

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	L Baker M Forster T Gale N Mouzouri
Trustees	M Forster, Chair T Langdon G Lloyd (appointed 1 December 2016) L Milton-Jenkins C Randell S Robinson P Rushforth, Chief Executive Officer D Shelley K Tucker S Walsh (resigned 31 July 2017) E White
Company registered number	07630164
Company name	West Somerset Academies Trust
Principal and registered office	Minehead Middle School Ponsford Road Minehead Somerset TA24 5RH
Company secretary	Barbara O'Keefe
Chief executive officer	Paul Rushforth
Senior management team	*Paul Rushforth, Chief Executive Officer Dan Hartley, Headteacher *Judy Shore, Chief Operations Officer (to 1 November 2016) Keith Mansell, Headteacher *Barbara O'Keefe, Chief Operations Officer (from 1 November 2016) Adam Evans, Headteacher (from 1 April 2017) Nigel Johnson, Headteacher (from 1 April 2017) Dan Perry, Headteacher (from 1 April 2017) Tim Harnett, Headteacher (up to 31 March 2017)
<p>*Key management personnel for the purpose of disclosure in the accounts.</p>	
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers	Lloyds Bank Minehead Somerset TA24 5LU

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Solicitors	Browne Jacobson
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**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**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.

At the beginning of the year the Trust operated three academies - a middle school and two first schools. After detailed Due Diligence had taken place a further middle school and two first schools joined on 1st April 2017. The Trust's academies had a combined pupil number on roll of 1580 in the school census on 17th October 2017.

The Academy Trust member schools and joining dates are:

- Minehead Middle School: convertor academy (May 2016)
- Minehead First School: convertor academy (May 2016)
- St Michael's C of E First School: sponsored academy (September 2016)
- Danesfield C of E Community Middle School: convertor academy (April 2017)
- St Peter's C of E Church School: convertor academy (April 2017)
- Old Cleeve C of E First School: convertor academy (April 2017)

Following the purchase of the site, full refurbishment of the building, staff recruitment and training and a successful Ofsted Inspection Trustees are delighted that King Edward Road Nursery opened on 1st April 2017. The Nursery offers provision to 0 - 4 year olds on an all year round basis - a real asset to local families.

The Trust has successfully applied to the Department of Education to change the age range of Minehead First School. The age range has changed to 2 years old - 9 years old, as from 1st September 2017, the same date that Seashells Nursery (based at Minehead First School) transferred over to the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of West Somerset Academies Trust are also the directors of the charitable company for the purposes of company law.

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

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £2,000,000.

**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1st May 2016 The West Somerset Academies Trust was established.

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

- up to 12 Trustees who are appointed by members
- up to 3 Trustees who are appointed by the Diocese of Bath & Wells, provided that the total number of these Trustees would not exceed 50% of the total number of Trustees.
- up to 3 Parent Trustees who are elected by Parents of registered pupils at the Academies
- Staff Trustees: members shall ensure that the total number of Trustees (including the Chief Executive Officer) who are employees of the Company does not exceed one third of the total number of Trustees
- up to 2 Community Trustees who are appointed by the Trustee board.
- the Chief Executive Officer

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy Trust has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees. The Trust buys in support from the Local Authority Governor Services Team.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour and a chance to meet staff and children. 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.

Organisational Structure

The West Somerset Academies Trust Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the Academy Trust and through its Scheme of Delegation determines membership, terms of reference and procedures of Local Governing Bodies and Academic Board. It receives reports for ratification and monitors the activities of the Local Governing Bodies and Academic Board. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The Board has recognised that the existing governance structure does not best meet the needs of a Multi Academy Trust (MAT). Therefore, during 2016/17 Trustees agreed a new governance structure and Scheme of Delegation; changes to be implemented from September 2017.

An Audit Committee has been established, this meets termly.

The following decisions are reserved to the Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its structure,
- to appoint or remove the Chairman and/or Vice Chairman,
- to appoint the Chief Executive Officer, Chief Operations Officer and Clerk to the Trustees
- to approve the budget.

**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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

The Board of Trustees has devolved responsibility for day to day management of the Academy Trust to the Chief Executive Officer (CEO), Chief Operations Officer (COO) and Academic Board. The CEO and COO ensure that individual academies implement the policies as laid down by the Trustees and report back to them on performance.

Each school has its own Governing Body which is responsible for standards across its own school. Local Governing Bodies are currently represented on the Board of Trustees.

The CEO is the Accounting Officer.

The Board of Trustees supports the setting of strategic direction of The West Somerset Academies Trust.

The CEO and COO are the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Trust and the schools within on a day to day basis.

All Trustees give their time freely and no Trustee received remuneration as their role as Trustee in the year.

Details of Trustees' expenses and related party transactions can be found in Note 13.

The pay of key management personnel is reviewed annually by a dedicated pay committee which includes the Chair, Vice Chair and one more Trustee from the Board of Trustees. This includes an element of performance against target related pay and benchmarking against schools of a similar size.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The members of the senior leadership team, as identified on Page 1, comprise the key management personnel of each 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 based on recommended national pay scales with an element of performance related pay.

Connected Organisations, including Related Party Relationships

On 1st April 2017 the three schools that had previously formed the Quantock Academy Trust joined the West Somerset Academies Trust:

- Danesfield C of E Community Middle School
- St Peter's C of E First School
- Old Cleeve C of E First School

The Academy Trust has strong collaborative links with partner first schools which form the Moorland Federation.

The Academy Trust has furthered and strengthened its links with the West Somerset College and this has been, and will continue to be, a strong focus and area for development.

Strong links have been established with the Rotary Club, Exmoor Rangers and Minehead Cricket, Lions Club, Rugby and Tennis clubs and all our local churches.

**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of The West Somerset Academies Trust is to provide free education and care for pupils of different abilities. In all our schools we aim to offer a rich, happy and stimulating environment for children that will promote learning, hard work, initiative, self-discipline and responsibility, both within the school and the wider community. Our aim is to nurture happy, well-rounded, accomplished children. We value gentleness and humility, we appreciate good manners and we embrace traditional values.

The core aims of the Trust during the year ended 31 August 2017 are summarised below:

- To provide world class education for the children of West Somerset.
- To raise standards, at every level.
- To develop excellence in teaching, leadership and governance.
- To provide stability for the schooling system of West Somerset.
- To be relentless in our pursuit of school improvement and adopt a 'no excuses' approach
- To prepare our children for a lifetime of learning

The core beliefs of the Trust during the year ended 31 August 2017 are summarised below:

- We put the individual child at the centre of our thinking.
- We believe in the development of good character.
- We believe in the highest standards of academic development.
- We believe it is our task to engender self-denying good will in our schools and communities.
- We believe teachers are also learners and we will learn from each other to ensure the best impact on our pupils

How we operate

- We will always be honest and kind with each other but won't hide from conflict.
- We will have the highest expectations of ourselves and each other.
- Effective communication will be at the core of how we operate.
- We will celebrate the identity and character of each individual school within the Trust
- We will maintain and celebrate the Christian distinctiveness of the Church Schools within our Trust
- We will monitor progress and performance in a number of different ways at key points in the academic year.
- We will share good practice and resources whenever possible.

At The West Somerset Academies Trust we aim to achieve 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 Trust is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are identified in the Trust Development Plan. The Trust Development Plan highlighted key proposed outcomes in a number of areas.

**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Communications and Public Relations

The Trust will be a known entity in our community

Teachers and support staff will understand and share the values of the Trust and will be positive about their future within it. They will understand the structure of the Trust and how it works and have confidence that it will support them in improving outcomes for children.

We will have worked closely with schools not in the Trust and have helped governors and heads to make an informed decision about their position.

Standards

Provision for EYFS will improve and standards in the EYFS will rise by 10%.

The quality of teaching in mathematics will rise and standards will rise by 10%.

Standards at every level will have risen by 10% as judged by the proportion of children attaining Age Related Expectations. (This will be reflected in the Trust Common objective).

