

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 14
Governance Statement	15 - 18
Statement on Regularity, Propriety and Compliance	19
Statement of Trustees' Responsibilities	20
Independent Auditors' Report on the Financial Statements	21 - 23
Independent Reporting Accountant's Assurance Report on Regularity	24 - 25
Statement of Financial Activities Incorporating Income and Expenditure Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29 - 54

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	L Baker N Mouzouri H Fenn K Tucker
Trustees	M Forster, Chair ^{1,2} T Langdon (resigned 15 June 2018) G Lloyd ^{2,3} I Milton-Jenkins ^{1,3} C Randell (resigned 12 July 2018) ^{2,4} S Robinson (resigned 21 March 2018) P Rushforth, Chief Executive Officer ^{1,2,3,4} D Shelley ^{1,4} K Tucker ⁴ E White H Lake (appointed 26 July 2018) J Ewen (appointed 4 October 2018)
	1 Human Resources & Payroll 2 Finance & Audit 3 Estates & Premises 4 Education Standards
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 Janine Donovan, Headteacher Keith Mansell, Headteacher *Barbara O'Keefe, Chief Operations Officer Adam Evans, Headteacher Nigel Johnson, Headteacher Dan Perry, Headteacher

*Key management personnel for the purpose of disclosure in the accounts.

Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
-----------------------------	--

**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 2018**

Advisers (continued)

Bankers

Lloyds Bank
23 Fore Street
Williton
Taunton
TA4 4QF

Solicitors

Browne Jacobson

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates six academies in West Somerset. Its academies have a combined pupil capacity of 1,736 and had a roll of 1,580 in the school census in October 2017.

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.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£1,200
Total pay bill	£7,514,870
Percentage of total pay bill spent on facility time	0.016%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	80%
---	------------

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

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 agreed a governance structure and associated Scheme of Delegation.

During 2017/18 the following committees were in place and met termly:

- Finance & Audit: this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

- HR & Payroll
- Education & Standards
- Estates & Health & Safety

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.
- to approve the budget.

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.

The Trust has a Governance and leadership structure which consists of the Trustees, CEO, COO and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) consists of the Academy Headteachers, The Headteachers manage their academies at an executive level, implementing the policies laid down by the Trustees and reporting back to them. Budget holders are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation.

The CEO is the Accounting Officer.

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

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
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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 Trust.

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 2018 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 2018 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.

Communications and Public Relations

The Trust will be a known entity in our community

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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 use TeachFirst Teachers to attract the very best candidates to our schools

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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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

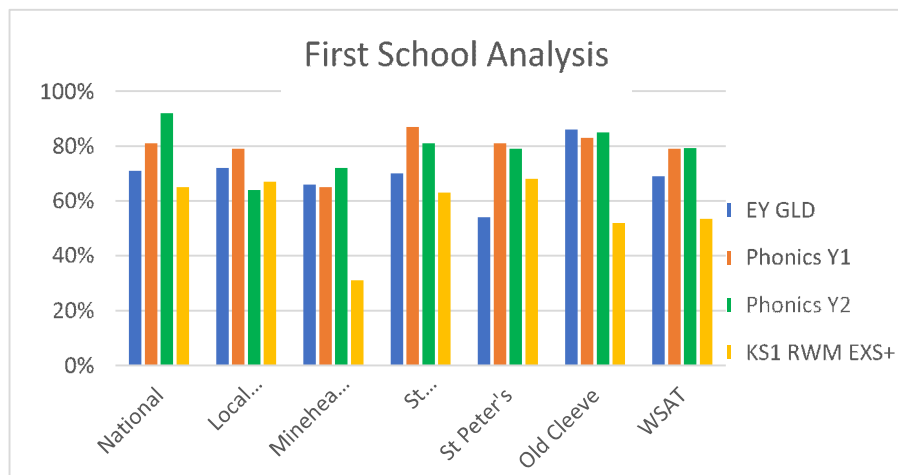
The Trust held a very successful INSET on the first day of the Autumn term where staff, governors and Trustees had the opportunity to meet and discuss the aims and visions of the Trust and its plans for the year.

Working as part of the Opportunity Area we have provided:

- NPQH for all but one of our headteachers
- NPQEL for our CEO
- 3 days INSET for all our Teachings Assistants.

Key Performance Indicators

Across the Trust, standards coming out of the EYFS remain just below average at 69% - though this varies from 54% at St Peter's to 86% at Old Cleeve; the national average is 71% in 2018. Leaving Key Stage 1, pupils' outcomes are at National average, although there are significant differences between Minehead First School and the other Schools within the Trust. With the notable exception of Minehead First, all Schools are above the national expected threshold in phonic knowledge.



