

WHITSTONE SCHOOL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

**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 2017**

Members	Kate Lovell James Millward Gill Rennard Philip Eavis
Trustees	Philip Eavis, Chairman (retired as Chairman 19 September 2017) ^{1,2,3} Gill Rennard, Head Teacher ^{1,2} James Millward, Chairman (appointed Chairman 19 September 2017) ^{1,2,3} Anna Gurowich, Staff Governor ² Miranda Roberts, Staff Governor ² Lynne Elstob ^{1,3} Kate Lovell, Vice Chairman ^{1,2,3} Zena Pollard, Responsible Officer ^{1,3} Anita Johnson ² Stuart Byrne ¹ Allan Kingshott (resigned 14 November 2016) ^{1,2} John Parham (appointed 29 November 2016) ¹ 1 Business and Finance committee 2 Teaching and Learning committee 3 Appraisal and Pay 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 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

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Advisers (continued)

Bankers

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
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2017. 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 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Whitstone School Academy Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Whitstone Academy Trust.

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

b. MEMBERS' LIABILITY

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

c. 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 £5,000,000 on any one claim.

d. 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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

- 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.

e. 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.

f. 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, valuating 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 and the Business Manager. The SLT implement the policies agreed by the Governors and report

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 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.

g. PAY POLICY FOR 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 and normally increased in accordance with average earnings.

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

h. 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

a. 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 2017 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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

- 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 and probity

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.

b. 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:

- Continuing to improve the quality of Teaching & Learning;
- Raising achievement;
- Continuing to ensure our students are safe and continue to demonstrate high expectations, manners and pride;
- Further improving the quality of leadership at all levels.

c. 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

a. ACHIEVEMENTS AND PERFORMANCE

In March 2017 the school had a Section 5 monitoring visit from Ofsted, which confirmed our 'Good' rating and resulted in a very positive report.

The percentage of students achieving 5+ A* C including English & Maths in 2016 was 65%, significantly above the national average with a below average prior attainment cohort. In 2017 55% of students achieved Grade 4+ in English and Maths. This was slightly disappointing, but it is worth noting that:

- It is not possible to compare 2017 results with previous years due to the wide-sweeping changes to the examination system and accountability measures;
- The 2017 cohort was significantly below average on entry,
- The overall trend continues to be upward.
- The gap between the progress of Pupil Premium students and non-Pupil Premium students has

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

closed significantly.

The number of fixed term exclusions over the past two years has dropped significantly and once again, there were no permanent exclusions.

The quality of Teaching and Learning continues to improve. A 'Brilliant Minds' initiative drives all aspects of Teaching and Learning and combines a 'Growth Mindset' approach with a focus on ensuring students are prepared for the increased rigour of the new spec GCSEs and BTecs. Planning, delivery and verbal and written feedback are characterised by praising effort, rather than ability, a higher level of challenge and encouraging more independence.

The Academy secured funding to refurbish two of our four Science Laboratories and extensive work has been carried out to make the school more accessible for wheelchair users. Funding was also secured to refurbish the Conference Room in the Leisure Centre, as part of an on-going programme to improve this facility and ensure it is a sound and profitable business venture. Membership continues to grow and initiatives like offering children's parties support its future financial viability.

The percentage of students involved in extra curricular activities continues to increase. Students are offered Leisure Centre membership at a reduced rate and uptake is increasing. There are many other sporting activities on offer, as well as a range of other clubs and activities, ranging from Craft club to Chess club to Science club. There was again a very good take-up for the Bronze Duke of Edinburgh Award from Year 10 students. Late buses 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 (2016: £nil) was carried forward representing 0% (2016: 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 31 over 2014. However, 2017 numbers are significantly increased to 504.

b. GOING CONCERN

The Academy is budgeting to have a cash deficit in August 2018 which is a lagged funding issue. The Academy is working hard on efficiencies and cost savings and is working closely with the ESFA who will provide support if needed. After making appropriate enquiries with the ESFA, 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.