Trust leaders will have a deeper understanding of the quality of provision across the Trust.

Staffing

Heads will have enough support to ensure standards rise whilst we maintain the values of the Trust.

We will advertise earlier in the year to attract a better field of NQTs to be deployed across the Trust.

We will have more students across the Trust with one person nominated to support them.

We will have a clearly laid out career plan for all successful staff.

We will have a high quality appraisal system for all staff.

Maths outcomes will start to rise.

Governance

Governors, Trustees and senior leaders will be clear about their roles and responsibilities.

Governors will be supported in monitoring standards in their own schools.

Trustees will each have a clear role and line of reporting to the board.

Finance & Administration

We will have a plan to ensure that admin is the most efficient it can be.

There will be a basic Trust model of staffing structures which will be the starting point for discussions with Headteachers about their own school structures.

There will be total clarity about our finances.

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

The Academy Trust aims to advance for the public benefit, education in West Somerset. In particular, but without prejudice to the generality of the forgoing by estimating, maintaining, managing and development schools and offering a broad curriculum.

Across its schools the Academy Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

STRATEGIC REPORT

Achievements and Performance

Pupil numbers on roll (NOR) are strong across the Trust. We don't brag – each parent and child will judge our performance on the basis of how good we were yesterday and today. We “strive for excellence” every day; however it is true to say that:

- Our children thrive and achieve in the environment we provide
- Behaviour and Safeguarding procedures are robust across our schools
- Children are provided with the opportunity to lead and make important decisions
- Children attend many residential activities

The Trust held a very successful INSET on the first day of the Autumn term where staff, governors and Trustees had the opportunity to meet and discuss the aims and visions of the Trust and its plans for the year.

We have published a Trust Leadership Programme where 10 members of staff were successful in being chosen to take part in the programme, which gives an opportunity for the staff to undertake in depth research into areas identified by the Trust as being valuable for future strategies. Areas of chosen study include;

- Assessment
- Communication
- Mastery levels of education
- Provision for the most able
- Developing the music provision
- Supporting the disaffected
- How homework can raise standards

Key Performance Indicators

As can be seen from the graphs below, despite starting from a low starting point, by the time our children leave the schools, they reach a standard that is above average in English, reading and mathematics.

Three of our schools have been inspected during the year. St. Peter's and Minehead First were judged to offer a good standard of education and Danesfield (before it entered the Trust) was judged to Require Improvement.

The KS 2 results at Danesfield were a huge improvement on last year.

**WEST SOMERSET ACADEMIES TRUST
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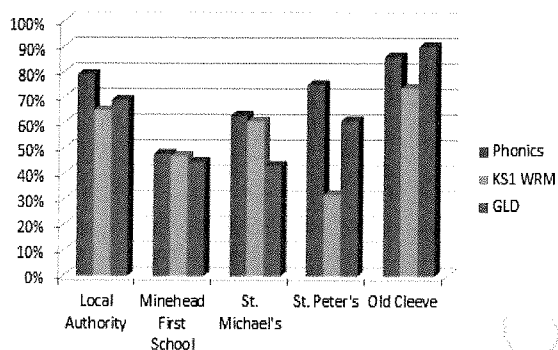
**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

School	Cohort	RWM*		READING			WRITING TA
		>Exp	Higher Std	Avg. SS (3)	<Exp	≥Exp	>Exp
England		61	9	104	25	71	76
Somerset LA	5636	58.90%	8.00%	104.4	27.10%	72.30%	74.30%
Minehead Middle School	140	47.10%	2.90%	103.3	30.70%	67.90%	61.40%
Danesfield Middle School	85	61.20%	9.40%	105.1	23.50%	76.50%	72.90%
		MATHS		GPS			
		Avg. SS (3)	<Exp	>Exp	Avg. SS (3)	<Exp	>Exp
England		104	22	75	106	20	77
Somerset LA		103.4	27.80%	71.40%	105.2	25.50%	73.60%
Minehead Middle School		101.7	35.00%	63.60%	103.6	31.40%	66.40%
Danesfield Middle School		104.5	20.00%	80.00%	105.9	22.40%	77.60%

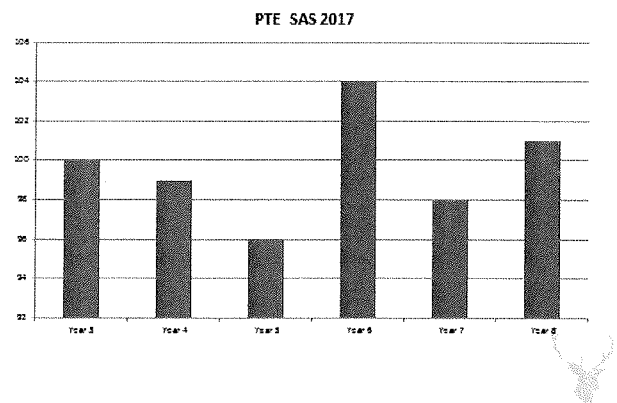
Progress from KS1 to KS2 was better than in most primary schools with the only exception of writing at Minehead Middle School.

READING					
Estab. Name	Total Cohort	Avg. KS1 Pt Score	Cover.	% Prog. Score ≥0	Avg. Prog. Score
Somerset LA average	5638	16	95.50%	50.00%	-0.3
Danesfield CE VC Community Middle School	85	15.7	98.80%	58.30%	1.2
Minehead Middle School	140	14.5	96.40%	62.20%	2.1
WRITING					
Somerset LA average	5638	16	95.50%	49.70%	-0.4
Danesfield CE VC Community Middle School	85	15.7	97.60%	48.20%	0.3
Minehead Middle School	140	14.5	97.90%	41.60%	-1.6
MATHS					
Somerset LA average	5638	16	95.30%	42.00%	-1.2
Danesfield CE VC Community Middle School	85	15.7	98.80%	52.40%	1
Minehead Middle School	140	14.5	96.40%	49.60%	0.3

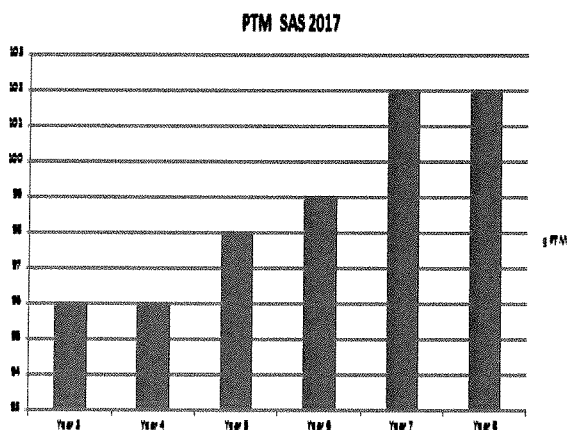
Children's EYFS and KS 1 results 2017



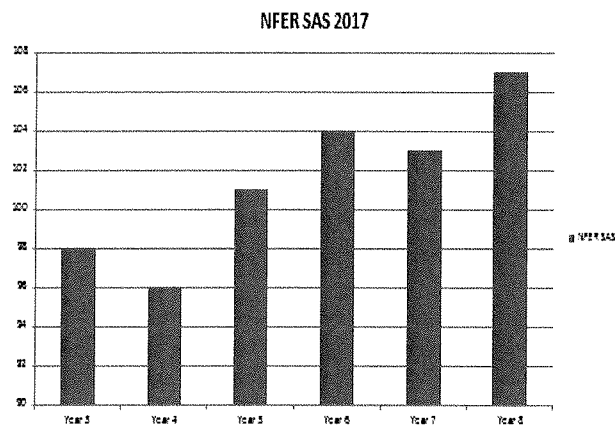
Children's attainment –English 2017



Children's attainment – Maths 2017



Children's attainment – Reading 2017

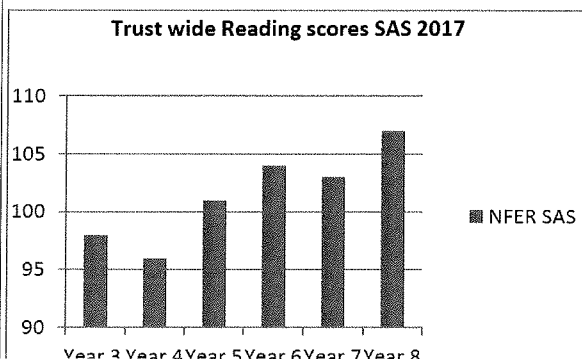
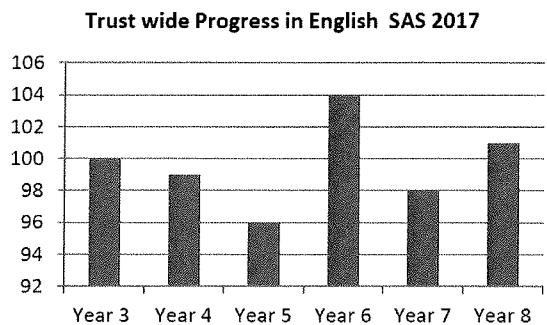