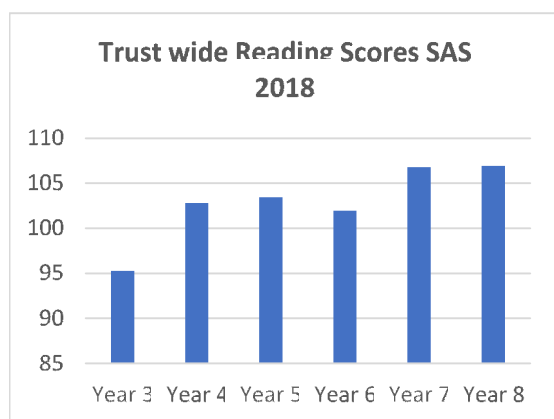
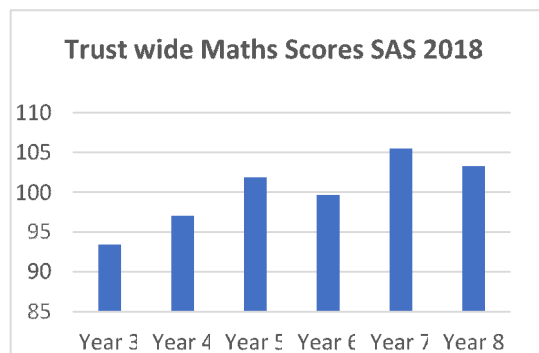
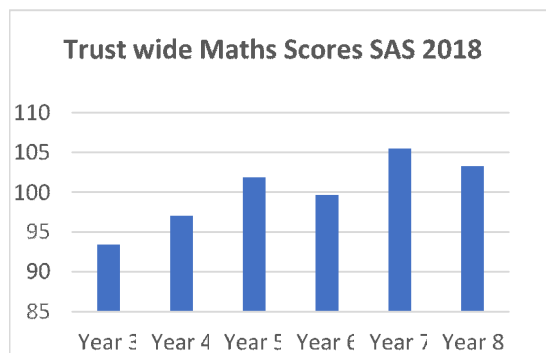
At Key stage 2 children attained below the National Average across Reading, GDS and Maths at both Minehead Middle and Danesfield. In both school's progress at KS2 is above the National average and better than the average across primary schools.

The GL tests show that from Year 4 the results are in line with, or just below the average, with exceptional performance being shown in Reading and Maths in Years 7 and 8.

By the time they reach Year 8 (2018) the GL tests showed that at MMS they were well above average in reading, average in English and just below average in mathematics – a trend that had followed this cohort throughout their education. At DMS children left Year 8 above average.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**



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 2018 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 2018, the Trust received total income (excluding pension and fixed assets) of £8,907,075 (2017: £6,781,551) and incurred total expenditure of £9,740,435 (2017: £6,226,194) the excess of expenditure over income for the year was £833,360 (2017: excess of income over expenditure £515,357).

At 31 August 2018 the net book value of fixed assets was £12,429,749 and movements in tangible fixed assets are shown in note 16 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

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

On 1st September 2017 the age range at Minehead First School was extended to 2 – 9 year olds; this enabled us to welcome Seashells Nursery to the Trust, operating as an integral part of Minehead First School. Seashells bank balance was transferred to the Trust 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 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 reviewed the new Governance Structure and Scheme of Delegation.

Since the Trust was established, there have been savings made in several areas. The 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 and HR & Payroll software, better suited for MATs, have been procured and installed and will better support financial management, monitoring and reporting.

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 £1,008,401. 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 pensions costs costs and the national living wage The Trustees have reviewed the future plans of the Trust and have set designated reserves as follows:

- £200k to cover the deficit between budget allocation and budget expenditure over the next two academic years
- £150k to invest in catering provision across the Trust
- £100k to contribute towards Condition Improvement Bids in 2018-19

The above designations amount to £450k, leaving £558k 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 2017-18 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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

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 25 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 key performance indicators are:

1. Proportion of children reaching a GLD at the end of EYFS stage is close the national averages
2. KS1 – 75% of children will reach ARE at the end of the Key Stage
3. KS2 – we continue to outperform Primary schools nationally in reading and mathematics and improve writing results to national average at MMS.
4. Phonics results will rise to national levels across the Trust
5. 60% of children in KS2 are at ARE in English and Maths
6. At the end of Year 8 – our children continue to be above NE in reading and mathematics and have improved in English at Danesfield (according to GL outcomes)
7. 95% of our children are able to swim 25m at the end of year 6 and 100% are able to swim 25m at the end of Year 8
8. Attendance levels across the Trust are 95% and there are no permanent exclusions
9. At the end of Year 6 – 95% of children have had the opportunity of learning to play a musical instrument – with 25% continuing to play an instrument after Year 6.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

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, was approved by order of the Board of Trustees, as company directors, on 12 December 2018 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	5	5
T Langdon	4	4
G Lloyd	5	5
I Milton-Jenkins	2	5
C Randell	3	4
S Robinson	1	3
P Rushforth, Chief Executive Officer	5	5
D Shelley	5	5
K Tucker	4	5
E White	4	5

At the end of each year, the Trustees 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 Trust 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	3	3
G Lloyd	3	3
P Rushforth	3	3
C Randell	3	3

Three trustees resigned during the academic year. The Board is keen to fill these vacancies with new trustees who have a broad and appropriate skills set, at least one with specific experience in financial management. A trustee recruitment process will be run during the autumn term 2018.

The committee structure was utilised during the year to support trustees in monitoring particular areas: Finance, Education Standards, HR and Estates & Premises Management. The committees met on a half termly basis and provided feedback to the main Trust Board, to better inform strategic decision making.

GOVERNANCE STATEMENT (continued)

Trustees received financial monitoring reports on a regular basis; these supported in the Board in carrying out robust financial governance and budget management.

Trustees received regular pupil progress and attainment data throughout the year. Trustees used local and national benchmarking data to assess pupil progress across the Trust and present professional challenge to Trust educational professionals. The Trust carries out internal reviews across all of its schools, involving external professional to support the review process. Review reports were presented to trustees, to enable the Board to challenge report outcomes and prioritise future actions.

During the year the trustees had input into the process of reviewing and updating the Trust's Risk Register, better enabling trustees to control and manage risk across the Trust.

Trust educational professionals made regular presentation to the Trust Board throughout the year. This gave extended opportunities for trustees to challenge proposals and examine their effectiveness and efficiency and review curriculum provision

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.

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 Trust 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 partner 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 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.

Trustees, Governors and school leaders 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 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 Trust.

Since the Trust was established, there have been savings made in several areas. The 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.

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

GOVERNANCE STATEMENT (continued)

From April 2018 the Trust operated its payroll in-house, resulting in cost and efficiency savings. To ensure full compliance - contracts for mechanical & electrical service and inspections, health & safety management, fire risk assessments and asbestos management are awarded and managed centrally, generating cost and efficiency savings. Staff are increasingly working at more than one setting across the Trust, providing increased professional development opportunities and potentially making savings

Photocopying costs are being managed and controlled more robustly, achieving cost and efficiency savings

Online payment systems have been introduced across the Trust, making it easier for families to pay for trips, nursery fees, school lunches etc

Through further integration and centralisation of photocopier contracts across the Trust, resulting in a 28% reduction in leasing costs, and an average reduction in cost per copy of 10%. The Trust has replaced a number of staff used PCs and laptops across the Trust, migrating staff away from older, slow, devices to modern devices, improving productivity and reducing support costs.

The Trust installed Solid State Disks (SSDs) in around 60% of the PCs of the Trust, improving their performance and extending their working lives by at least 2 years

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.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy 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 2017 to 31 August 2018 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;

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

GOVERNANCE STATEMENT (continued)

- 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 Academy Trust's financial systems. In particular the checks carried out in the current period included:

- General operations
- Purchasing
- Payroll
- Income

On a semi-annual basis, the 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 Education Finance Team of Somerset County Council 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 12 December 2018 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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: 12 December 2018

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who 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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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: 12 December 2018

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST SOMERSET ACADEMIES TRUST

OPINION

We have audited the financial statements of West Somerset Academies Trust (the 'Academy Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other 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

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF WEST SOMERSET ACADEMIES TRUST

required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors' Report) for the financial year 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' 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 or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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. This description forms part of our Auditors' Report.