FINANCIAL REVIEW

a. 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 2017 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 2017 (excluding restricted fixed asset funds and pension reserves), total expenditure of £2,808,298 was covered by recurrent grant funding from the DfE, together with other incoming resources of £2,797,074. The excess of expenditure over income for the year was £11,224 before transfers.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

At 31 August 2017 the net book value of fixed assets was £7,805,994 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.

b. 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 2017 the Governors have determined that the appropriate level of free cash reserves should be 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 2017, the Academy Trust had unrestricted free reserves of £408,212 and £16,000 of restricted reserves that are held for revenue purposes. This represents less than 2 months of expenditure. The reason for carrying reserves at a higher level than the £100,000 minimum is due to the ESFA funding being on a "lag" basis as described in the going concern section. With 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. However, the ESFA have provided assurances to support the cashflow position of the Academy for the foreseeable future.

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.

c. 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 Business Manager will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this.

d. 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 ESFA. 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.

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 24 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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

PLANS FOR FUTURE PERIODS

a. FUTURE DEVELOPMENTS

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

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

DISCLOSURE OF INFORMATION TO 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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2017 and signed on its behalf by:

**James Millward
Chair of Trustees**

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Whitstone School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the 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
Philip Eavis	4	4
Gill Rennard, Head Teacher	4	4
James Millward	4	4
Anna Gurowich	4	4
Miranda Roberts	4	4
Lynne Elstob	4	4
Allan Kingshott	4	4
Zena Pollard	4	4
Anita Johnson	4	4
Stuart Byrne	4	4
Allan Kingshott	0	1
John Parham	1	3

The Board of Governors annually reviews the make-up of the Board and the individual skills' sets of its members. New governors are selected, as far as possible, on their professional background and/or their skills and experience. The Board of Governors are mindful that these skills need to complement the existing skills on the Board and meet the needs of the Academy in the future.

Governors are informed of regular training availability and these opportunities are taken up where appropriate.

The Board of Governors are planning to:

- Carry out a detailed skills' audit, and
- Use this audit to highlight particular training opportunities with specific governors in future before the end of this academic year.

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

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GOVERNANCE STATEMENT (continued)

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.
- 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	3	3
Nick Brown	3	3
Stuart Byrne	3	3
Philip Eavis	3	3
Lynne Elstob	3	3
Allan Kingshott	3	3
Kate Lovell	3	3
James Millward	3	3
Zena Pollard	3	3
Gill Rennard	3	3
John Parham	0	3

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

Audit Committee Duties

GOVERNANCE STATEMENT (continued)

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

- Reviewing the structure of the SLT and teaching and support staff in order to make reductions in staffing costs.
- Completion of a phased improvement of roofs of building thereby reducing water ingress and damage to classrooms and energy efficiency.

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 2016 to 31 August 2017 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

GOVERNANCE STATEMENT (continued)

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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided 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, financial operations, income and purchasing systems.

On a quarterly basis, the internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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 5 December 2017 and signed on their behalf, by:

James Millward
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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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

Gill Rennard
Accounting Officer

Date: 5 December 2017

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

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 and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of 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:

James Millward
Chair of Trustees

Date: 5 December 2017

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

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

OPINION

We have audited the financial statements of Whitstone School Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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: 13 December 2017

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

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

In accordance with the terms of our engagement letter dated 17 September 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the ESFA 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Whitstone School Academy Trust and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

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 Trust 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 AND SKILLS 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 2016 to 31 August 2017 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