No child has been permanently excluded from any of our 6 schools.

Continuing professional development for staff has been very successful and we encourage and promote PGCE students to come and study with us, thereby providing valuable leadership and training opportunities for the staff that mentor and support them. We continue to be asked to take students from SCITT (Somerset Centre for Initial Teacher Training) this year, following our successful mentoring of 2 students last and we work alongside Bath Spa University very closely in the same capacity.

Key Performance Indicators - these were agreed during the initial phase of the Trust coming into being and will last until August 2017 – with additional aims being added after reviews where appropriate or KPIs being met.

Standards at every level and in every group will have risen as judged by their GL Standardised Aged Scores in June 2017 and by a rise in the proportion of children reaching expected levels in EYFS and KS1 tests.



**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

KPI's	Met/NOT MET/ Comment														
Provision for EYFS will continue to improve and standards in the EYFS will continue to rise to levels in similar schools across the country.	Provision is EYFS is judged as good but the proportion of children coming into Yr 1 with a GLD is not yet average.														
Progress children make across Key Stage 2 is in line or above the average for primary Schools.	From KS1 to KS2 children in our Trust out performed the national average in every area apart from writing at Minehead Middle.														
The quality of teaching in mathematics will rise and standards will be above National Norms at Year 8 using SAS from PTE and PTM and NFER tests.	<div data-bbox="722 745 1297 1093" data-label="Figure"> <table border="1"> <caption>Trust wide Progress in Maths SAS 2017</caption> <thead> <tr> <th>Year</th> <th>PTM Score</th> </tr> </thead> <tbody> <tr> <td>Year 3</td> <td>96</td> </tr> <tr> <td>Year 4</td> <td>96</td> </tr> <tr> <td>Year 5</td> <td>98</td> </tr> <tr> <td>Year 6</td> <td>99</td> </tr> <tr> <td>Year 7</td> <td>102</td> </tr> <tr> <td>Year 8</td> <td>102</td> </tr> </tbody> </table> </div> <p data-bbox="722 1104 1324 1171">There was a huge rise in the outcomes for children across the Trust in Maths last year.</p>	Year	PTM Score	Year 3	96	Year 4	96	Year 5	98	Year 6	99	Year 7	102	Year 8	102
Year	PTM Score														
Year 3	96														
Year 4	96														
Year 5	98														
Year 6	99														
Year 7	102														
Year 8	102														
	they still don't make enough progress to overcome the deficit in learning on entry to school to Year 2.														
Trust leaders will have developed an accurate and in-depth understanding of the quality of provision across the Trust.	This is shown in the heads reports and the detailed CEO's report to Trustees.														
Teacher assessment will more accurately measure the progress of children	Not yet met – this is a work in progress.														

**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2017, the Trust received total income (excluding pension and fixed assets) of £6,781,551 and incurred total expenditure of £6,266,194 the excess of income over expenditure for the year was £515,357.

At 31 August 2017 the net book value of fixed assets was £12,306,889 and movements in tangible fixed assets are shown in note 15 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The land, buildings and other assets were transferred to the Trust upon conversion. Land and buildings were professionally valued on conversion at £12,077,274. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of St Michael's First school's budget share £92,622 was transferred across on conversion and is shown as Unrestricted Funds

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

Key financial policies adopted or reviewed during the year include the Finance Regulations and Procedures Policy which lays out the framework for financial management, including financial responsibilities of the Board, CEO, managers, budget holders and other staff, as well as delegated authority for spending. Trustees have also approved a new Governance Structure and Scheme of Delegation.

Since the Trust was established, there have been savings made in several areas. The newly appointed Chief Operations Officer has restructured the delivery of support services across the Trust, centralising: Finance, Admin, HR & Payroll and Premises Management. As well as achieving some financial savings it is intended that there will be improvement on effectiveness and efficiency. New financial management and budget planning software, better suited for MATs, have been procured and installed and will better support financial management, monitoring and reporting.

**WEST SOMERSET ACADEMIES TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Reserves Policy

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

The reserves policy has taken account of future funding forecasts.

It is the policy of our Trust to ensure that there is an appropriate level of reserve which will enable the Trust to respond to the demands of major equipment/resource cyclical replacement and any unforeseen contingencies.

The actual level of free reserves at the year-end excluding the fixed asset and pension reserve was £1,699,081. Trustees have determined that an ideal base level for reserve should be the equivalent of one month's expenditure across the Trust, equating to approximately £700k. In setting this base reserve Trustees have considered forecast pupil numbers and the ongoing impact of increased National Insurance costs and the national living wage. The Trustees have reviewed the future plans of the Trust and have set designated reserves as follows:

- £350k to cover the deficit between budget allocation and budget expenditure over the next two academic years
- £300k to build a new SEN Block
- £200k to support the Rebrokerage of the previous Quantock Academy schools into WSAT
- £100k to invest in catering provision across the Trust
- £50k to contribute towards Condition Improvement Bids in 2017-18.

The above designations amount to £1million, leaving £700k as the balance to be managed in accordance with the Trust's Reserve Policy.

Trustees are not relying solely on reserves to put forward balanced budgets; throughout 2016-17 staffing costs across the Trust were reduced and these are recurrent savings. The Trust will continue to benefit from savings and efficiencies resulting from the centralising of support services that were implemented during 2016-17.

The Trust recognises that the reserves policy is not a static policy and therefore it is reviewed at least annually and more frequently if the situation demands it.

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

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. Following regular investigation to achieve best value and maximise return, we have determined that our current arrangements work well and attract the same rate of interest as many other providers. We therefore retain our account with Lloyds Bank as they provide a high level of service delivery which meets our current needs.

Due to the nature and timing of receipt of funding, the Academy Trust may at times hold cash balances surplus to its short term requirements. The Trust is working with our bankers to develop an investment approach which will generate additional income for the benefit of children in our schools.

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

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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 Trust are as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 99% of the Trust's incoming resources were ultimately Government funded and this level is expected to reduce and put the Trust under considerable financial pressure. It is hoped that the national Funding Formula, to be introduced by the DfE will benefit Somerset schools - but any impact has not yet been built into the Trust's forward budget planning.

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

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

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

Staffing - the success of the Trust is reliant upon 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. Recruitment of high quality staff who demonstrate enthusiasm for teaching and learning is a key area and therefore the Trust will continue to ensure that staff employed are the best for the Trust, despite what they may cost.

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

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

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

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

Changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

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

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

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

PLANS FOR FUTURE PERIODS

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

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

Full details of our plans for the future are given in our Trust Development Plan, which is available on our website or from the Clerk to the Trustees. The summary of the Plan is as follows:

Communications and Public Relations

- To provide access to key information about the Trust through the production of an interesting and engaging website that clearly communicates the values, structures and policies of the Trust.
- To establish links across Trust schools through common branding and signage
- Trust values – to spread the message across the wider community through press releases etc.
- To encourage other schools to join the Trust through information events etc.