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

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

USE OF OUR REPORT

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 we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

20 December 2018

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

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

In accordance with the terms of our engagement letter dated 7 November 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 the 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Somerset Academies Trust and the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy 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 & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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:

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	30,071	148,104	23,918	202,093	328,605
Charitable activities	3	1,090,170	7,619,613	-	8,709,783	6,486,455
Other trading activities	4	14,850	-	-	14,850	11,623
Investments	5	4,267	-	-	4,267	1,270
TOTAL INCOME		1,139,358	7,767,717	23,918	8,930,993	6,827,953
EXPENDITURE ON:						
Raising funds	8	271	-	-	271	85
Charitable activities:						
Grants	6	-	66,299	-	66,299	-
Other charitable activities	8	1,367,953	8,305,912	371,989	10,045,854	7,282,474
Transfer of net liabilities into Academy Trust	7	-	-	-	-	622,213
TOTAL EXPENDITURE		1,368,224	8,372,211	371,989	10,112,424	7,904,772
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	21	(228,866)	(604,494)	(348,071)	(1,181,431)	(1,076,819)
		-	(437,751)	437,751	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(228,866)	(1,042,245)	89,680	(1,181,431)	(1,076,819)
Actuarial gains on defined benefit pension schemes	25	-	1,064,000	-	1,064,000	789,000
NET MOVEMENT IN FUNDS		(228,866)	21,755	89,680	(117,431)	(287,819)
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,343,123	(5,044,942)	12,132,029	8,430,210	8,718,029
TOTAL FUNDS CARRIED FORWARD		1,114,257	(5,023,187)	12,221,709	8,312,779	8,430,210

The notes on pages 29 to 54 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	16		12,429,749		12,306,889
CURRENT ASSETS					
Stocks	17	4,973		4,973	
Debtors	18	775,213		349,352	
Cash at bank and in hand		909,858		2,173,448	
			<u>1,690,044</u>	<u>2,527,773</u>	
CREDITORS: amounts falling due within one year	19	(682,014)		(812,452)	
			<u>1,008,030</u>	<u>1,715,321</u>	
NET CURRENT ASSETS					
			<u>13,437,779</u>		<u>14,022,210</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	25		(5,125,000)		(5,592,000)
NET ASSETS			<u>8,312,779</u>		<u>8,430,210</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	21	101,813		547,058	
Fixed asset funds	21	12,221,709		12,132,029	
			<u>12,323,522</u>	<u>12,679,087</u>	
Restricted funds excluding pension reserve					
Pension reserve		(5,125,000)		(5,592,000)	
			<u>7,198,522</u>	<u>7,087,087</u>	
Total restricted funds					
Unrestricted funds	21		1,114,257		1,343,123
TOTAL FUNDS			<u>8,312,779</u>		<u>8,430,210</u>

The financial statements on pages 26 to 54 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

M Forster
Chair of Trustees

The notes on pages 29 to 54 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 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	<u>(836,276)</u>	<u>732,691</u>
Cash flows from investing activities:			
Interest received		4,267	1,270
Purchase of tangible fixed assets		(499,823)	(646,343)
Capital grants from DfE Group		68,242	46,402
Cash transferred on conversion to an Academy Trust		-	206,043
Net cash used in investing activities		<u>(427,314)</u>	<u>(392,628)</u>
Change in cash and cash equivalents in the year		(1,263,590)	340,063
Cash and cash equivalents brought forward		<u>2,173,448</u>	<u>1,833,385</u>
Cash and cash equivalents carried forward	24	<u><u>909,858</u></u>	<u><u>2,173,448</u></u>

The notes on pages 29 to 54 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

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 apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

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:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

Freehold property	-	50 years
Leasehold property	-	125 years (land) 50 years (buildings)
Furniture and fixtures	-	10 years
Motor vehicles	-	5 years
Computer equipment	-	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Where the Academy Trust has been granted use of the school buildings from the Diocese under Supplemental Agreements, the Academies Accounts Direction prescribes that under this agreement the risk and rewards of ownership remain with the Diocese. A donation from the Diocese has been recognised equal to the deemed rental expense, based on the rateable value of the buildings.

1.6 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.7 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.8 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.9 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. 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 19. 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. ACCOUNTING POLICIES (continued)

1.10 TAXATION

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

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.12 FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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/donor and include grants from the Department for Education Group.

