

WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members	Nick Brown Philip Eavis Gill Rennard
Trustees	Philip Eavis ¹ Nick Brown, Chairman ¹ Gill Rennard, Head Teacher ¹ James Millward ¹ Peter Stratford ¹ Anna Gurowich, Staff Governor Miranda Roberts, Staff Governor Betty Birt ¹ Lynne Elstob Kate Lovell, Vice Chairman ¹ Zena Pollard, Responsible Officer Anita Johnson

¹ Business and Finance committee

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (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 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2015. 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 457 in the school census on 14 October 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

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

Members' liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

TRUSTEES

Method of recruitment and appointment or election of Trustees

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

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

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

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

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

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

development.

Policies and Procedures adopted for the Induction and Training of Trustees

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

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

Organisational Structure

The Board of Governors normally meets twice in the autumn term and once in the spring and summer terms. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports from its Committees and, through the Terms of Reference of that committee, delegates policies for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 committees as follows;

- Business and Finance Committee - this meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Teaching and Learning Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to Teaching & Learning, raising achievement, curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Appraisal and Pay Committee – this meets twice a year. It is responsible for reviewing staff salaries in line with the Pay Policy and to carry out the Headteacher's performance management.

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

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

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

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

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

**WHITSTONE SCHOOL ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

The Headteacher is the Accounting Officer.

Connected Organisations, including Related Party Relationships

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

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The aims of the Academy during the year/period ended 31 August 2015 are summarised below:

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

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

Objectives, Strategies and Activities

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

- Raising achievement
- 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.

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 2015 is 54% in line with national average with a below average prior attainment cohort.
- The overall trend in achievement is impressive; 44% in 2010 to 54% in 2015.
- The gap between the progress of Pupil Premium students and non-Pupil Premium students has closed significantly in both Maths and English to 5 and 9 percentage points respectively.
- 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 75.
- The percentage of lessons judged at least 'Good' increased
- During the year, the Academy completed a project to replace the boilers.
- During the year, the Academy replaced the Astroturf pitch.
- The percentage of students involved in extra-curricular activities increased. For example, almost half of Year 10 students successfully completed the Bronze DofE award and late busses are provided free of charge on 3 afternoons a week.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period under review, £nil (2014:261,897) was carried forward representing 0% (2014: 9%) of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2015 were 457, a decrease of 29 over 2014.

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 2015 (excluding restricted fixed asset funds and pension reserves), total expenditure of £2,884,373 was covered by recurrent grant funding from the DfE, together with other incoming resources of £2,741,347. The excess of expenditure over income for the year was £143,026 before transfers.

At 31 August 2015 the net book value of fixed assets was £7,499,086 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 25 to the financial statements.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

Reserves Policy

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

Following the finalisation of the annual accounts for 2015 the Governors have determined that the appropriate level of free cash reserves is no less than £150,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

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

Investment Policy

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 95% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, 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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

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

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

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

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

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

PLANS FOR FUTURE PERIODS

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

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

The Academy is presently negotiating the operation of our Leisure Centre with 1610.

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:

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

- 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 1 December 2015 and signed on the board's behalf by:

Nick Brown
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 Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

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

Governance reviews:

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

1. To consider the academy's indicative funding, notified annually by the EFA, and to assess its implications for the academy, in consultation with the headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the Board of Governors.
2. To consider the recommended acceptance/non-acceptance of the academy's budget, at the start of each financial year.

**WHITSTONE SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

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

Attendance at meetings in the year was as follows:

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

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

Audit Committee Duties

- review the body's internal and external financial statements and reports to ensure that they reflect best practice
- discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that the external auditor has the fullest co-operation of staff
- consider all relevant reports by the Comptroller and Auditor General or the appointed external auditor, including reports on the body's accounts, achievement of value for money and the response to any

GOVERNANCE STATEMENT (continued)

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 trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Sustained improvements in the quality of teaching and learning leading to improved outcomes for students, particularly those from disadvantaged backgrounds.
- Effective deployment and re-deployment of teaching and non-teaching staff to ensure greater efficiency.
- Capital investment through an ACMF grant and SALIX loan for new boilers and heating system.
- Targeted support for identified students.
- Engagement with other Somerset schools to facilitate school-to-school support and development.