Standards

- To know and understand the current achievement and attainment of children across the Trust through:
 - *Sponsoring a leadership programme for Trust staff
 - *Purchasing assessment resources
 - *Production of Trust wide assessment data in a consistent format to better inform decision making
- To improve the quality of provision in EYFS through
 - *Extending Nursery provision across the Trust
 - *Employing an EYFS specialist
 - *Bidding for funds to target EYFS activities
- Improve Maths standards across the Trust through:
 - *Carrying out a Trust wide review of Maths provision
 - *Providing staff training opportunities
 - *Investigating Maths schemes

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Staffing

- To appoint great staff through:
 - Extending work with ITT providers
 - Appointment of a student supervisor to support student teachers
- To further develop career paths to help retain the best staff through the production of career path booklets for staff to raise their awareness of the benefits of being part of the Trust.
- Developing staff through the provision of a graduate internship programme
- Ensuring consistent policies and procedures across Trust schools – supporting staff working across different schools
- Ensuring effective performance management for all staff

Governance

- Ensure clear and effective communication between staff, trustees and governors through the use of Trust Governor
- Ensure that Trustees are actively engaged in the work of the Trust and that the workload is spread fairly through defined allocation of responsibilities
- Improve Trustees' understanding of data and assessment through provision of training
- Develop a sense of belonging to WSAT through training and awareness raising sessions
- The governors will continue to carry out an annual self review and the skills audit completed by the Board of Trustees will be kept under review to ensure there is not a skills gap on the Trust Board.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Staff Consultation and Disability for Employees

With regard to staff consultation the Governing Board has worked tirelessly to ensure that staff of the Academy are consulted at all times on fundamental issues impacting upon their employment and condition of service. To this end the Board worked jointly with staff and their representatives to prepare a 'Statement of Intent' which cover all such aspects.

Disability

The governing board is committed to the elimination of discrimination and equal treatment in employment. This applies to all stages of employment including recruitment, selection, learning and training, pay, working relationships, carer development, redundancy and retirement. This commitment is clearly demonstrated and referred to in the many of the Academy Trust policies. No one will unlawfully be disadvantaged on the grounds of age, race or ethnicity, disability, gender and marital status, gender identity, sexual orientation, religion or belief under the operation of this policy.

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 11/2/2017..... and signed on the board's behalf by:



**M Forster
Chair of Trustees**

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that West Somerset Academies 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 CEO, 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 West Somerset Academies 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 6 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
M Forster, Chair	6	6
T Langdon	5	6
G Lloyd	5	6
L Milton-Jenkins	1	6
C Randell	6	6
S Robinson	4	6
P Rushforth, Chief Executive Officer	6	6
D Shelley	4	6
K Tucker	6	6
S Walsh	2	5
E White	4	6

At the end of each year, the governors undertake self-evaluation. They do this by responding to questionnaires which cover different areas of their work. From those responses a training schedule is drawn up to address any gaps in their knowledge; or: provide refresher training on subjects which are relevant for that year as they are an area of focus on the School Development Plan; or: because it is a new initiative that is being introduced by either the government or school. Governors also reflect upon (at the end of the last meeting of the summer term) what went well, what they achieved and whether they achieved their stated aim of being a "critical friend".

The Finance & Audit committee is a sub committee of the main Board of Trustees. Its purpose is to:

Monitor and review the budget; ensure that due diligence is maintained and that the risk of fraud is small. They do this by receiving financial reports, internal auditor reports and audit reports.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Forster	2	2
G Lloyd	1	2
D Shelley	1	2
S Walsh	1	1
P Rushforth	2	2

REVIEW OF VALUE FOR MONEY

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

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

Throughout the year the school has kept its staffing structure under review. Extensive resource has been allocated to ensure that children have access to high quality teaching and a wide and varied curriculum. Trustees and school leaders will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio and curriculum management. The staffing structure is reviewed annually to ensure the most appropriate provision for our pupils.

We have worked hard with our federation feeder schools, sharing INSETs and expertise across the federation to drive up standards at minimal financial cost.

Our children make outstanding progress from intake to exit, achieving results above those expected. Children's behaviour is outstanding and results from children's questionnaires demonstrate that our children enjoy coming to school and feel safe.

A number of programmes are in place to support pupils identified by Pupil Premium, FSM/FMS Ever 6, School Action, School Action + and SEN. These include 1:2 and 1:1 tuition, maths and English booster lessons, pastoral support, mentoring, Outreach support and counselling.

Curriculum budgets were maintained this year to enable subject leaders to enhance the resources used in the classroom.

Governors and school leaders will review the quality of children's learning, by cohort, class and group to provide the learning environment which enables children to achieve nationally expected progress. We will set ambitious targets. Termly pupil progress meetings monitor the progress of all groups of pupils and provide informed judgements for intervention programmes which address identified underachievement.

Robust performance management systems ensure that all staff are aware of their responsibilities with regard to monitoring and achievement. This, coupled with regular book scrutinies and lesson observations, ensures that the culture of high achievement for all pupils runs throughout the school.

Since the Trust was established, there have been savings made in several areas. The newly appointed Chief Operations Officer has restructured the delivery of support services across the Trust, centralising: Finance, Admin, HR & Payroll and Premises Management. As well as achieving some financial savings it is intended that there will be improvement on effectiveness and efficiency. New financial management and budget planning software, better suited for MATs, has been procured and installed and will better support financial management, monitoring and reporting.

To help ensure data security the Trust invested in new anti-virus software. By procuring across the whole Trust a discount of 40% was achieved over individual schools purchasing. This collaborative approach is also beneficial from a network management perspective – the Trust IT Manager manages the anti-virus software through one interface, rather than multiples – reducing administrative costs.

Replacement servers have been installed in three schools. Due to taking a centralised approach the individual schools' servers were able to be of a lower specification than if the schools had purchased individually.

Central IT expertise allowed us to purchase and install CCTV at Old Cleeve at a fraction of the price of a commercially installed solution, whilst providing top quality equipment.

Photocopying: Through procuring a new contract central IT expertise has also achieved a significant reduction in cost per copy charges at St Michael's First School. The prior contract was disadvantageous to the school, by utilising central Trust expertise a 40% saving on copy cost charges has been made.

GOVERNANCE STATEMENT (continued)

Financial Governance and Oversight

Governors and school leaders:

- Will not waste time and resources on investigating minor areas where few improvements can be achieved.
- Will not waste time and resources to make minor savings in costs
- Will not waste time and resources by seeking tenders for minor supplies and services

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Reviewing controls and managing risks

The Trust has established robust segregation of duties within financial control. The Trust carries out regular monthly financial monitoring and reports to the Finance and Audit Committee on a termly basis. Governors challenge decision makers within the Trust on the cost and effectiveness of spending proposals in order to achieve value for money.

The Trust has established a risk register which is reviewed, monitored and updated on a regular basis. The results are then reported to the finance committee on a termly basis and findings shape our actions for future developments and improvements.

An asset register has been established which is updated as and when necessary to ensure all additions and disposals have been recorded and appropriately depreciated. This has also been further developed to include a separate equipment register/inventory for lower value, portable items which are entered on receipt. The system includes portable scanners which enable instant audit of equipment on the inventory and which means that our system is readily open to scrutiny and audit.

Audit recommendations are reviewed and action taken if necessary.

Controls are in place to ensure all orders are authorised at the appropriate level, there is separation of duties between ordering, receiving and payment of goods and services.

Monthly bank reconciliations are completed to ensure all monies are accounted for and cash flow is adequately maintained. Regular monitoring reports are provided to the Finance Committee and full governing body.

Regular benchmarking reports are provided for the governors and discussed. These demonstrate that the Trust spend is in line with similar schools in the majority of areas.

The Trust has robust procedures in place for assessing need and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time and cost.

