICIES (continued)

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the 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.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 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 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	15,678	69,446	-	85,124	68,018
Capital Grants	-	-	491,848	491,848	12,404
	<u>15,678</u>	<u>69,446</u>	<u>491,848</u>	<u>576,972</u>	<u>80,422</u>
Total donations and capital grants	<u>15,678</u>	<u>69,446</u>	<u>491,848</u>	<u>576,972</u>	<u>80,422</u>

In 2015, of the total income from donations and capital grants, £9,300 was unrestricted and £71,122 was restricted.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	15,060	-	15,060	14,385
Catering	29,643	-	29,643	26,096
Leisure Centre	66,625	-	66,625	-
	<u>111,328</u>	<u>-</u>	<u>111,328</u>	<u>40,481</u>
	<u>111,328</u>	<u>-</u>	<u>111,328</u>	<u>40,481</u>

In 2015, the total income from other trading activities of £40,481 was unrestricted.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	3,069	-	3,069	3,389
	<u>3,069</u>	<u>-</u>	<u>3,069</u>	<u>3,389</u>
	<u>3,069</u>	<u>-</u>	<u>3,069</u>	<u>3,389</u>

In 2015 the total investment income of £3,389 was unrestricted.

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6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	2,378,484	2,378,484	2,437,974
Other DfE/EFA grants	-	95,005	95,005	99,905
	<u>-</u>	<u>2,473,489</u>	<u>2,473,489</u>	<u>2,537,879</u>
Other Government grants				
High Needs	-	16,503	16,503	15,494
	<u>-</u>	<u>16,503</u>	<u>16,503</u>	<u>15,494</u>
Other funding				
Internal catering income	76,007	-	76,007	69,873
Other capital grants	-	-	-	74,848
Other	5,610	6,850	12,460	6,213
	<u>81,617</u>	<u>6,850</u>	<u>88,467</u>	<u>150,934</u>
	<u>81,617</u>	<u>2,496,842</u>	<u>2,578,459</u>	<u>2,704,307</u>

In 2015, of the total income from charitable activities, £76,086 was unrestricted and £2,628,221 was restricted.

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	1,941,708	115,392	222,490	2,279,590	2,371,690
Support costs	452,142	214,975	261,416	928,533	789,515
	<u>2,393,850</u>	<u>330,367</u>	<u>483,906</u>	<u>3,208,123</u>	<u>3,161,205</u>

In 2016, of the total expenditure, £359,199 (2015: £68,433) was to unrestricted funds and £284,8924 (2015: £3,092,772) was to restricted funds.

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8. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	46,000	46,000
Educational supplies	60,666	67,416
Examination fees	34,929	40,801
Staff development	7,613	3,074
Other costs	36,988	42,997
Supply teachers	28,579	35,846
Wages and salaries	1,507,782	1,599,193
National insurance	121,699	114,983
Pension cost	283,648	269,837
Depreciation	151,686	151,543
	<u>2,279,590</u>	<u>2,371,690</u>

9. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Recruitment and other staff costs	5,188	8,058
Maintenance of premises and equipment	72,202	54,709
Cleaning	9,613	14,649
Rent and rates	25,020	23,811
Heat and light	48,838	30,350
Insurance	31,238	32,561
Security and transport	37,625	34,276
Catering	74,888	71,440
Technology costs	17,056	10,900
Office overheads	43,344	30,197
Legal and professional	43,688	27,933
Bank interest and charges	2,090	2,547
Governance	28,710	29,681
Wages and salaries	360,654	302,687
National insurance	24,644	18,120
Pension cost	66,844	66,960
Depreciation	36,891	30,636
	<u>928,533</u>	<u>789,515</u>

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10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	188,577	182,179
Auditors' remuneration - audit	6,650	7,150
Auditors' remuneration - other services	1,840	2,600
Operating lease rentals	21,905	11,209
	=====	=====