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

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy Trust 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

1.14 OPERATING LEASES

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.15 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	30,071	103,780	-	133,851	282,203
Capital Grants	-	44,324	23,918	68,242	46,402
	<u>30,071</u>	<u>148,104</u>	<u>23,918</u>	<u>202,093</u>	<u>328,605</u>
Total 2017	<u>173,532</u>	<u>108,671</u>	<u>46,402</u>	<u>328,605</u>	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	479,702	7,619,613	8,099,315	6,356,870
Nursery	610,468	-	610,468	129,585
	<u>1,090,170</u>	<u>7,619,613</u>	<u>8,709,783</u>	<u>6,486,455</u>
Total 2017	<u>462,092</u>	<u>6,024,363</u>	<u>6,486,455</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	6,355,327	6,355,327	4,851,187
Other DfE/ESFA grants	-	911,143	911,143	892,816
	<u>-</u>	<u>7,266,470</u>	<u>7,266,470</u>	<u>5,744,003</u>
Other government grants				
High Needs	-	353,143	353,143	222,160
Other government grants	-	-	-	34,050
	<u>-</u>	<u>353,143</u>	<u>353,143</u>	<u>256,210</u>
Other funding				
Internal catering income	181,378	-	181,378	116,101
Income for hosting trainee teachers	-	-	-	950
Sales to students	75,973	-	75,973	39,812
Trip income	222,351	-	222,351	199,794
	<u>479,702</u>	<u>-</u>	<u>479,702</u>	<u>356,657</u>
	<u>479,702</u>	<u>7,619,613</u>	<u>8,099,315</u>	<u>6,356,870</u>
Total 2017	<u>332,507</u>	<u>6,024,363</u>	<u>6,356,870</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	14,850	-	14,850	7,774
Fees received	-	-	-	3,849
	<u>14,850</u>	<u>-</u>	<u>14,850</u>	<u>11,623</u>
Total 2017	<u>11,623</u>	<u>-</u>	<u>11,623</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	4,267	-	4,267	1,270
	<u>4,267</u>	<u>-</u>	<u>4,267</u>	<u>1,270</u>
Total 2017	1,270	-	1,270	
	<u>1,270</u>	<u>-</u>	<u>1,270</u>	

6. ANALYSIS OF GRANTS

	Grants to Institutions 2018 £	Total 2018 £	Total 2017 £
Improvements to diocesan property occupied by the Academy Trust	66,299	66,299	-
	<u>66,299</u>	<u>66,299</u>	<u>-</u>

7. TRANSFER OF NET LIABILITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfers from Local Authority on conversion	-	-	-	347,378
Transfer on acquisition of Academy Trust	-	-	-	274,835
	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,213</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,213</u>
Total 2017	(113,021)	735,234	622,213	
	<u>(113,021)</u>	<u>735,234</u>	<u>622,213</u>	

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	271	271	85
Support costs	-	-	-	-	-
Education:					
Direct costs	5,817,296	164,676	1,200,546	7,182,518	5,395,273
Support costs	1,383,958	570,110	405,652	2,359,720	1,794,798
Nursery:					
Direct costs	439,222	3,457	11,538	454,217	81,258
Support costs	17,821	775	30,803	49,399	11,145
	<u>7,658,297</u>	<u>739,018</u>	<u>1,648,810</u>	<u>10,046,125</u>	<u>7,282,559</u>
Total 2017	<u>5,537,019</u>	<u>590,785</u>	<u>1,154,755</u>	<u>7,282,559</u>	

9. DIRECT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	142,000	-	142,000	104,000
Educational supplies	486,510	4,948	491,458	292,374
Examination fees	106	-	106	-
Staff development	52,712	2,235	54,947	20,450
Other costs	217,267	933	218,200	163,252
Supply teachers	143,427	-	143,427	47,472
Technology costs	162,727	2,815	165,542	3,259
Wages and salaries	4,170,765	354,094	4,524,859	3,314,146
National insurance	348,148	19,496	367,644	232,929
Pension cost	1,154,956	65,632	1,220,588	1,006,112
Depreciation	303,900	4,064	307,964	292,537
	<u>7,182,518</u>	<u>454,217</u>	<u>7,636,735</u>	<u>5,476,531</u>
Total 2017	<u>5,395,273</u>	<u>81,258</u>	<u>5,476,531</u>	

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. SUPPORT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Recruitment and support	8,937	361	9,298	12,349
Maintenance of premises and equipment	161,114	6,168	167,282	109,726
Cleaning	10,273	2,506	12,779	19,253
Rent and rates	163,119	1,209	164,328	153,657
Energy costs	116,153	5,141	121,294	78,382
Insurance	36,840	-	36,840	23,896
Security and transport	17,053	32	17,085	16,451
Catering	200,722	11,367	212,089	104,320
Technology costs	29,429	1,512	30,941	27,263
Office overheads	109,802	1,554	111,356	146,787
Legal and professional	44,063	818	44,881	101,990
Governance	10,168	-	10,168	14,800
Wages and salaries	1,114,489	14,869	1,129,358	757,515
National insurance	78,843	266	79,109	48,893
Pension cost	190,626	2,686	193,312	129,954
Depreciation	68,089	910	68,999	60,707
	<u>2,359,720</u>	<u>49,399</u>	<u>2,409,119</u>	<u>1,805,943</u>
Total 2017	<u>1,794,798</u>	<u>11,145</u>	<u>1,805,943</u>	