Measures in place include:-

- Competitive tendering procedures
- Procedures for accepting best value quotes which are not necessarily the cheapest
- Procedures which minimise admin time by the purchase of goods or services under £500 direct from known, reliable suppliers (e.g. stationery, small equipment).

Health and safety review and inspections are carried out each year with the recommendations forming an action plan. Where the recommendations are part of a buildings/premises issue, these will feed into the School Development Plan and resourced accordingly.

Governors and school leaders will apply the principles of best value when making decisions about:-

- The allocation of resources to best promote the aims and values of our Trust
- The targeting of resources to best improve standards and quality of provision
- The use of resources to best support the various learning needs of all pupils' staff, parents and governors.
- Discuss "Best Value" via the Finance & Audit Committee on an annual basis.
- Consider "best value" when arranging Service Contracts
- Obtain tenders for the installation of any large scale refurbishment of the premises

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Somerset Academies 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.

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key 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 Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust'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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance & Audit 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 Education Finance Team of Somerset County Council as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

On a semi-annual basis, the internal auditor reports to the Board of Trustees through the Finance & 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 CEO 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 Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 11/12/2017 and signed on their behalf, by:



**M Forster
Chair of Trustees**


**P Rushforth
Accounting Officer**

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of West Somerset Academies 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.

P Rushforth
Accounting Officer

Date: 11/12/2017



**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees (who act as governors of West Somerset Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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:



**M Forster
Chair of Trustees**

Date: 11/12/2017

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF WEST SOMERSET ACADEMIES TRUST**

OPINION

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company'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 charitable company'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 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.

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF WEST SOMERSET ACADEMIES TRUST**

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 directors' remuneration specified by law are 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.

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:

21.12.17

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WEST
SOMERSET ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 November 2016 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 West Somerset Academies 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 West Somerset Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to West Somerset Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Somerset Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF WEST SOMERSET ACADEMIES TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of West Somerset Academies Trust's funding agreement with the Secretary of State for Education dated 1 June 2011, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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 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 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.

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO WEST
SOMERSET ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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

Date:

21.12.17

**WEST SOMERSET ACADEMIES 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 & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	3,602,700
Other donations and capital grants	2	173,532	108,671	46,402	328,605	17,381
Charitable activities	3	462,092	6,024,363	-	6,486,455	3,384,576
Other trading activities	4	11,623	-	-	11,623	3,183
Investments	5	1,270	-	-	1,270	1,718
TOTAL INCOME		648,517	6,133,034	46,402	6,827,953	7,009,558
EXPENDITURE ON:						
Raising funds	7	85	-	-	85	4,499
Charitable activities	7	453,309	6,479,821	349,344	7,282,474	3,632,719
Transfer of net liabilities into Academy Trust	6	(113,021)	2,267,000	(1,531,766)	622,213	-
TOTAL EXPENDITURE		340,373	8,746,821	(1,182,422)	7,904,772	3,637,218
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		308,144	(2,613,787)	1,228,824	(1,076,819)	3,372,340
Transfers between Funds	21	-	(404,377)	404,377	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		308,144	(3,018,164)	1,633,201	(1,076,819)	3,372,340
Actuarial gains/(losses) on defined benefit pension schemes	25	-	789,000	-	789,000	(1,482,000)
NET MOVEMENT IN FUNDS		308,144	(2,229,164)	1,633,201	(287,819)	1,890,340
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,034,979	(2,815,778)	10,498,828	8,718,029	6,827,689
TOTAL FUNDS CARRIED FORWARD		1,343,123	(5,044,942)	12,132,029	8,430,210	8,718,029

The notes on pages 32 to 58 form part of these financial statements.

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07630164**

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	As restated 2016 £
FIXED ASSETS				
Tangible assets	15		12,306,889	10,481,659
CURRENT ASSETS				
Stocks	16	4,973		12,475
Debtors	17	349,352		285,076
Cash at bank and in hand		2,173,448		1,833,385
			<u>2,527,773</u>	<u>2,130,936</u>
CREDITORS: amounts falling due within one year	18	(812,452)		(334,566)
NET CURRENT ASSETS			<u>1,715,321</u>	<u>1,796,370</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,022,210</u>	<u>12,278,029</u>
Defined benefit pension scheme liability	25		(5,592,000)	(3,560,000)
NET ASSETS			<u><u>8,430,210</u></u>	<u><u>8,718,029</u></u>
FUNDS OF THE ACADEMY TRUST				
Restricted funds:				
General funds	21	547,058		744,222
Fixed asset funds	21	12,132,029		10,498,828
Restricted funds excluding pension liability		12,679,087		11,243,050
Pension reserve		(5,592,000)		(3,560,000)
Total restricted funds			<u>7,087,087</u>	<u>7,683,050</u>
Unrestricted funds	21		<u>1,343,123</u>	<u>1,034,979</u>
TOTAL FUNDS			<u><u>8,430,210</u></u>	<u><u>8,718,029</u></u>

The financial statements on pages 29 to 58 were approved by the Trustees, and authorised for issue, on 11/12/2017 and are signed on their behalf, by:

M Forster

**M Forster
Chair of Trustees**

The notes on pages 32 to 58 form part of these financial statements.

**WEST SOMERSET ACADEMIES 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 provided by operating activities	23	<u>732,691</u>	<u>337,551</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(646,343)	(106,903)
Capital grants from DfE/ESFA		46,402	11,672
Cash transferred on conversion to an Academy trust		<u>206,043</u>	<u>5,775</u>
Net cash used in investing activities		<u>(393,898)</u>	<u>(89,456)</u>
Interest received		<u>1,270</u>	<u>1,718</u>
Net cash provided by financing activities		<u>1,270</u>	<u>1,718</u>
Change in cash and cash equivalents in the year		<u>340,063</u>	<u>249,813</u>
Cash and cash equivalents brought forward		<u>1,833,385</u>	<u>1,583,572</u>
Cash and cash equivalents carried forward	24	<u><u>2,173,448</u></u>	<u><u>1,833,385</u></u>

**WEST SOMERSET ACADEMIES 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.

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

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All incoming resources are recognised when the Academy 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 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 raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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 Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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

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	-	50 years
Long term leasehold property	-	125 years (land) 50 years (buildings)
Motor vehicles	-	5 years
Fixtures and fittings	-	5,10 and 25 years
Computer equipment	-	4 years

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.

The Academy Trust has been granted use of the school buildings for Danesfield Church of England School, Old Cleeve CofE School, St Peter's Church of England First School and St Michael's Church of England First School from the Diocese of Exeter under a Supplemental Agreement which grants the Academy Trust a license to occupy the land and buildings.

The Academy Trust's occupation for the period is recognisable as a notional donation (since it pays no actual rent) and a notional rental expense for its use of the premises. The value of the donation is the amount that the Academy Trust would otherwise have to pay to secure the premises for its operations.

Capital improvements to the Diocesan property occupied by the Academy Trust is recognised as grant expenditure.

1.6 OPERATING LEASES

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

1.7 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1. ACCOUNTING POLICIES (continued)

1.8 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.

1.9 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.

1.10 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.

1.11 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 17. 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 note 18. 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.

1.12 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. ACCOUNTING POLICIES (continued)

1.13 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 25, 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.

1.14 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Michael's Church of England First School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted funds and restricted fixed asset funds.

Further details of the transaction are set out in note 29.

1. ACCOUNTING POLICIES (continued)

1.15 ACQUISITION OF AN ACADEMY TRUST

The transfer in from an existing Academy Trust to The West Somerset Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities from The Quantock Academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfers into Academy Trust in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted funds and restricted fixed asset funds.

Further details of the transaction are set out in note 30.

1.16 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.'