13 December 2017

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	3	13,345	45,269	237,042	295,656	576,972
Charitable activities	6	343,354	2,346,783	-	2,690,137	2,644,284
Other trading activities	4	46,925	-	-	46,925	45,503
Investments	5	1,398	-	-	1,398	3,069
TOTAL INCOME		405,022	2,392,052	237,042	3,034,116	3,269,828
EXPENDITURE ON:						
Charitable activities		470,577	2,511,608	193,974	3,176,159	3,208,123
TOTAL EXPENDITURE	7	470,577	2,511,608	193,974	3,176,159	3,208,123
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	(65,555) -	(119,556) (28,444)	43,068 28,444	(142,043) -	61,705 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	422,000	-	422,000	(746,000)
NET MOVEMENT IN FUNDS		(65,555)	274,000	71,512	279,957	(684,295)
RECONCILIATION OF FUNDS:						
Total funds brought forward		550,633	(2,007,000)	7,584,123	6,127,756	6,812,051
TOTAL FUNDS CARRIED FORWARD		485,078	(1,733,000)	7,655,635	6,407,713	6,127,756

The notes on pages 25 to 47 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		7,805,994		7,633,581
CURRENT ASSETS					
Debtors	15	88,890		94,673	
Cash at bank and in hand		584,144		1,036,953	
		673,034		1,131,626	
CREDITORS: amounts falling due within one year	16	(184,815)		(455,451)	
NET CURRENT ASSETS			488,219		676,175
TOTAL ASSETS LESS CURRENT LIABILITIES			8,294,213		8,309,756
CREDITORS: amounts falling due after more than one year	17		(137,500)		(165,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			8,156,713		8,144,756
Defined benefit pension scheme liability	24		(1,749,000)		(2,017,000)
NET ASSETS			6,407,713		6,127,756
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	16,000		10,000	
Fixed asset funds	19	7,655,635		7,584,123	
Restricted funds excluding pension liability		7,671,635		7,594,123	
Pension reserve		(1,749,000)		(2,017,000)	
Total restricted funds			5,922,635		5,577,123
Unrestricted funds	19		485,078		550,633
TOTAL FUNDS			6,407,713		6,127,756

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

James Millward
Chair of Trustees

The notes on pages 25 to 47 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 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	<u>(277,475)</u>	<u>105,215</u>
Cash flows from investing activities:			
Interest received		1,398	3,069
Purchase of tangible fixed assets		(386,274)	(323,072)
Capital grants from DfE/ESFA		<u>237,042</u>	<u>491,848</u>
Net cash (used in)/provided by investing activities		<u>(147,834)</u>	<u>171,845</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(27,500)</u>	<u>(27,500)</u>
Net cash used in financing activities		<u>(27,500)</u>	<u>(27,500)</u>
Change in cash and cash equivalents in the year		(452,809)	249,560
Cash and cash equivalents brought forward		<u>1,036,953</u>	<u>787,393</u>
Cash and cash equivalents carried forward		<u>584,144</u>	<u>1,036,953</u>
resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.	22	<u>584,144</u>	<u>1,036,953</u>

The notes on pages 25 to 47 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 GOING CONCERN

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

The Academy is budgeting to have a cash deficit in August 2018 which is a lagged funding issue. The Academy is working hard on efficiencies and cost savings and is working closely with the ESFA who will provide support if needed. After making appropriate enquiries with the ESFA, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties about the Academy Trust's ability to continue as a going concern. For this reason it continues to adopt the going concern basis of accounting in preparing the financial statements.

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these 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

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

1.6 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.

1.7 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.

1.8 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1. ACCOUNTING POLICIES (continued)

1.9 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 TAXATION

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

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 net income/expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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1. ACCOUNTING POLICIES (continued)

1.12 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received 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.