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the Academy Trust	376,963	352,879
Auditors' remuneration - audit	8,250	8,250
Auditors' remuneration - other services	2,015	2,050
Operating lease rentals	25,753	5,436
	<u>376,963</u>	<u>352,879</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	5,654,217	4,055,317
Social security costs	446,753	281,821
Pension costs	1,413,900	1,136,066
	<u>7,514,870</u>	<u>5,473,204</u>
Agency staff costs	143,427	47,472
Staff restructuring costs	-	16,343
	<u><u>7,658,297</u></u>	<u><u>5,537,019</u></u>

Staff restructuring costs comprise:

	2018	2017
	£	£
Severance payments	-	16,343
	<u><u>-</u></u>	<u><u>16,343</u></u>

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	77	74
Administration and Support	156	205
Management	8	8
	<u>241</u>	<u>287</u>
	<u><u>241</u></u>	<u><u>287</u></u>

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	70	53
Administration and Support	154	105
Management	8	8
	<u>232</u>	<u>166</u>
	<u><u>232</u></u>	<u><u>166</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. STAFF COSTS (continued)

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	3	1
In the band £100,001 - £200,000	1	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Academy Trust was £225,160 (2017: £201,775).

As staff trustees are not remunerated in respect of their role as trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 14 has not been included in the total benefits received by key management personnel above.

13. 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.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Minehead Middle School	192,944	107,197
Minehead First School	101,138	55,860
St Michael's Church of England First School	48,576	27,537
Danesfield Church of England School	102,360	18,309
Old Cleeve CofE School	43,368	7,603
St Peter's Church of England First School	45,108	9,185
	533,494	225,691
Total	533,494	225,691

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. 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 (2017: £115,000 - £120,000), Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000).

Other related party transactions involving the trustees are set out in note 28.

During the year ended 31 August 2018, expenses totalling £34 (2017: £313) were reimbursed to 1 Trustee (2017: 2).

15. 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.

16. TANGIBLE FIXED ASSETS

	Freehold property £	Long term leasehold Land and Buildings £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
COST						
At 1 September 2017	195,000	12,343,312	480,916	44,288	765,759	13,829,275
Additions	-	340,394	57,520	3,906	98,003	499,823
At 31 August 2018	195,000	12,683,706	538,436	48,194	863,762	14,329,098
DEPRECIATION						
At 1 September 2017	3,900	816,524	178,717	23,493	499,752	1,522,386
Charge for the year	3,900	201,904	53,844	7,589	109,726	376,963
At 31 August 2018	7,800	1,018,428	232,561	31,082	609,478	1,899,349
NET BOOK VALUE						
At 31 August 2018	187,200	11,665,278	305,875	17,112	254,284	12,429,749
At 31 August 2017	191,100	11,526,788	302,199	20,795	266,007	12,306,889

17. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	4,973	4,973

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. DEBTORS

	2018 £	2017 £
Trade debtors	33,544	8,427
VAT recoverable	87,555	133,417
Other debtors	310,607	8,289
Prepayments and accrued income	343,507	199,219
	<u>775,213</u>	<u>349,352</u>

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	92,806	221,426
Other taxation and social security	120,828	120,330
Other creditors	293,400	314,968
Accruals and deferred income	174,980	155,728
	<u>682,014</u>	<u>812,452</u>

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	84,796	12,655
Resources deferred during the year	76,379	84,796
Amounts released from previous years	(84,796)	(12,655)
	<u>76,379</u>	<u>84,796</u>

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

20. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>1,431,829</u>	<u>2,283,791</u>
Financial liabilities measured at amortised cost	<u>(484,807)</u>	<u>(604,745)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and cash at bank & in hand.