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

1. ACCOUNTING POLICIES (continued)

1.17 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 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer from Local Authority on conversion	-	-	-	-	3,602,700
Donations	173,532	108,671	-	282,203	5,709
Capital Grants	-	-	46,402	46,402	11,672
Subtotal	173,532	108,671	46,402	328,605	17,381
	173,532	108,671	46,402	328,605	3,620,081
<i>Total 2016</i>	165,615	(408,472)	3,862,938	3,620,081	

**WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Education	332,507	6,024,363	6,356,870	3,384,576
Nursery	129,585	-	129,585	-
	<u>462,092</u>	<u>6,024,363</u>	<u>6,486,455</u>	<u>3,384,576</u>
<i>Total 2016</i>	<u>70,045</u>	<u>3,314,531</u>	<u>3,384,576</u>	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	4,851,187	4,851,187	2,620,781
Start up Grants	-	-	-	95,000
Other DfE/ESFA grants	-	892,816	892,816	397,316
	<u>-</u>	<u>5,744,003</u>	<u>5,744,003</u>	<u>3,113,097</u>
Other Government grants				
High Needs	-	222,160	222,160	47,480
Other government grants non capital	-	34,050	34,050	-
	<u>-</u>	<u>256,210</u>	<u>256,210</u>	<u>47,480</u>
Other funding				
Internal catering income	116,101	-	116,101	48,737
Income for hosting trainee teachers	950	-	950	-
Sales to students	39,812	-	39,812	17,483
Other	175,644	24,150	199,794	157,779
	<u>332,507</u>	<u>24,150</u>	<u>356,657</u>	<u>223,999</u>
	<u>332,507</u>	<u>6,024,363</u>	<u>6,356,870</u>	<u>3,384,576</u>
<i>Total 2016</i>	<u>70,045</u>	<u>3,314,531</u>	<u>3,384,576</u>	

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	7,774	-	7,774	3,183
Fees received	3,849	-	3,849	-
	<u>11,623</u>	<u>-</u>	<u>11,623</u>	<u>3,183</u>
<i>Total 2016</i>	<u>3,183</u>	<u>-</u>	<u>3,183</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,270	-	1,270	1,718
	<u>1,270</u>	<u>-</u>	<u>1,270</u>	
<i>Total 2016</i>	<u>1,718</u>	<u>-</u>	<u>1,718</u>	

6. TRANSFER OF NET LIABILITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfers from Local Authority on conversion	(92,622)	440,000	347,378	-
Transfer on acquisition of Academy Trust	(20,399)	295,234	274,835	-
	<u>(113,021)</u>	<u>735,234</u>	<u>622,213</u>	<u>-</u>

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

7. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	85	85	-
Education:					
Direct costs	4,524,482	162,093	708,698	5,395,273	2,693,890
Support costs	936,362	424,792	433,644	1,794,798	938,829
Nursery:					
Direct costs	76,175	3,228	1,855	81,258	-
Support costs	-	672	10,473	11,145	-
	<u>5,537,019</u>	<u>590,785</u>	<u>1,154,755</u>	<u>7,282,559</u>	<u>3,632,719</u>
<i>Total 2016</i>	<u>2,640,799</u>	<u>340,215</u>	<u>651,704</u>	<u>3,632,718</u>	

8. DIRECT COSTS

	Education £	Nursery £	Total 2017 £	Total 2016 £
Pension finance costs	104,000	-	104,000	64,000
Educational supplies	290,642	1,732	292,374	196,007
Staff development	20,450	-	20,450	10,484
Other costs	163,252	-	163,252	92,760
Supply teachers	47,472	-	47,472	26,745
Technology costs	3,136	123	3,259	64,776
Wages and salaries	3,253,271	60,875	3,314,146	1,683,552
National insurance	230,183	2,746	232,929	138,774
Pension cost	993,558	12,554	1,006,112	360,136
Depreciation	289,309	3,228	292,537	56,656
	<u>5,395,273</u>	<u>81,258</u>	<u>5,476,531</u>	<u>2,693,890</u>
<i>Total 2016</i>	<u>2,693,890</u>	<u>-</u>	<u>2,693,890</u>	

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

9. SUPPORT COSTS

	Education £	Nursery £	Total 2017 £	Total 2016 £
Recruitment and support	12,100	249	12,349	2,030
Maintenance of premises and equipment	107,723	2,003	109,726	67,934
Cleaning	18,737	516	19,253	7,369
Rent and rates	152,360	1,297	153,657	19,909
Energy costs	75,414	2,968	78,382	43,547
Insurance	23,896	-	23,896	24,331
Security and transport	16,451	-	16,451	19,775
Catering	102,284	2,036	104,320	28,758
Technology costs	27,263	-	27,263	17,867
Office overheads	145,893	894	146,787	48,876
Legal and professional	101,480	510	101,990	71,113
Governance	14,800	-	14,800	50,435
Wages and salaries	757,515	-	757,515	297,095
National insurance	48,893	-	48,893	15,971
Pension cost	129,954	-	129,954	47,874
Depreciation	60,035	672	60,707	175,945
	<u>1,794,798</u>	<u>11,145</u>	<u>1,805,943</u>	<u>938,829</u>
<i>Total 2016</i>	<u>938,829</u>	<u>-</u>	<u>938,829</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	353,244	232,601
Auditors' remuneration - audit	8,250	6,500
Auditors' remuneration - other services	2,050	12,300
Operating lease rentals	5,436	6,000
	<u>369,080</u>	<u>257,401</u>

**WEST SOMERSET ACADEMIES TRUST
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FOR THE YEAR ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,055,317	2,051,270
Social security costs	281,821	154,774
Pension costs	1,136,066	408,010
	<u>5,473,204</u>	<u>2,614,054</u>
Supply teacher costs	47,472	26,745
Staff restructuring costs	16,343	-
	<u>5,537,019</u>	<u>2,640,799</u>

Staff restructuring costs comprise:

	2017	2016
	£	£
Severance payments	16,343	-

included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £16,643 (2016: £Nil). Individually, the payments were £7,378 and £8,965.

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

	2017	2016
	No.	No.
Teachers	74	35
Administration and Support	205	55
Management	8	4
	<u>287</u>	<u>94</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £110,001 - £120,000	1	1

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 and national insurance) received by key management personnel for their services to the Academy Trust was £182,568 (2016: £181,383).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. CENTRAL SERVICES

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

- Strategic leadership
- School improvement services
- Financial services
- Legal services
- Health & safety services
- Premises management
- Human resources
- Insurance

The Academy Trust charges for these services on the following basis:

The actual salary costs who provide the above services are recharged based on the pupil numbers in each school and then apportioned based on when the school joined the Academy Trust in the year.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Minehead Middle School	107,197	-
Minehead First School	55,860	-
St Michael's Church of England First School	27,537	-
Danesfield Church of England School	18,309	-
Old Cleeve CofE School	7,603	-
St Peter's Church of England First School	9,185	-
	<hr/>	<hr/>
Total	<u>225,691</u>	<u> </u>

13. TRUSTEES' REMUNERATION AND EXPENSES

The Chief Executive officer only receives remuneration in respect of services he provides undertaking the roles of Headteacher and staff under their contracts of employment, 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 other benefits was as follows: P Rushforth: Remuneration £115,000 - £120,000 (2016: £105,000 - £110,000), Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000).

During the year ended 31 August 2017, expenses totalling £313 (2016: £NIL) were reimbursed to 2 Trustees (2016: none).

