

Company number: 07365778



MIDSOMER NORTON SCHOOLS' PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2016

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COMPANIES HOUSE

Midsomer Norton Schools' Partnership

REFERENCE AND ADMINISTRATIVE DETAILS

Members	J Randles P West (resigned 7.4.2016) T Wells S Warrener G Edwards K Wilson (appointed 18.5.2016)
Trustees	S Warrener (Chair) B Arnold (appointed 29.10.2015) S Baldwin*
All trustees are directors.	C Brace G Edwards G Griffith S Mills R Nash (resigned 21.1.2015) M Parsons (from 1.3.2015) A Sinden* A Williams (Accounting Officer)* S Wiseman * denotes members of audit committee
Company Secretary	W Kingwell
<u>Senior Management Team:</u>	
CEO	A Williams
Deputy CEO	M Thompson
Headteacher (Norton Hill)	A Williams
Headteacher (Somervale)	J Postlethwaite
Headteacher (St Dunstan's)	K Howard (appointed 1.9.16, previously Assistant Head at Somervale)
Headteacher (High Littleton)	G Griffith
Headteacher (Clutton)	E Ennew (appointed 1.9.16)
Headteacher (Trinity)	M Parsons (appointed 1.9.16, previously Headteacher at Clutton)
Headteacher (Dundry)	M Parsons
Headteacher (Longvernal)	K Courtier
Headteacher (Welton)	J.Snell
Executive Business Manager	A Wyatt
Deputy Headteacher (Norton Hill)	G Green
Deputy Headteacher (Norton Hill)	D Phillips (appointed 1.9.16, previously Assistant Head)
Deputy Headteacher (Somervale)	M Kenny (resigned 31.8.2016)
Deputy Headteacher (St Dunstan's)	K Lawrence
Deputy Headteacher (High Littleton)	I Gunning
Deputy Headteacher (Clutton)	A Heal
Deputy Headteacher (Trinity)	S Waterhouse (appointed 1.9.16)
Deputy Headteacher (Trinity)	A Dix (appointed 1.9.16)
Deputy Headteacher (Longvernal)	K Bazeley
Deputy Headteacher (Welton)	C Smart
Assistant Headteacher (Norton Hill)	M Lynch
Assistant Headteacher (Norton Hill)	D McGilloway
Assistant Headteacher (Norton Hill)	D Phillips
Assistant Headteacher (Norton Hill)	K Ward
Assistant Headteacher (Norton Hill)	D Wiltshire
Assistant Headteacher (Somervale)	M Ambrose
Assistant Headteacher (Somervale)	C Evans
Assistant Headteacher (St Dunstan's)	L Parfitt
Assistant Headteacher (St Dunstan's)	C Rubbo (resigned 31.8.2016)

Midsomer Norton Schools' Partnership**REFERENCE AND ADMINISTRATIVE DETAILS**

Company Name	Midsomer Norton Schools' Partnership
Principal and Registered Office	Charlton Road Midsomer Norton Radstock BA3 4AD
Company Registration Number	07365778
Independent Auditor	RSM UK Audit LLP, Chartered Accountants, Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Bankers	Nat West Bank 3 High Street Midsomer Norton BA3 2ZY
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

TRUSTEES' REPORT

for the year ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1st September 2015 to 31st August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £1 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter. The charitable company is known as Midsomer Norton Schools' Partnership.

The current Trustees of the Trust are the Directors of the Company.

The Trust was incorporated on 3 September 2010. Norton Hill and Somervale converted to the status of Academy 1st October 2010. Midsomer Norton Schools Partnership is a Multi Academy Trust currently consisting of nine schools:

Secondary Schools:

- Norton Hill School – Academy converter 1.10.2010
- Somervale School – Academy converter 1.10.2010
- St Dunstan's – joined Trust 1.6.2016

Primary Schools:

- High Littleton – joined Trust 1.8.2014
- Clutton – joined Trust 1.3.2015
- Trinity Church School – formerly the Dove Trust. Joined MNSP Trust 1.6.2016
- Dundry School - formerly the Dove Trust. Joined MNSP Trust 1.6.2016
- Longvernal – joined Trust 1.7.2016
- Welton – joined Trust 1.7.2016

The MAT also has EFA approval for a 620 place primary free school, however currently the scheme does not have a site and the 2017 planned opening has been deferred.

The Trust is governed by the rules and regulations set down in its company Articles of Association dated 1 March 2015.

Organisational Structure

The Trustees have responsibility for setting and monitoring the overall strategic direction of the Trust, approving decisions reserved to Trustees and being involved in appointing key members of staff.

Trustees meet as a Trust Board six times in the year. All decisions reserved to the Trustees are taken by the Trust Board as a whole. Beneath the Trust Board there is one Local Governing Body for the three Secondary Schools and a Local Governing Body for each of the Primary Schools which meet between 6 and 12 times a year. The Local Governing Bodies meet primarily to consider detailed matters and recommend decisions to the Trust Board. They also challenge the senior teams in each school and hold them to account across a number of key aspects detailed in the Local Governing Body Terms of Reference.