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

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
DESIGNATED FUNDS						
Designated fixed asset fund	191,100	-	(4,974)	21,543	-	207,669
GENERAL FUNDS						
Unrestricted funds	1,152,023	1,139,358	(1,363,250)	(21,543)	-	906,588
Total Unrestricted funds	1,343,123	1,139,358	(1,368,224)	-	-	1,114,257
RESTRICTED FUNDS						
General Annual Grant (GAG)	547,058	6,355,326	(6,412,154)	(442,432)	-	47,798
High needs funding	-	353,143	(353,143)	-	-	-
Pupil premium	-	553,163	(515,579)	-	-	37,584
Devolved formula capital	-	44,325	(38,813)	4,681	-	10,193
UIFSM	-	125,080	(125,080)	-	-	-
Other DfE/ESFA	-	110,350	(104,112)	-	-	6,238
Other restricted funds	-	122,550	(122,550)	-	-	-
Diocesan property rental	-	103,780	(103,780)	-	-	-
Pension reserve	(5,592,000)	-	(597,000)	-	1,064,000	(5,125,000)
	(5,044,942)	7,767,717	(8,372,211)	(437,751)	1,064,000	(5,023,187)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	11,535,698	-	(233,658)	-	-	11,302,040
Fixed assets purchased from GAG and other restricted funds	498,767	-	(124,531)	442,432	-	816,668
DfE/ESFA Capital grants	94,424	18,918	(13,314)	(4,681)	-	95,347
Capital donations	3,140	5,000	(486)	-	-	7,654
	12,132,029	23,918	(371,989)	437,751	-	12,221,709
Total restricted funds	7,087,087	7,791,635	(8,744,200)	-	1,064,000	7,198,522
Total of funds	8,430,210	8,930,993	(10,112,424)	-	1,064,000	8,312,779

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

Designated funds

Designated fixed asset fund - This fund represents the net book value of fixed assets, purchased using unrestricted funds, which are used in one of the nurseries.

21. STATEMENT OF FUNDS (continued)

Restricted funds

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

High needs - Funding received from 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 Trust to address the current underlying inequalities between those children and their wealthier peers.

Devolved Formula Capital - This represents funding from the ESFA to cover the maintenance and repair of the Academy Trust's assets.

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

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

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

Restricted fixed asset funds

Fixed assets transferred on conversion - This represents the buildings and equipment donated to the School from the Local Authority on conversion to an Academy.

Capital Grants - These funds are received for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

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

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Danesfield Church of England School	(246,204)	(91,907)
Minehead First School	113,686	167,919
Minehead Middle School	1,211,812	1,487,679
Old Cleeve CofE School	(28,515)	10,813
St Michael's Church of England First School	105,163	127,974
St Peter's Church of England First School	133,540	120,248
Central	(73,412)	67,455
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,216,070	1,890,181
Restricted fixed asset fund	12,221,709	12,132,029
Pension reserve	(5,125,000)	(5,592,000)
	<hr/>	<hr/>
Total	8,312,779	8,430,210
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Danesfield Church of England School	(246,204)
Old Cleeve CofE School	(28,515)

The Quantock Academy Trust, which included Danesfield Middle School and Old Cleeve First School, joined the Trust in 2016-17 with a combined deficit in excess of £200k.

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

Trustees have approved a Trust five year financial plan which indicates that Old Cleeve First School will be in a balanced fund position by 2021 and Danesfield Middle School will be in a balanced fund position by 2022/23. Predicted savings will be achieved through continuing cost efficiencies and changes in staffing structures.

Central is also showing a net deficit on its portion of the funds. The Central Budget shows an overspend due to the appointment of staff mid-year and these posts had not been included in the original budget. The Trust also purchased HR software licenses mid-year which had not been budgeted for.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure 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 depreciat- ion £	Total 2018 £	Total 2017 £
Danesfield Church of England School	1,086,360	216,524	88,425	350,653	1,741,962	743,699
Minehead First School	1,143,131	164,135	88,657	176,967	1,572,890	1,416,280
Minehead Middle School	1,750,149	257,072	137,286	382,209	2,526,716	2,827,451
Old Cleeve CofE School	508,032	72,411	50,536	132,046	763,025	300,751
St Michael's Church of England First School	441,025	90,747	51,899	145,286	728,957	698,975
St Peter's Church of England First School	456,881	63,728	50,744	128,269	699,622	270,234
Central	415,940	537,162	22,084	130,103	1,105,289	671,925
	5,801,518	1,401,779	489,631	1,445,533	9,138,461	6,929,315

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
DESIGNATED FUNDS						
Designated Fixed asset fund	-	-	(3,900)	195,000	-	191,100
Designated Fund - Seashells donation	-	140,000	-	(140,000)	-	-
Unrestricted funds	1,034,979	508,517	(336,473)	(55,000)	-	1,152,023