1.13 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

1.14 OPERATING LEASES

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing Mendip Support School Alliance income from the Local Authority. Payments received from the Local Authority and subsequent disbursements to Schools are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The funds received, paid and any balances held at period end are disclosed in Note 28.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2017 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 Trust has not exceeded these limits during the year ended 31 August 2017.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	13,345	45,269	-	58,614	85,124
Capital Grants	-	-	237,042	237,042	491,848
	<u>13,345</u>	<u>45,269</u>	<u>237,042</u>	<u>295,656</u>	<u>576,972</u>
<i>Total 2016</i>	<u>15,678</u>	<u>69,446</u>	<u>491,848</u>	<u>576,972</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	14,375	-	14,375	15,860
Catering	32,550	-	32,550	29,643
	<u>46,925</u>	<u>-</u>	<u>46,925</u>	<u>45,503</u>
<i>Total 2016</i>	<u>45,503</u>	<u>-</u>	<u>45,503</u>	

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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	1,398	-	1,398	3,069
<i>Total 2016</i>	<u>3,069</u>	<u>-</u>	<u>3,069</u>	

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Education	81,797	2,346,783	2,428,580	2,578,459
Leisure centre	261,557	-	261,557	65,825
	<u>343,354</u>	<u>2,346,783</u>	<u>2,690,137</u>	<u>2,644,284</u>
<i>Total 2016</i>	<u>147,442</u>	<u>2,496,842</u>	<u>2,644,284</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	2,234,541	2,234,541	2,378,484
Other DfE/ESFA grants	-	88,183	88,183	95,005
	<u>-</u>	<u>2,322,724</u>	<u>2,322,724</u>	<u>2,473,489</u>
Other Government grants				
High Needs	-	18,059	18,059	16,503
	<u>-</u>	<u>18,059</u>	<u>18,059</u>	<u>16,503</u>
Other funding				
Internal catering income	71,259	-	71,259	76,007
Other	10,538	6,000	16,538	12,460
	<u>81,797</u>	<u>6,000</u>	<u>87,797</u>	<u>88,467</u>
	<u>81,797</u>	<u>2,346,783</u>	<u>2,428,580</u>	<u>2,578,459</u>
<i>Total 2016</i>	<u>81,617</u>	<u>2,496,842</u>	<u>2,578,459</u>	

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Education:					
Direct costs	1,849,411	117,191	215,099	2,181,701	2,276,439
Support costs	355,348	189,318	182,952	727,618	808,139
Leisure centre:					
Direct costs	-	-	7,082	7,082	3,151
Support costs	168,613	10,903	80,242	259,758	120,394
	<u>2,373,372</u>	<u>317,412</u>	<u>485,375</u>	<u>3,176,159</u>	<u>3,208,123</u>
<i>Total 2016</i>	<u>2,393,850</u>	<u>330,367</u>	<u>483,906</u>	<u>3,208,123</u>	

**WHITSTONE SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. DIRECT COSTS

	Education £	Leisure Centre £	Total 2017 £	Total 2016 £
Pension finance costs	44,000	-	44,000	46,000
Educational supplies	60,862	4,961	65,823	60,666
Examination fees	27,182	-	27,182	34,929
Staff development	3,861	2,100	5,961	7,613
Other costs	32,686	21	32,707	36,988
Supply teachers	22,475	-	22,475	28,579
Wages and salaries	1,370,926	-	1,370,926	1,507,782
National insurance	129,371	-	129,371	121,699
Pension cost	326,639	-	326,639	283,648
Depreciation	163,699	-	163,699	151,686
	<u>2,181,701</u>	<u>7,082</u>	<u>2,188,783</u>	<u>2,279,590</u>
<i>Total 2016</i>	<u>2,276,439</u>	<u>3,151</u>	<u>2,279,590</u>	

9. SUPPORT COSTS

	Education £	Leisure Centre £	Total 2017 £	Total 2016 £
Recruitment and other staff costs	7,063	-	7,063	5,188
Maintenance of premises and equipment	46,281	10,903	57,184	72,202
Cleaning	2,964	-	2,964	9,613
Rent and rates	29,385	3,138	32,523	25,020
Heat and light	33,211	29,671	62,882	48,838
Insurance	8,757	-	8,757	31,238
Security and transport	29,720	-	29,720	37,625
Catering	75,786	2,627	78,413	74,888
Technology costs	8,596	-	8,596	17,056
Office overheads	25,330	44,068	69,398	43,344
Legal and professional	29,915	-	29,915	43,688
Bank interest and charges	919	738	1,657	2,090
Governance	24,181	-	24,181	28,710
Wages and salaries	272,612	148,731	421,343	360,654
National insurance	22,242	5,443	27,685	24,644
Pension cost	60,494	14,439	74,933	66,844
Depreciation	50,162	-	50,162	36,891
	<u>727,618</u>	<u>259,758</u>	<u>987,376</u>	<u>928,533</u>
<i>Total 2016</i>	<u>808,139</u>	<u>120,394</u>	<u>928,533</u>	