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 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided 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. In particular the checks carried out in the current period included:

- Payroll
- Income
- Purchasing
- General financial operations

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 1 December 2015 and signed on its behalf, by:

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

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

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

Gill Rennard, Head Teacher
Accounting Officer

Date: 1 December 2015

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

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

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

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

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

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

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

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

Nick Brown
Chair of Trustees

Date: 1 December 2015

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

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

We have audited the financial statements of Whitstone School Academy Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 16 December 2015

**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 2014 to 2015, 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 2014 to 31 August 2015 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 2014 to 31 August 2015 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

16 December 2015

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

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	9,300	58,718	-	68,018	63,504
Activities for generating funds	4	40,481	-	-	40,481	15,113
Investment income	5	3,389	-	-	3,389	5,375
Incoming resources from charitable activities		76,086	2,553,373	87,252	2,716,711	3,326,187
TOTAL INCOMING RESOURCES		129,256	2,612,091	87,252	2,828,599	3,410,179
RESOURCES EXPENDED						
Charitable activities	8,9	68,433	2,868,150	178,941	3,115,524	3,136,610
Governance costs	10	-	29,681	-	29,681	34,230
TOTAL RESOURCES EXPENDED	7	68,433	2,897,831	178,941	3,145,205	3,170,840
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		60,823	(285,740)	(91,689)	(316,606)	239,339
Transfers between Funds	19	-	(52,381)	52,381	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR						
		60,823	(338,121)	(39,308)	(316,606)	239,339
Actuarial gains and losses on defined benefit pension schemes		-	22,000	-	22,000	31,000
NET MOVEMENT IN FUNDS FOR THE YEAR						
		60,823	(316,121)	(39,308)	(294,606)	270,339
Total funds at 1 September		637,317	(833,189)	7,302,529	7,106,657	6,836,318
TOTAL FUNDS AT 31 AUGUST		698,140	(1,149,310)	7,263,221	6,812,051	7,106,657

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

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

The notes on pages 23 to 41 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	15		7,499,086		7,128,392
CURRENT ASSETS					
Debtors	16	49,405		567,259	
Cash at bank and in hand		826,833		1,176,293	
			876,238	1,743,552	
CREDITORS: amounts falling due within one year	17	(213,523)		(449,037)	
NET CURRENT ASSETS			662,715		1,294,515
TOTAL ASSETS LESS CURRENT LIABILITIES			8,161,801		8,422,907
CREDITORS: amounts falling due after more than one year	18		(178,750)		(206,250)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			7,983,051		8,216,657
Defined benefit pension scheme liability	26		(1,171,000)		(1,110,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			6,812,051		7,106,657
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	19	21,690		276,811	
Fixed asset funds	19	7,263,221		7,302,529	
			7,284,911	7,579,340	
Restricted funds excluding pension liability					
Pension reserve		(1,171,000)		(1,110,000)	
			6,113,911	6,469,340	
Total restricted funds					
Unrestricted funds	19		698,140		637,317
TOTAL FUNDS			6,812,051		7,106,657

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2015 and are signed on their behalf, by:

Chair of Trustees

The notes on pages 23 to 41 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	21	373,157	(516,530)
Returns on investments and servicing of finance	22	3,389	5,375
Capital expenditure and financial investment	22	(540,469)	144,816
DECREASE IN CASH IN THE YEAR		(163,923)	(366,339)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Decrease in cash in the year	(163,923)	(366,339)
MOVEMENT IN NET FUNDS IN THE YEAR	(163,923)	(366,339)
Net funds at 1 September 2014	731,316	1,097,655
NET FUNDS AT 31 AUGUST 2015	567,393	731,316

The notes on pages 23 to 41 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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

1.2 FUND ACCOUNTING

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

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

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

1.3 INCOMING RESOURCES

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

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

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

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.

1.4 RESOURCES EXPENDED

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

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

Freehold property	- 2% - 7% Straight line
Fixtures and fittings	- 20% Straight line
Computer equipment	- 33.33% Straight line

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

1.8 TAXATION

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

1.9 PENSIONS

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2015 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 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

3. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	9,300	58,718	68,018	63,504

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	14,385	-	14,385	15,113
Catering	26,096	-	26,096	-
	<u>40,481</u>	<u>-</u>	<u>40,481</u>	<u>15,113</u>

5. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	3,389	-	3,389	5,375

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	12,404	12,404	415,936
General Annual Grant	-	2,437,974	2,437,974	2,717,264
Other DfE/EFA grants	-	99,905	99,905	100,410
	<u>-</u>	<u>2,550,283</u>	<u>2,550,283</u>	<u>3,233,610</u>
Other Government grants				
High Needs	-	15,494	15,494	25,978
	<u>-</u>	<u>15,494</u>	<u>15,494</u>	<u>25,978</u>
Other funding				
Internal catering income	69,873	-	69,873	63,243
Other capital grants	-	74,848	74,848	-
Other	6,213	-	6,213	3,356
	<u>76,086</u>	<u>74,848</u>	<u>150,934</u>	<u>66,599</u>
	<u>76,086</u>	<u>2,640,625</u>	<u>2,716,711</u>	<u>3,326,187</u>

7. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other 2015 £	Total 2015 £	Total 2014 £
Direct costs	2,019,859	151,543	184,288	2,355,690	2,331,299
Support costs	387,767	186,716	185,351	759,834	805,311
CHARITABLE ACTIVITIES	<u>2,407,626</u>	<u>338,259</u>	<u>369,639</u>	<u>3,115,524</u>	<u>3,136,610</u>
GOVERNANCE	<u>14,015</u>	<u>-</u>	<u>15,666</u>	<u>29,681</u>	<u>34,230</u>
	<u>2,421,641</u>	<u>338,259</u>	<u>385,305</u>	<u>3,145,205</u>	<u>3,170,840</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. DIRECT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	30,000	43,000
Educational supplies	67,416	69,687
Examination fees	40,801	48,364
Staff development	3,074	5,736
Other costs	42,997	43,755
Supply teachers	35,846	30,789
Wages and salaries	1,599,193	1,574,221
National insurance	114,983	115,089
Pension cost	269,837	258,975
Depreciation	151,543	141,683
	2,355,690	2,331,299

9. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Recruitment and other staff costs	8,058	5,157
Maintenance of premises and equipment	54,709	71,831
Cleaning	14,649	16,604
Rent and rates	23,811	18,974
Heat and light	30,350	61,206
Insurance	32,561	33,707
Security and transport	34,276	30,090
Catering	71,440	62,310
Technology costs	10,900	10,785
Office overheads	30,197	50,626
Legal and professional	27,933	24,810
Bank interest and charges	2,547	1,714
Wages and salaries	302,687	310,409
National insurance	18,120	19,548
Pension cost	66,960	58,237
Depreciation	30,636	29,303
	759,834	805,311

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

10. GOVERNANCE COSTS

	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	7,150	7,815
Auditors' non audit costs	2,600	4,620
Legal and professional costs	5,916	7,881
Wages and salaries	14,015	13,914
	<u>29,681</u>	<u>34,230</u>

11. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	182,179	170,986
Auditors' remuneration	7,150	7,815
Auditors' remuneration - non-audit	2,600	4,620
Operating lease rentals:		
- other operating leases	11,209	16,210
	<u>11,209</u>	<u>16,210</u>

12. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	1,902,495	1,898,544
Social security costs	133,103	134,637
Pension costs	336,797	317,212
	<u>2,372,395</u>	<u>2,350,393</u>
Agency supply teacher costs	35,846	30,789
Staff restructuring costs	13,400	-
	<u>2,421,641</u>	<u>2,381,182</u>

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £13,400 (2014: £nil). Individually, the payments were: £5,900 and £7,500.

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12. STAFF (continued)

c. Staff numbers

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

	2015 No.	2014 No.
Teachers	32	32
Administration and Support	40	36
Management	6	4
	<hr/> 78 <hr/>	<hr/> 72 <hr/>

d. Higher paid staff

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

	2015 No.	2014 No.
In the band £70,001 - £80,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 pension contributions for this employee amounted to £10,464 (2014 £10,356).

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any reimbursement of expenses (2014: £NIL).

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 (2014: £70,001 - £75,000) and employer's pension contributions £10,001 - £15,000 (2014: £10,001 - £15,000); A Gurowich, remuneration £15,001 - £20,000 (2014: £15,001 - £20,000) and employer's pension contributions £0 - £5,000 (2014: £0 - £5,000) and M Roberts, remuneration £40,001 - £45,000 (2014: £40,001 - £45,000) and employer's pension contributions £5,001 - £10,000 (2014: £5,001 - £10,000).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £119 (2014: £121). The cost of this insurance is included in the total insurance cost.