Additionally, working groups with clear Terms of Reference are formed on an ad-hoc basis to consider specific issues and make recommendations to the Board.

There is one Chief Executive Officer for the Trust. He is also the Headteacher for Norton Hill School. The CEO is also the Accounting Officer and works closely with Trustees and the senior staff of the Trust.

Each school has a Headteacher who has responsibility for the day-to-day leadership and management of the school.

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

The Trustees set strategic objectives and educational targets for the Trust with some of these functions delegated to the Local Governing Bodies. Whilst the Local Governing Body may make recommendations the responsibility for strategic decisions rests with the Trust Board.

The Senior Leadership Team at each of the schools is responsible for the day to day operations and in particular for educational standards, organising the teaching staff, facilities and students.

Connected Organisations, Including Related Party Relationships

During the period the CEO was a Trustee for the Wellsway Multi Academy Trust, however he has now resigned from this Trustee position.

The CEO is also a member of the Headteacher Board for the South West region and an active OFSTED inspector.

Relationships with Related Parties

Given the nature of the Trust's operations and the composition of the Board of Trustees being drawn from the community, local public and private sector organisations; it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

Method of Recruitment, Appointment, Election, Induction & Training of Trustees

The Trustees have set up procedures that will enable regular reviews of the mix of skills that should be available to the board. New Trustees will then be sought with these skills, either as additional Trustees or replacements when existing Trustees stand down. It is anticipated that the great majority of new Trustees will be drawn from the local community being either parents or guardians of pupils at the Trust or others that have shown an interest in the future well-being of the Trust and its pupils. Recruitment is therefore likely to be through a combination of approaches to individuals with known skills and by wider communications to those within the local community. Additionally, where specific skills are required, a formal application and interview procedure is initiated to ensure the Board has the full range of skills required. The Local Governing Body can also recruit experts where appropriate to support the leadership of their school.

Individual Trustees attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for performance review and pay for the Trust's key management personnel as listed on Page 1 are set out in detail in the Pay Policy and Appraisal policy. In summary, this will be based on the leadership pay spine detailed in the STPCD appropriate to school size. The Trust uses the three stage process for setting pay in line with the STPCD and DFE advice.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust is now six years old and our original purpose of ensuring ALL the young people in our community have similar opportunities is being realised.

The Trust has a philosophy based on:

- *Inspirational Education – broad curriculum, valued qualifications, aspirational teaching, outstanding progression.*

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

- *Positive Attitudes and values – promoting a strong ethos, providing support and challenge, providing extensive extra-curricular programmes, giving young people the opportunity to lead, engage in team work and develop communication skills.*
- *One Federation, Many Schools – A Trust working to achieve the best for all in our community, quality for all and celebrating different strengths of each school.*

Charitable Objectives

The charitable objectives for which the Trust was established are set down in the governing document dated March 2015 as follows:

The advancement for the public benefit of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies, including without limitation the Academies, offering a broad and balanced curriculum; and which shall include:

- Church of England Schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the relevant Funding agreement), and having regard to any advice issued by the Diocesan Board of Education; and
- Other Academies whether with or without a designated religious character;

but in relation to each of the Academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves.

To promote for the benefit of the inhabitants of Somerset and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Charitable Activities

The principal activity of the Trust is to run three secondary schools and six primary schools for boys and girls located in the local area. The sole activity of the Trust is the operation of the Academies.

Public Benefit

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Trustees' annual report and in reviewing the activities and achievements of the Trust.

Benefits & Beneficiaries

In accordance with its charitable objectives, the Trust strives to advance the education of the pupils attending the school. The Trust's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the Trust.

Trustees' Assessment of Public Benefit

In order to determine whether or not the Trust has fulfilled its charitable objectives for public benefit, the Trustees gather evidence of the success of Midsomer Norton Schools' Trust's activities.

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

STRATEGIC REPORT

Achievements and Performance

The following indicators are used at key milestones in pupils' education: these will be benchmarked against challenging Fischer Family Trust top 20% estimates (or equivalent) as a minimum expectation to compare the schools to the middle of the top quartile of performance nationally.