14. TRUSTEES' AND OFFICERS' INSURANCE

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

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

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long term leasehold Land and Buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST						
At 1 September 2016	-	10,835,312	26,170	319,338	470,346	11,651,166
Additions	195,000	65,497	14,288	116,312	255,246	646,343
Transfer from existing Academy Trust	-	1,442,503	3,830	45,266	40,167	1,531,766
At 31 August 2017	<u>195,000</u>	<u>12,343,312</u>	<u>44,288</u>	<u>480,916</u>	<u>765,759</u>	<u>13,829,275</u>
DEPRECIATION						
At 1 September 2016	-	621,255	14,568	127,216	406,468	1,169,507
Charge for the year	3,900	195,269	8,925	51,501	93,284	352,879
At 31 August 2017	<u>3,900</u>	<u>816,524</u>	<u>23,493</u>	<u>178,717</u>	<u>499,752</u>	<u>1,522,386</u>
NET BOOK VALUE						
At 31 August 2017	<u>191,100</u>	<u>11,526,788</u>	<u>20,795</u>	<u>302,199</u>	<u>266,007</u>	<u>12,306,889</u>
At 31 August 2016	<u>-</u>	<u>10,214,057</u>	<u>11,602</u>	<u>192,122</u>	<u>63,878</u>	<u>10,481,659</u>

During the year, The Academy Trust purchased freehold land and buildings for £195,000. The site is used for the King Edward Road Nursery which opened during the year. The purchase was made with the consent from the ESFA which was obtained prior to completion.

16. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	<u>4,973</u>	<u>12,475</u>

17. DEBTORS

	2017 £	2016 £
Trade debtors	8,427	-
VAT recoverable	133,417	34,051
Other debtors	8,289	180,869
Prepayments and accrued income	199,219	70,156
	<u>349,352</u>	<u>285,076</u>

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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	As restated 2016 £
Trade creditors	221,426	-
Other taxation and social security	120,330	62,594
Other creditors	314,968	242,158
Accruals and deferred income	155,728	29,814
	<u>812,452</u>	<u>334,566</u>

DEFERRED INCOME

	2017 £	2016 £
Deferred income at 1 September 2016	12,655	34,437
Resources deferred during the year	84,796	12,655
Amounts released from previous years	(12,655)	(34,437)
	<u>84,796</u>	<u>12,655</u>

At the balance sheet date, the academy held funds received in advance for school trips, universal infant free school meals and nursery income received in advance.

19. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	8,427	168,423
Accrued income	93,627	39,525
	<u>102,054</u>	<u>207,948</u>
Financial liabilities measured at amortised cost		
Trade creditors	(221,426)	-
Other creditors	(200,492)	(57,158)
Accruals	(70,932)	(17,159)
	<u>(492,850)</u>	<u>(74,317)</u>
	<u>(390,796)</u>	<u>133,631</u>

WEST SOMERSET ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PRIOR YEAR ADJUSTMENT

In the prior year, the Academy Trust received £185,000 from the ESFA which was not recognised in the financial statements in the year to 31 August 2016.

The Academy Trust was not, and is still not entitled to the income. As such, a prior year adjustment has been made to increase cash and bank by £185,000, and increase other creditors by £185,000.

21. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
DESIGNATED FUNDS						
Designated Fixed asset fund	-	-	(3,900)	195,000	-	191,100
Designated Fund - Seashells donation	-	140,000	-	(140,000)	-	-
	<u>-</u>	<u>140,000</u>	<u>(3,900)</u>	<u>55,000</u>	<u>-</u>	<u>191,100</u>
GENERAL FUNDS						
Unrestricted funds	<u>1,034,979</u>	<u>508,517</u>	<u>(336,473)</u>	<u>(55,000)</u>	<u>-</u>	<u>1,152,023</u>
Total Unrestricted funds	<u>1,034,979</u>	<u>648,517</u>	<u>(340,373)</u>	<u>-</u>	<u>-</u>	<u>1,343,123</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	744,222	4,851,187	(4,643,974)	(404,377)	-	547,058
High needs funding	-	222,160	(222,160)	-	-	-
Pupil premium	-	413,358	(413,358)	-	-	-
UIFSM	-	70,643	(70,643)	-	-	-
Regional development grant	-	110,000	(110,000)	-	-	-
Sponsor capacity grant	-	61,781	(61,781)	-	-	-
School improvement support grant	-	160,000	(160,000)	-	-	-
Other DfE/ESFA	-	77,034	(77,034)	-	-	-
Other Government grants	-	34,050	(34,050)	-	-	-
Other restricted funds	-	29,041	(29,041)	-	-	-
Diocesan property rental	-	103,780	(103,780)	-	-	-
Pension reserve	(3,560,000)	-	(2,821,000)	-	789,000	(5,592,000)
	<u>(2,815,778)</u>	<u>6,133,034</u>	<u>(8,746,821)</u>	<u>(404,377)</u>	<u>789,000</u>	<u>(5,044,942)</u>

WEST SOMERSET ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	10,223,767	-	1,311,931	-	-	11,535,698
Fixed assets purchased from GAG and other restricted funds	206,575	-	(112,185)	404,377	-	498,767
DfE/ESFA Capital grants	64,625	46,402	(16,603)	-	-	94,424
Capital donations	3,861	-	(721)	-	-	3,140
	<u>10,498,828</u>	<u>46,402</u>	<u>1,182,422</u>	<u>404,377</u>	<u>-</u>	<u>12,132,029</u>
Total restricted funds	<u>7,683,050</u>	<u>6,179,436</u>	<u>(7,564,399)</u>	<u>-</u>	<u>789,000</u>	<u>7,087,087</u>
Total of funds	<u>8,718,029</u>	<u>6,827,953</u>	<u>(7,904,772)</u>	<u>-</u>	<u>789,000</u>	<u>8,430,210</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
DESIGNATED FUNDS	-	-	-	-	-	-
GENERAL FUNDS						
Unrestricted funds	856,752	240,560	(62,333)	-	-	1,034,979
	<u>856,752</u>	<u>240,560</u>	<u>(62,333)</u>	<u>-</u>	<u>-</u>	<u>1,034,979</u>
Total Unrestricted funds	<u>856,752</u>	<u>240,560</u>	<u>(62,333)</u>	<u>-</u>	<u>-</u>	<u>1,034,979</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	713,257	2,620,781	(2,486,002)	(103,814)	-	744,222
Start up grant	-	95,000	(95,000)	-	-	-
Other DfE/ESFA	-	239,099	(239,099)	-	-	-
Sponsor capacity grant	-	205,697	(205,697)	-	-	-
School improvement support grant	-	159,482	(159,482)	-	-	-
Pension reserve	(1,507,000)	(414,000)	(157,000)	-	(1,482,000)	(3,560,000)
	<u>(793,743)</u>	<u>2,906,059</u>	<u>(3,342,280)</u>	<u>(103,814)</u>	<u>(1,482,000)</u>	<u>(2,815,778)</u>

**WEST SOMERSET ACADEMIES TRUST
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21. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	6,545,684	3,851,266	(173,183)	-	-	10,223,767
Fixed assets purchased from GAG and other restricted funds	154,526	-	(51,765)	103,814	-	206,575
DfE/ESFA Capital grants	58,566	11,673	(5,614)	-	-	64,625
Capital donations	5,903	-	(2,042)	-	-	3,861
	<u>6,764,679</u>	<u>3,862,939</u>	<u>(232,604)</u>	<u>103,814</u>	<u>-</u>	<u>10,498,828</u>
Total restricted funds	<u>5,970,936</u>	<u>6,768,998</u>	<u>(3,574,884)</u>	<u>-</u>	<u>(1,482,000)</u>	<u>7,683,050</u>
Total of funds	<u>6,827,688</u>	<u>7,009,558</u>	<u>(3,637,217)</u>	<u>-</u>	<u>(1,482,000)</u>	<u>8,718,029</u>

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

Designated fixed asset fund - This fund represents the net book value of the freehold land and buildings, purchased using unrestricted funds, which is used for the King Edward Road nursery.

Designated fund, Seashell donation - This fund represents a donation received from Seashells nursery which was used to purchase the freehold land and buildings for King Edward Road nursery.

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy Trust, including education and support costs. During the year, £404,377 (2016: £103,814) of GAG was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG.

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

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

UIFSM - This represents funding received to provide free school meals to all children in reception, year 1 and year 2.

Regional development grant - This represents a grant received from the ESFA to help grow the Academy Trust and improve infrastructure.

Sponsor capacity grant - This represents a grant received from the ESFA to contribute towards some of the essential expenses incurred when establishing an Academy Trust and preparing to sponsor underperforming schools.