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15. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2014	7,429,242	72,615	123,796	7,625,653
Additions	518,231	18,380	16,262	552,873
	<u>7,947,473</u>	<u>90,995</u>	<u>140,058</u>	<u>8,178,526</u>
DEPRECIATION				
At 1 September 2014	352,611	43,543	101,107	497,261
Charge for the year	143,417	17,543	21,219	182,179
	<u>496,028</u>	<u>61,086</u>	<u>122,326</u>	<u>679,440</u>
NET BOOK VALUE				
At 31 August 2015	<u>7,451,445</u>	<u>29,909</u>	<u>17,732</u>	<u>7,499,086</u>
At 31 August 2014	<u>7,076,631</u>	<u>29,072</u>	<u>22,689</u>	<u>7,128,392</u>

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

16. DEBTORS

	2015 £	2014 £
VAT recoverable	14,862	69,275
Other debtors	18,118	455,458
Prepayments and accrued income	16,425	42,526
	<u>49,405</u>	<u>567,259</u>

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

	2015 £	2014 £
Bank loans and overdrafts	39,440	224,977
Other loans	41,250	13,750
Trade creditors	10,935	14,811
Other taxation and social security	41,380	39,298
Other creditors	47,253	45,694
Accruals and deferred income	33,265	110,507
	<u>213,523</u>	<u>449,037</u>

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

	£
DEFERRED INCOME	
Deferred income at 1 September 2014	87,372
Resources deferred during the year	7,822
Amounts released from previous years	(87,372)
	7,822
Deferred income at 31 August 2015	7,822

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

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

	2015	2014
	£	£
Other loans	178,750	206,250
	178,750	206,250

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

	2015	2014
	£	£
Repayable by instalments	178,750	206,250
	178,750	206,250

Other loans included in creditors falling due within one year and this amount due after more than one year represent the repayments due, by installments, to the EFA for the loan element of the ACMF funding received for the boiler project. No interest is chargeable on this balance.

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19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	637,317	129,256	(65,195)	(48,582)	-	652,796
Unrestricted fixed assets	-	-	(3,238)	48,582	-	45,344
	<u>637,317</u>	<u>129,256</u>	<u>(68,433)</u>	<u>-</u>	<u>-</u>	<u>698,140</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	261,897	2,432,764	(2,635,945)	(52,381)	-	6,335
High Needs	-	20,704	(20,704)	-	-	-
Donations	14,914	21,400	(20,959)	-	-	15,355
Pupil premium	-	99,905	(99,905)	-	-	-
Curriculum Trips	-	37,318	(37,318)	-	-	-
Pension reserve	(1,110,000)	-	(83,000)	-	22,000	(1,171,000)
	<u>(833,189)</u>	<u>2,612,091</u>	<u>(2,897,831)</u>	<u>(52,381)</u>	<u>22,000</u>	<u>(1,149,310)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	6,287,631	-	(111,491)	-	-	6,176,140
Fixed assets purchased from GAG	122,178	-	(37,615)	52,381	-	136,944
DfE/EFA Capital grants	892,720	12,404	(24,845)	-	-	880,279
Other capital grants	-	74,848	(4,990)	-	-	69,858
	<u>7,302,529</u>	<u>87,252</u>	<u>(178,941)</u>	<u>52,381</u>	<u>-</u>	<u>7,263,221</u>
Total restricted funds	<u>6,469,340</u>	<u>2,699,343</u>	<u>(3,076,772)</u>	<u>-</u>	<u>22,000</u>	<u>6,113,911</u>
Total of funds	<u><u>7,106,657</u></u>	<u><u>2,828,599</u></u>	<u><u>(3,145,205)</u></u>	<u><u>-</u></u>	<u><u>22,000</u></u>	<u><u>6,812,051</u></u>

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

Restricted Funds

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

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

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19. STATEMENT OF FUNDS (continued)

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.