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. STATEMENT OF FUNDS (continued)

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>

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><u>8,718,029</u></u>	<u><u>6,827,953</u></u>	<u><u>(7,904,772)</u></u>	<u><u>-</u></u>	<u><u>789,000</u></u>	<u><u>8,430,210</u></u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	208,040	-	12,221,709	12,429,749
Current assets	906,217	783,827	-	1,690,044
Creditors due within one year	-	(682,014)	-	(682,014)
Pension scheme liability	-	(5,125,000)	-	(5,125,000)
	<u>1,114,257</u>	<u>(5,023,187)</u>	<u>12,221,709</u>	<u>8,312,779</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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
	2017	2017	2017	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)
Provisions for liabilities and charges	-	(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>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,181,431)	(1,076,819)
Adjustment for:		
Depreciation charges	376,963	352,879
Interest received	(4,267)	(1,270)
Decrease/(increase) in stocks	-	12,475
Decrease/(increase) in debtors	(425,861)	35,622
Increase/(decrease) in creditors	(130,438)	279,993
Capital grants from DfE and other capital income	(68,242)	(46,402)
Defined benefit pension scheme cost less contributions payable	455,000	450,000
Defined benefit pension scheme finance cost	142,000	104,000
Net (gain) / loss on assets and liabilities from local authority on conversion	-	622,213
Net cash (used in)/provided by operating activities	<u>(836,276)</u>	<u>732,691</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	909,858	2,173,448
	<u>909,858</u>	<u>2,173,448</u>

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 £118,903 were payable to the schemes at 31 August 2018 (2017: 119,043) 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 £471,681 (2017: £372,556).

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 an unfunded multi-employer pension scheme. The

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £594,000 (2017: £469,000), of which employer's contributions totalled £465,000 (2017: £356,000) and employees' contributions totalled £129,000 (2017: £113,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	24.0	23.9
Females	25.2	25.1
Retiring in 20 years		
Males	26.3	26.2
Females	27.5	27.4

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£	£
Discount rate +0.1%	(200,000)	(198,000)
Discount rate -0.1%	205,000	202,000
Mortality assumption - 1 year increase	345,000	333,000
Mortality assumption - 1 year decrease	(333,000)	(322,000)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,456,000	2,997,000
Gilts and bonds	691,000	650,000
Property	426,000	379,000
Cash	228,000	184,000
	<hr/>	<hr/>
Total market value of assets	4,801,000	4,210,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £188,000 (2017: £368,000).

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

	2018 £	2017 £
Current service cost	(920,000)	(806,000)
Past service cost	(68,318)	(12,554)
Interest income	112,000	61,000
Interest cost	(254,000)	(165,000)
	<hr/>	<hr/>
Total	(1,130,318)	(922,554)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	2017 £
Opening defined benefit obligation	9,802,000	5,513,000
Transferred in on academies joining the trust	-	3,824,000
Current service cost	920,000	806,000
Interest cost	254,000	165,000
Employee contributions	129,000	113,000
Actuarial gains	(991,000)	(439,000)
Benefits paid	(188,000)	(180,000)
	<hr/>	<hr/>
Closing defined benefit obligation	9,926,000	9,802,000
	<hr/> <hr/>	<hr/> <hr/>

WEST SOMERSET ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSION COMMITMENTS (continued)

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

	2018	2017
	£	£
Opening fair value of scheme assets	4,210,000	1,953,000
Transferred in on academies joining the trust	-	1,557,000
Interest income	115,000	63,000
Actuarial losses	73,000	350,000
Employer contributions	465,000	356,000
Employee contributions	129,000	113,000
Benefits paid	(188,000)	(180,000)
Administration expenses	(3,000)	(2,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	4,801,000	4,210,000
	<hr/> <hr/>	<hr/> <hr/>

26. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018	2017
	£	£
AMOUNTS PAYABLE:		
Within 1 year	25,753	27,899
Between 1 and 5 years	35,966	30,788
	<hr/>	<hr/>
Total	61,719	58,687
	<hr/> <hr/>	<hr/> <hr/>

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

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

The spouse of I Milton-Jenkins, a Trustee, is employed by the Academy Trust as a teacher. The appointment was made in open competition and I Milton-Jenkins was not involved in the decision making process regarding appointment. Their salary is within the normal pay scale for their role and they receive no special treatment as a result of the relationship to a Trustee.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 14.