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10. NET INCOME/EXPENDITURE

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets: - owned by the Academy Trust	213,861	188,577
Auditors' remuneration - audit	6,730	6,650
Auditors' remuneration - other services	1,900	1,840
Operating lease rentals	43,374	21,905
	<u><u> </u></u>	<u><u> </u></u>

**WHITSTONE SCHOOL ACADEMY TRUST
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11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,786,087	1,847,857
Social security costs	157,056	146,343
Operating costs of defined benefit pension schemes	401,572	350,492
	<u>2,344,715</u>	<u>2,344,692</u>
Staff restructuring costs	6,182	20,579
Agency supply teaching costs	22,475	28,579
	<u><u>2,373,372</u></u>	<u><u>2,393,850</u></u>

Staff restructuring costs comprise:

Redundancy payments	6,182	12,579
Severance payments	-	8,000
	<u>6,182</u>	<u>20,579</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2016: £8,000).

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

	2017 No.	2016 No.
Teachers	31	31
Administration and Support	36	41
Management	4	5
	<u>71</u>	<u>77</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	29	29
Administration and Support	19	29
Management	4	5
	<u>52</u>	<u>63</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

11. STAFF COSTS (continued)

Key management personnel

The key management personnel of the Academy Trust 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 Trust was £296,196 (2016: £366,213).

As staff Trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 12 has not been included in the total benefits received by key management personnel above.

During the year ended 31 August 2017, expenses totalling £322 (2016: £Nil) were reimbursed to 1 key management personnel (2015: 0).

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016: £130 to 2 Trustees).

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and pension contributions in respect of defined benefit schemes in the year was as follows; G Rennard, remuneration £75,001 - £80,000 (2016: £70,001 - £75,000) and employer's pension contributions £10,001 - £15,000 (2016: £10,001 - £15,000); A Gurowich, remuneration £20,001 - £25,000 (2016: £20,001 - £25,000) and employer's pension contributions £0 - £5,000 (2016: £0 - £5,000) and M Roberts, remuneration £30,001 - £35,000 (2016: £35,001 - £40,000) and employer's pension contributions £5,001 - £10,000 (2016: £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 Trust 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.

**WHITSTONE SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2016	8,192,651	150,456	158,491	8,501,598
Additions	240,885	136,511	8,878	386,274
	<u>8,433,536</u>	<u>286,967</u>	<u>167,369</u>	<u>8,887,872</u>
DEPRECIATION				
At 1 September 2016	639,484	87,783	140,750	868,017
Charge for the year	153,102	46,264	14,495	213,861
	<u>792,586</u>	<u>134,047</u>	<u>155,245</u>	<u>1,081,878</u>
NET BOOK VALUE				
At 31 August 2017	<u>7,640,950</u>	<u>152,920</u>	<u>12,124</u>	<u>7,805,994</u>
At 31 August 2016	<u>7,553,167</u>	<u>62,673</u>	<u>17,741</u>	<u>7,633,581</u>

The value of land not depreciated during the year was £1,244,840 (2016: £1,244,840).