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

Fixed Asset Funds

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

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

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

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 2015. Note 2 discloses whether the limit was exceeded.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	45,344	-	7,453,742	7,499,086	7,128,392
Current assets	652,796	193,963	29,479	876,238	1,518,575
Creditors due within one year	-	(172,273)	(41,250)	(213,523)	(224,060)
Creditors due in more than one year	-	-	(178,750)	(178,750)	(206,250)
Pension scheme liability	-	(1,171,000)	-	(1,171,000)	(1,110,000)
	<u>698,140</u>	<u>(1,149,310)</u>	<u>7,263,221</u>	<u>6,812,051</u>	<u>7,106,657</u>

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21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	(316,606)	239,339
Returns on investments and servicing of finance	(3,389)	(5,375)
Depreciation of tangible fixed assets	182,179	-
Capital grants from DfE	(12,404)	(415,936)
Decrease/(increase) in debtors	517,854	(491,554)
(Decrease)/increase in creditors	(77,477)	55,996
FRS17 pension finance (income)/cost	30,000	43,000
FRS17 pension costs less contributions paid	53,000	58,000
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	373,157	(516,530)

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

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,389	5,375
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(552,873)	(271,120)
Capital grants from DfE	12,404	415,936
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(540,469)	144,816

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,176,293	(349,460)	-	826,833
Bank overdraft	(224,977)	185,537	-	(39,440)
	951,316	(163,923)	-	787,393
DEBT:				
Debts due within one year	(13,750)	-	(27,500)	(41,250)
Debts falling due after more than one year	(206,250)	-	27,500	(178,750)
NET FUNDS	731,316	(163,923)	-	567,393

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24. MEMBERS' LIABILITY

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

25. CAPITAL COMMITMENTS

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	362,578

26. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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.

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

Valuation of the Teachers' Pension Scheme

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%);

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

- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

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

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

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

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

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

Local Government Pension Scheme

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

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26. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities and gilts	5.90	654,000	6.40	526,000
Other bonds	5.90	88,000	3.60	79,000
Property	5.90	85,000	5.90	67,000
Cash	5.90	15,000	2.90	14,000
Total market value of assets		<u>842,000</u>		<u>686,000</u>
Present value of scheme liabilities		<u>(2,013,000)</u>		<u>(1,796,000)</u>
Deficit in the scheme		<u><u>(1,171,000)</u></u>		<u><u>(1,110,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,013,000)	(1,796,000)
Fair value of scheme assets	842,000	686,000
Net liability	<u><u>(1,171,000)</u></u>	<u><u>(1,110,000)</u></u>

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

	2015 £	2014 £
Current service cost	(146,000)	(137,000)
Interest on obligation	(74,000)	(76,000)
Expected return on scheme assets	44,000	33,000
Total	<u><u>(176,000)</u></u>	<u><u>(180,000)</u></u>

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26. PENSION COMMITMENTS (continued)

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

	2015	2014
	£	£
Opening defined benefit obligation	1,796,000	1,559,000
Current service cost	146,000	137,000
Interest cost	74,000	76,000
Contributions by scheme participants	30,000	29,000
Actuarial (Gains)/losses	(43,000)	21,000
Benefits paid	10,000	(26,000)
Liability transferred on conversion	-	-
	<u>2,013,000</u>	<u>1,796,000</u>
Closing defined benefit obligation	2,013,000	1,796,000

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

	2015	2014
	£	£
Opening fair value of scheme assets	686,000	519,000
Expected return on assets	44,000	33,000
Actuarial gains and (losses)	(21,000)	52,000
Contributions by employer	93,000	79,000
Contributions by employees	30,000	29,000
Benefits paid	10,000	(26,000)
	<u>842,000</u>	<u>686,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of financial activities was £137,000 (2014: £159,000).

The Academy expects to contribute £92,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Equities and gilts	78.00 %	76.00 %
Other bonds	10.00 %	12.00 %
Property	10.00 %	10.00 %
Cash	2.00 %	2.00 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Expected return on scheme assets at 31 August	5.90 %	5.90 %
Rate of increase in salaries	4.40 %	4.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %

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26. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	23.7	23.6
Females	26.1	26.0
Retiring in 20 years		
Males	26.0	25.8
Females	28.4	28.3

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

Defined benefit pension schemes

	2015	2014	2013	2012	2011
	£	£	£	£	£
Defined benefit obligation	(2,013,000)	(1,796,000)	(1,559,000)	(1,290,000)	-
Scheme assets	842,000	686,000	519,000	379,000	-
Deficit	(1,171,000)	(1,110,000)	(1,040,000)	(911,000)	-
Experience adjustments on scheme liabilities	43,000	(21,000)	(80,000)	(152,000)	-
Experience adjustments on scheme assets	(21,000)	52,000	37,000	5,000	-

27. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2015	2014	2015	2014
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	1,526	1,588
Between 2 and 5 years	-	-	6,169	9,902

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28. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account.