School improvement support grant - This represents a grant received from the ESFA to contribute towards expenses incurred by the Academy Trust in rebrokering and providing school improvement support to the Danesfield Middle and St Peter's First Schools.

Other DfE/ESFA - This represents other income received from the DfE/ESFA. In particular, this includes rates grant and year 7 catch up.

Other Government - This represents other income received from Government sources.

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21. STATEMENT OF FUNDS (continued)

Start up grant - This represents a one off funding stream from the ESFA to contribute for the cost of converting the two additional schools to academies and setting up the Multi Academy Trust.

Other restricted income - This funding represents other income that has been received with specific restrictions on its expenditure.

Diocesan property rental - The Academy Trust's occupation of property owned by the Diocese of Bath and Wells for the period is recognisable as a notional donation and a notional rental expense.

Pension reserve - This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. The Academy Trust is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Danesfield Church of England School	(91,907)	-
Minehead First School	167,919	223,900
Minehead Middle School	1,487,679	1,555,301
Old Cleeve CofE School	10,813	-
St Michael's Church of England First School	127,974	-
St Peter's Church of England First School	120,248	-
Central	67,455	-
Total before fixed asset fund and pension reserve	1,890,181	1,779,201
Restricted fixed asset fund	12,132,029	10,498,828
Pension reserve	(5,592,000)	(3,560,000)
Total	8,430,210	8,718,029

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

Name of academy	Amount of deficit £
Danesfield Church of England School	(91,907)

The Quantock Academy Trust joined WSAT with a deficit in excess of £200k. See note 30.

The Academy Trust is taking the following action to return the academies to surplus:

As part of Due Diligence WSAT prepared a Recovery Plan, which was accepted by the EFSA; this included a three year staff restructuring plan, reduction in non-staffing costs and savings to be achieved through centralisation of services – to return Danesfield to a break even position.

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

21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure (excluding expenditure on Academies joining the trust) incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Danesfield Church of England School	421,428	160,622	48,258	113,391	743,699	-
Minehead First School	948,649	257,211	64,619	145,801	1,416,280	357,687
Minehead Middle School	1,903,034	360,236	245,693	318,488	2,827,451	2,885,366
Old Cleeve CofE School	194,178	46,911	13,166	46,496	300,751	-
St Michael's Church of England First School	435,963	134,533	23,106	105,373	698,975	-
St Peter's Church of England First School	168,535	37,198	16,107	48,394	270,234	-
Central	78,872	389,649	68,471	134,933	671,925	-
	<u>4,150,659</u>	<u>1,386,360</u>	<u>479,420</u>	<u>912,876</u>	<u>6,929,315</u>	<u>3,243,053</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	191,100	-	12,115,789	12,306,889
Current assets	1,152,023	1,359,510	16,240	2,527,773
Creditors due within one year	-	(812,452)	-	(812,452)
Pension scheme liability	-	(5,592,000)	-	(5,592,000)
	<u>1,343,123</u>	<u>(5,044,942)</u>	<u>12,132,029</u>	<u>8,430,210</u>

**WEST SOMERSET ACADEMIES TRUST
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22. 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	-	-	10,481,659	10,481,659
Current assets	1,034,979	1,078,788	17,169	2,130,936
Creditors due within one year	-	(334,566)	-	(334,566)
Provisions for liabilities and charges	-	(3,560,000)	-	(3,560,000)
	<u>1,034,979</u>	<u>(2,815,778)</u>	<u>10,498,828</u>	<u>8,718,029</u>

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

	2017 £	As restated 2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,076,819)	3,372,340
Adjustment for:		
Depreciation charges	352,879	232,605
Interest received	(1,270)	(1,718)
Decrease/(increase) in stocks	12,475	1,923
Decrease/(increase) in debtors	35,622	43,262
Increase/(decrease) in creditors	279,993	146,511
Capital grants from DfE and other capital income	(46,402)	(11,672)
Defined benefit pension scheme cost less contributions payable	450,000	93,000
Defined benefit pension scheme finance cost	104,000	64,000
Net (gain) / loss on assets and liabilities from local authority on conversion	622,213	(3,602,700)
Net cash provided by operating activities	<u>732,691</u>	<u>337,551</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	2,173,448	1,833,385
	<u>2,173,448</u>	<u>1,833,385</u>

**WEST SOMERSET ACADEMIES TRUST
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25. PENSION COMMITMENTS

The Academy Trust'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 £119,043 were payable to the schemes at 31 August 2017 (2016: £56,187) 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 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 £372,556 (2016: £184,606).

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £469,000 (2016: £176,000), of which employer's contributions totalled £356,000 (2016: £131,000) and employees' contributions totalled £113,000 (2016: £45,000). The agreed contribution rates for future years are 18.1% for employers and 5.5% to 7.5% for employees.

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

Principal actuarial assumptions:

	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

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	(198,000)	(114,000)
Discount rate -0.1%	202,000	117,000
Mortality assumption - 1 year increase	333,000	144,000
Mortality assumption - 1 year decrease	(322,000)	(141,000)

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25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,997,000	1,350,000
Gilts and bonds	650,000	350,000
Property	379,000	198,000
Cash	184,000	55,000
	<hr/>	<hr/>
Total market value of assets	4,210,000	1,953,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £368,000 (2016: £253,000).

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

	2017 £	2016 £
Current service cost	(806,000)	(224,000)
Interest income	61,000	56,000
Interest cost	(165,000)	(120,000)
	<hr/>	<hr/>
Total	(910,000)	(288,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Opening defined benefit obligation	5,513,000	2,736,000
Transferred in on academies joining the trust	3,824,000	715,000
Current service cost	806,000	224,000
Interest cost	165,000	120,000
Employee contributions	113,000	45,000
Actuarial (gains)/losses	(439,000)	1,678,000
Benefits paid	(180,000)	(5,000)
	<hr/>	<hr/>
Closing defined benefit obligation	9,802,000	5,513,000
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WEST SOMERSET ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,953,000	1,229,000
Transferred in on academies joining the trust	1,557,000	301,000
Interest income	63,000	57,000
Actuarial losses	350,000	196,000
Employer contributions	356,000	131,000
Employee contributions	113,000	45,000
Benefits paid	(180,000)	(5,000)
Administration expenses	(2,000)	(1,000)
	<u>4,210,000</u>	<u>1,953,000</u>
Closing fair value of scheme assets	<u>4,210,000</u>	<u>1,953,000</u>

26. 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	27,899	18,514
Between 1 and 5 years	30,788	728
Total	<u>58,687</u>	<u>19,242</u>

27. MEMBERS' LIABILITY

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

28. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

WEST SOMERSET ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

29. CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 St Michael's Church of England First School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to West Somerset Academies Trust from Somerset County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Charitable activities - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	92,622	-	-	92,622
LGPS pension surplus/(deficit)	-	(440,000)	-	(440,000)
Net assets/(liabilities)	92,622	(440,000)	-	(347,378)

The above net liabilities include £92,622 that was transferred as cash.

**WEST SOMERSET ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

30. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

On 1 April 2017 The Quantock Academy joined the Academy Trust and all the operations, assets and liabilities were transferred to West Somerset Academies Trust for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of financial activities incorporating income and expenditure account as Charitable activities - transfer from existing Academy Trust.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

Quantock Academy

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	1,442,503	-	1,442,503
Motor vehicles	3,830	-	3,830
Fixtures and fittings	45,266	-	45,266
Computer equipment	40,167	-	40,167
Stock	4,973	-	4,973
Debtors due within one year	99,898	-	99,898
Cash in bank and in hand	113,421	-	113,421
Liabilities			
Creditors due within one year	(197,893)	-	(197,893)
Pensions			
Pensions - pension scheme assets	1,331,000	-	1,331,000
Pensions - pension scheme liabilities	(3,158,000)	-	(3,158,000)
Net liabilities	<u>(274,835)</u>	<u>-</u>	<u>(274,835)</u>