15. DEBTORS

	2017 £	2016 £
VAT recoverable	29,913	50,244
Prepayments and accrued income	58,977	44,429
	<u>88,890</u>	<u>94,673</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
ESFA Loans	27,500	27,500
Trade creditors	-	265,286
Other taxation and social security	40,658	48,044
Other creditors	54,326	42,359
Accruals and deferred income	62,331	72,262
	<u>184,815</u>	<u>455,451</u>

**WHITSTONE SCHOOL ACADEMY TRUST
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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	11,024	7,822
Resources deferred during the year	12,043	11,024
Amounts released from previous years	(11,024)	(7,822)
	<u>12,043</u>	<u>11,024</u>
Deferred income at 31 August 2017	<u>12,043</u>	<u>11,024</u>

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

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

	2017 £	2016 £
ESFA Loans	<u>137,500</u>	<u>165,000</u>

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

	2017 £	2016 £
Repayable by instalments	<u>137,500</u>	<u>165,000</u>

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

18. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	<u>43,408</u>	<u>32,740</u>
Financial liabilities measured at amortised cost	<u>(252,818)</u>	<u>(561,383)</u>

Financial assets measured at fair value through income and expenditure comprise accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and ESFA loans.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General Funds	455,274	405,022	(450,690)	(1,394)	-	408,212
Unrestricted fixed assets	95,359	-	(19,887)	1,394	-	76,866
	<u>550,633</u>	<u>405,022</u>	<u>(470,577)</u>	<u>-</u>	<u>-</u>	<u>485,078</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	2,234,541	(2,206,097)	(28,444)	-	-
High Needs	-	18,059	(18,059)	-	-	-
Pupil premium	-	88,183	(88,183)	-	-	-
Donations	10,000	14,822	(14,822)	-	-	10,000
Curriculum Trips	-	30,447	(30,447)	-	-	-
Other non government grants	-	6,000	-	-	-	6,000
Pension reserve	(2,017,000)	-	(154,000)	-	422,000	(1,749,000)
	<u>(2,007,000)</u>	<u>2,392,052</u>	<u>(2,511,608)</u>	<u>(28,444)</u>	<u>422,000</u>	<u>(1,733,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	6,066,846	-	(107,696)	-	-	5,959,150
Fixed assets purchased from GAG	133,866	-	(17,742)	28,444	-	144,568
DfE/ESFA Capital grants	1,318,543	237,042	(63,545)	-	-	1,492,040
Other capital grants	64,868	-	(4,991)	-	-	59,877
	<u>7,584,123</u>	<u>237,042</u>	<u>(193,974)</u>	<u>28,444</u>	<u>-</u>	<u>7,655,635</u>
Total restricted funds	<u>5,577,123</u>	<u>2,629,094</u>	<u>(2,705,582)</u>	<u>-</u>	<u>422,000</u>	<u>5,922,635</u>
Total of funds	<u><u>6,127,756</u></u>	<u><u>3,034,116</u></u>	<u><u>(3,176,159)</u></u>	<u><u>-</u></u>	<u><u>422,000</u></u>	<u><u>6,407,713</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
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>

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	6,335	2,378,485	(2,386,799)	1,979	-	-
High Needs	-	16,503	(16,503)	-	-	-
Pupil premium	-	95,005	(95,005)	-	-	-
Donations	15,355	21,467	(26,822)	-	-	10,000
Curriculum Trips	-	23,162	(23,162)	-	-	-
Leisure Centre	-	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/ESFA 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:

Restricted Funds

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

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

Curriculum trips - This represents income specifically received for the provision of educational trips.

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19. STATEMENT OF FUNDS (continued)

Other non government grants - This represents income from the Mendip School Support Alliance for the training of teachers.

Pension Reserve – This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy Trust.

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 Trust.

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

DfE/ESFA 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 fixed asset fund 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. There was a transfer between restricted assets and restricted fixed assets in relation to £944 for fixed assets bought from GAG funding.