**WHITSTONE SCHOOL ACADEMY TRUST
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11. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,847,857	1,901,880
Social security costs	146,343	133,103
Operating costs of defined benefit pension schemes	350,492	336,797
	<u>2,344,692</u>	<u>2,371,780</u>
Staff restructuring costs	20,579	-
Agency supply teacher costs	28,579	35,846
	<u><u>2,393,850</u></u>	<u><u>2,407,626</u></u>

Staff restructuring costs comprise:

Redundancy payments	12,579	-
Severance payments	8,000	-
	<u>20,579</u>	

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

	2016 No.	2015 No.
Teachers	31	32
Administration and Support	41	40
Management	5	6
	<u>77</u>	<u>78</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	29	29
Administration and Support	29	28
Management	5	6
	<u>63</u>	<u>63</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	1

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £8,000 (2015: £nil). Individually, the payments were £8,000.

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Key management personnel

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £335,409 (2015: £313,335).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2016, expenses totalling £130 (2015: £NIL) were reimbursed to 2 Trustees (2015: 0).

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and pension contributions in respect of defined benefit schemes in the year was as follows; G Rennard, remuneration £70,001 - £75,000 (2015: £70,001 - £75,000) and employer's pension contributions £10,001 - £15,000 (2015: £10,001 - £15,000); A Gurowich, remuneration £20,001 - £25,000 (2015: £15,001 - £20,000) and employer's pension contributions £0 - £5,000 (2015: £0 - £5,000) and M Roberts, remuneration £35,001 - £40,000 (2015: £40,001 - £45,000) and employer's pension contributions £5,001 - £10,000 (2015: £5,001 - £10,000).

Other related party transactions involving the trustees are set out in note 26.

13. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for 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.

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14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	7,947,473	90,995	140,058	8,178,526
Additions	245,178	59,551	18,343	323,072
	<u>8,192,651</u>	<u>150,546</u>	<u>158,401</u>	<u>8,501,598</u>
DEPRECIATION				
At 1 September 2015	496,028	61,086	122,326	679,440
Charge for the year	143,456	26,697	18,424	188,577
	<u>639,484</u>	<u>87,783</u>	<u>140,750</u>	<u>868,017</u>
NET BOOK VALUE				
At 31 August 2016	<u>7,553,167</u>	<u>62,763</u>	<u>17,651</u>	<u>7,633,581</u>
At 31 August 2015	<u>7,451,445</u>	<u>29,909</u>	<u>17,732</u>	<u>7,499,086</u>

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

15. DEBTORS

	2016 £	2015 £
VAT recoverable	50,244	14,862
Other debtors	-	1,500
Prepayments and accrued income	44,429	33,043
	<u>94,673</u>	<u>49,405</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans and overdrafts	-	39,440
EFA Loans	27,500	41,250
Trade creditors	265,286	10,935
Other taxation and social security	48,044	41,380
Other creditors	42,359	47,253
Accruals and deferred income	72,262	33,265
	<u>455,451</u>	<u>213,523</u>

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	7,822	87,372
Resources deferred during the year	11,024	7,822
Amounts released from previous years	(7,822)	(87,372)
	<u>11,024</u>	<u>7,822</u>
Deferred income at 31 August 2016	<u>11,024</u>	<u>7,822</u>

At the balance sheet date the Academy was holding funds received in advance relating to rates.

The EFA loan balance included in creditors amounts falling due within one year represents the balance due, by instalments, to the EFA for the loan element of the ACMF funding received for the boiler project. No interest is chargeable on this balance.

**17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
EFA Loans	<u>165,000</u>	<u>178,750</u>

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

	2016 £	2015 £
Repayable by instalments	<u>165,000</u>	<u>178,750</u>

The EFA loan balance included in creditors amounts falling due after more than one year represents the balance due, by instalments, to the EFA for the loan element of the ACMF funding received for the boiler project. No interest is chargeable on this balance.