Within unrestricted funds there has been a transfer of £1,394 representing fixed assets purchased using unrestricted funds.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Note 2 discloses whether the limit was exceeded.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	76,866	-	7,729,128	7,805,994
Current assets	390,212	191,315	91,507	673,034
Creditors due within one year	18,000	(175,315)	(27,500)	(184,815)
Creditors due in more than one year	-	-	(137,500)	(137,500)
Pension scheme liability	-	(1,749,000)	-	(1,749,000)
	<u>485,078</u>	<u>(1,733,000)</u>	<u>7,655,635</u>	<u>6,407,713</u>

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

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	95,358	-	7,538,223	7,633,581
Current assets	455,275	437,951	238,400	1,131,626
Creditors due within one year	-	(427,951)	(27,500)	(455,451)
Creditors due in more than one year	-	-	(165,000)	(165,000)
Provisions for liabilities and charges	-	(2,017,000)	-	(2,017,000)
	<u>550,633</u>	<u>(2,007,000)</u>	<u>7,584,123</u>	<u>6,127,756</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(142,043)	61,705
Adjustment for:		
Depreciation charges	213,861	188,577
Interest received	(1,398)	(3,069)
(Increase)/decrease in debtors	5,783	(45,268)
Increase/(decrease) in creditors	(270,636)	295,118
Capital grants from DfE and other capital income	(237,042)	(491,848)
Defined benefit pension scheme cost less contributions payable	110,000	54,000
Defined benefit pension scheme finance cost	44,000	46,000
Net cash (used in)/provided by operating activities	<u>(277,475)</u>	<u>105,215</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	584,144	1,036,953
	<u>584,144</u>	<u>1,036,953</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. CAPITAL COMMITMENTS

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	238,400

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 2016.

Contributions amounting to £36,294 were payable to the schemes at 31 August 2017 (2016: £37,938) 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

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
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September

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24. PENSION COMMITMENTS (continued)

2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £196,000 (2016: £226,000).

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 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 2017 was £124,000 (2016: £121,000), of which employer's contributions totalled £95,000 (2016: £91,000) and employees' contributions totalled £29,000 (2016: £30,000). The agreed contribution rates for future years are 20.9% for employers and 5.5 - 8.5% 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	23.9	23.8
Females	25.1	26.2
Retiring in 20 years		
Males	26.2	26.1
Females	27.4	28.5

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	(65,000)	(68,000)
Discount rate -0.1%	67,000	69,000
Mortality assumption - 1 year increase	104,000	81,000
Mortality assumption - 1 year decrease	(100,000)	(79,000)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities and gilts	976,000	824,000
Other bonds	127,000	123,000
Property	115,000	111,000
Cash	56,000	31,000
	<u>1,274,000</u>	<u>1,089,000</u>

The actual return on scheme assets was £150,000 (2016: £148,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(205,000)	(145,000)
Interest income	24,000	35,000
Interest cost	(68,000)	(81,000)
	<u>(249,000)</u>	<u>(191,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,106,000	2,013,000
Current service cost	205,000	145,000
Interest cost	68,000	81,000
Employee contributions	29,000	30,000
Actuarial (gains)/losses	(360,000)	858,000
Benefits paid	(25,000)	(21,000)
	<u>3,023,000</u>	<u>3,106,000</u>

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24. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,089,000	842,000
Interest income	24,000	35,000
Actuarial gains and (losses)	62,000	112,000
Employer contributions	95,000	91,000
Employee contributions	29,000	30,000
Benefits paid	(25,000)	(21,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>1,274,000</u>	<u>1,089,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	37,561	40,931
Between 1 and 5 years	33,013	58,615
	<hr/>	<hr/>
Total	<u>70,574</u>	<u>99,546</u>

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.

The Academy Trust 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.

**WHITSTONE SCHOOL ACADEMY TRUST
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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.

29. AGENCY ARRANGEMENTS

The Academy Trust distributes Mendip Support School Alliance funds to Schools as an agent for the Local Authority. In the accounting period ended 31 August 2017 the Academy received £40,820 and disbursed £6,000 from the fund. An amount of £34,820 is included in other creditors relating to undistributed funds that is payable to the Schools.