**WHITSTONE SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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18. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Financial assets that are debt instruments measured at cost		
Bank and cash balances	1,036,953	826,833
	<u><u>1,036,953</u></u>	<u><u>826,833</u></u>
	2016	2015
	£	£
Financial liabilities measured at amortised cost		
Trade creditors	(265,286)	(10,935)
Other creditors	(42,359)	(47,253)
Accruals	(61,238)	(25,443)
EFA loans	(192,500)	(220,000)
	<u><u>(561,383)</u></u>	<u><u>(303,631)</u></u>

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

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	652,796	211,692	(339,589)	(69,625)	-	455,274
Unrestricted fixed assets	45,344	-	(19,610)	69,625	-	95,359
	<u>698,140</u>	<u>211,692</u>	<u>(359,199)</u>	<u>-</u>	<u>-</u>	<u>550,633</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	6,335	2,378,485	(2,386,799)	1,979	-	-
High Needs	-	16,503	(16,503)	-	-	-
Donations	15,355	21,467	(26,822)	-	-	10,000
Pupil premium	-	95,005	(95,005)	-	-	-
Curriculum Trips	-	23,162	(23,162)	-	-	-
Leisure Centre Donation	-	25,000	(25,000)	-	-	-
School Co-Ordinators	-	5,166	(5,166)	-	-	-
Reimbursed staff costs	-	1,500	(1,500)	-	-	-
Pension reserve	(1,171,000)	-	(100,000)	-	(746,000)	(2,017,000)
	<u>(1,149,310)</u>	<u>2,566,288</u>	<u>(2,679,957)</u>	<u>1,979</u>	<u>(746,000)</u>	<u>(2,007,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	6,176,140	-	(109,294)	-	-	6,066,846
Fixed assets purchased from GAG	136,944	-	(30,578)	27,500	-	133,866
DfE/EFA Capital grants	880,279	491,848	(24,105)	(29,479)	-	1,318,543
Other capital grants	69,858	-	(4,990)	-	-	64,868
	<u>7,263,221</u>	<u>491,848</u>	<u>(168,967)</u>	<u>(1,979)</u>	<u>-</u>	<u>7,584,123</u>
Total restricted funds	<u>6,113,911</u>	<u>3,058,136</u>	<u>(2,848,924)</u>	<u>-</u>	<u>(746,000)</u>	<u>5,577,123</u>
Total of funds	<u><u>6,812,051</u></u>	<u><u>3,269,828</u></u>	<u><u>(3,208,123)</u></u>	<u><u>-</u></u>	<u><u>(746,000)</u></u>	<u><u>6,127,756</u></u>

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

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

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

Leisure Centre donation - Donation received towards refurbishment of the Leisure Centre.

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 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 less associated finance

Other capital grants - These funds were received from third parties for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Transfers

There has been a transfer of £27,500 from GAG to the restricted fixed asset fund relating to the repayment of the loan element of the ACMF funding received for the boiler project. Furthermore grant funding of £29,479 received previously for the boiler project has been spent during the year on non-capital items relating to the boiler project and therefore there has been a transfer of £29,479 from the restricted fixed asset fund to the restricted fund.

Within unrestricted funds there has been a transfer of £69,625 represent fixed assets purchased using unrestricted funds.

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 2016. Note 2 discloses whether the limit was exceeded.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	95,358	-	7,538,223	7,633,581	7,499,086
Current assets	455,275	437,951	238,400	1,131,626	876,238
Creditors due within one year	-	(427,951)	(27,500)	(455,451)	(213,523)
Creditors due in more than one year	-	-	(165,000)	(165,000)	(178,750)
Pension scheme liability	-	(2,017,000)	-	(2,017,000)	(1,171,000)
	<u>550,633</u>	<u>(2,007,000)</u>	<u>7,584,123</u>	<u>6,127,756</u>	<u>6,812,051</u>

**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income/(expenditure) for the year (as per Statement of financial activities)	61,705	(332,606)
Adjustment for:		
Depreciation charges	188,577	182,179
Interest received	(3,069)	(3,389)
(Increase)/decrease in debtors	(45,268)	517,854
Increase/(decrease) in creditors	295,118	(77,477)
Capital grants from DfE and other capital income	(491,848)	(12,404)
Defined benefit pension scheme cost less contributions payable	54,000	53,000
Defined benefit pension scheme finance cost	46,000	46,000
Net cash provided by operating activities	<u>105,215</u>	<u>373,157</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,036,953	826,833
Overdraft facility repayable on demand	-	(39,440)
Total	<u>1,036,953</u>	<u>787,393</u>

23. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>238,400</u>	<u>-</u>

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24. 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 Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £37,938 were payable to the schemes at 31 August 2016 (2015: 35,798) 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 along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £226,000 (2015: £212,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

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24. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £121,000 (2015: £123,000), of which employer's contributions totalled £91,000 (2015: £93,000) and employees' contributions totalled £30,000 (2015: £30,000). 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.40 %
Rate of increase for pensions in payment / inflation	2.30 %	2.60 %
Inflation assumption (CPI)	2.30 %	2.60 %

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

	2016	2015
Retiring today		
Males	23.8	23.7
Females	26.2	26.1
Retiring in 20 years		
Males	26.1	26.0
Females	28.5	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities and gilts	824,000	654,000
Other bonds	123,000	88,000
Property	111,000	85,000
Cash	31,000	15,000
	<hr/>	<hr/>
Total market value of assets	1,089,000	842,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £148,000 (2015: £23,000).

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24. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016	2015
	£	£
Current service cost (net of employee contributions)	(145,000)	(146,000)
Net interest cost	(46,000)	(46,000)
	<hr/>	<hr/>
Total	(191,000)	(192,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2016	2015
	£	£
Opening defined benefit obligation	2,013,000	1,796,000
Current service cost	145,000	146,000
Interest cost	81,000	74,000
Contributions by employees	30,000	30,000
Actuarial losses/(gains)	858,000	(43,000)
Benefits paid	(21,000)	10,000
	<hr/>	<hr/>
Closing defined benefit obligation	3,106,000	2,013,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2016	2015
	£	£
Opening fair value of scheme assets	842,000	686,000
Return on plan assets (excluding net interest on the net defined pension liability)	35,000	28,000
Actuarial gains and (losses)	112,000	(5,000)
Contributions by employer	91,000	93,000
Contributions by employees	30,000	30,000
Benefits paid	(21,000)	10,000
	<hr/>	<hr/>
Closing fair value of scheme assets	1,089,000	842,000
	<hr/> <hr/>	<hr/> <hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

25. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£	£
AMOUNTS PAYABLE:		
Within 1 year	40,931	7,695
Between 1 and 5 years	58,615	6,169
Total	99,546	13,864

26. 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.

Mrs Millward, a close family member of Trustee Mr J Millward, is employed as a Learning Support Assistant. Mrs Millward's appointment was made in open competition and Mr J Millward was not involved in the decision making process. Mrs Millward is paid within normal pay scales for her role and receives no special treatment as a result of her relationship with a Trustee.

Mrs Brown, a close family member of Trustee Mr N Brown, was employed by the Academy. Mrs Brown's appointment was made in open competition and Mr N Brown was not involved in the decision making process. Mrs Brown was paid within normal pay scales for her role and received no special treatment as a result of her relationship with a Trustee. Mrs Brown received statutory redundancy pay during the period

The Academy received a donation in the year from a Trustee of £10,000. There were no conditions attached to this donation.

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. GENERAL INFORMATION

Whitstone School Academy is a company limited by guarantee, incorporated in England and Wales. The registered office is Charlton Road, Shepton Mallet, Somerset, BA4 5PF.

**WHITSTONE SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		7,106,657	6,812,051
Total funds reported under FRS 102		<u>7,106,657</u>	<u>6,812,051</u>
Reconciliation of net income/(expenditure)	Notes		31 August 2015 £
Net (expenditure) previously reported under UK GAAP			(316,606)
Transition adjustment			(16,000)
Net movement in funds reported under FRS 102			<u>(332,606)</u>

Explanation of changes to previously reported funds and net income/expenditure:

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenses. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expenses by £16,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.