Primary Phase

- % attendance
- % of Early Years children making a good level of development
- KS1 average points score
- % making expected progress KS1-2
- Percentage of student achieving a level 4 in reading, writing, SPAG and mathematics
- % making 2 levels of progress
- % making achieving level 5 in reading, writing, SPAG and mathematics
- Attainment and progress in grammar assessment
- Progress of Pupil Premium and SEN students

Secondary Phase

At Key Stage 3

- % Level 5 and above in English
- % Level 5 and above in Mathematics
- % Level 6 and above in English
- % Level 6 and above in Mathematics
- % making 2 levels of progress KS 2 -3

From September 2016

- % making Age Related Expectation
- % exceeding Age Related Expectation
- % meeting or exceeding Age Related Expectation who are designated SEN, PP, higher ability

Attainment at GCSE

- % achieving 5+ GCSEs at grade A* - C (or equivalent) including English and Maths
- % achieving the English Baccalaureate
- % achieving A*-C GCSE in English and Maths
- Average total point score per pupil (best eight qualifications) with equivalences
- Average total point score per pupil (best eight qualifications) without equivalences
- % of pupils at the end of KS4 achieving 5 A* - C GCSEs (or equivalent) including English and Maths over the last 3 years
- The above measures for vulnerable pupils
- The attainment 8 score

Progress from Year 7 to Year 11

- % of pupils at the end of Key Stage 4 achieving the expected level of progress in English
- % of pupils at the end of Key Stage 4 achieving the expected level of progress in Maths
- % of pupils at the end of Key Stage 4 achieving above the expected level of progress in English

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

- % of pupils at the end of Key Stage 4 achieving above the expected level of progress in Maths
- The above measures for vulnerable pupils
- From 2016 – progress 8 measure

Post 16

- Average point score per student
- Average point score per examination entry
- % of students achieving 3 or more A levels or the equivalent
- % of students achieving 2 or more A levels or the equivalent
- Average point score per student over the last 3 years
- Average point score per examination entry over the last 3 years
- The above levels for vulnerable pupils
- % attending Russell Group universities

KEY PERFORMANCE INDICATORS

Norton Hill School

Norton Hill is a forward-looking school that gives its pupils the confidence and skills to play a full and active part in a rapidly changing world. We promote the traditional values of hard work, outstanding behaviour, dedicated study and personal challenge in all areas.

Exam Results:

Norton Hill School saw its best results ever in 2016. Year 11 achieved 75% A*-C including English and Maths, placing it in the top 100 schools in the country according to the Sunday Times. Progress was outstanding with a score of +0.57 placing the school in the top 5% nationally and suggesting that children achieved a grade above challenging expectations in approximately 6 of the subjects they were studying. Pupil premium children made similar progress to that of their peers as did those children with a special educational need. Pupil premium children had a progress 8 score of +0.33, one of the highest in the South West and SEN children scored +0.78, again placing the school in the top few schools in the country for progress. Fantastic news all round and further enhanced by strong A levels results in year 13 where the average grade achieved was a B-.

Somervale School

Recent outcomes achieved at Somervale place the school well above the national average for pupil attainment and achievement in Mathematics. The school's excellence in Arts education has also been recognised with the award of the prestigious Arts Mark Gold standard. Somervale School has built on its outstanding progress at GCSE over the last three years with another good year of results.

Exam Results:

Somervale School further confirmed its excellent standing with children achieving well-beyond expectation in year 11. 64% of youngsters achieved 5 A*-C including English and Maths with a progress score of +0.42. These results place the school in the top 10% nationally and therefore close to the 'outstanding' category used by OFSTED to judge schools. Pupil premium children had a progress 8 score of +0.24 and SEN children also saw value-added results. A level students achieved record results with the average grade at B. At key Stage 3 children performed exceptionally well with most hitting challenging targets set suggesting the school continues to have a very bright future.

St Dunstan's School

St Dunstan's is a special place to learn. The ethos for learning is very strong. This is generated through a skilled and strong team of staff with students that are engaged, well-behaved and focused on learning. St Dunstan's is a small school and this is a strength. Students and families are well known and the pastoral care is excellent. GCSE classes are often quite small and this supports the students in achieving very strong value added outcomes. In 2015 the value added score was 1013 against a national figure of 1000. This means, across a students' best 10 GCSE grades, they get 4 grades better than expected when compared to national results.

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

Exam Results:

St Dunstan year 11 students were celebrating a 15% increase in results in August, bringing the school in-line with national average outcomes. Results in 8 subjects were significantly above the national averages and in some cases were in the top 10%. Progress at the school was above the national average rate at +0.13 and shows just how hard staff and pupils worked last year despite a tough OFSTED judgement. The school is on a very positive trajectory with results improved across all key stages. Well done to staff, students and parents who have produced through their combined efforts a fantastic set of GCSE results.

High Littleton C of E Primary School

Recently pupils from High Littleton CofE Primary enjoyed the use of Norton Hill's food technology facilities as well as working with core subject teachers to improve further on the excellent educational provisions already practised at High Littleton. Gareth Griffith, Headteacher of High Littleton Primary School stated; 'Children from High Littleton are already using food technology facilities at Norton Hill and we are also preparing training materials on the new Key Stage 2 curriculum for English and Maths teachers at both Norton Hill and Somervale. This sharing of information, facilities and a continued focus on improving all three schools is deeply exciting and is exactly what we should be doing for the local area'.

Exam Results:

High Littleton children achieved some outstanding results in their Key Stage 2 SATs once again. Well done to the children and staff who worked so hard to make this happen. Results in Reading and SPAG were particularly impressive, but all measures were either categorised as significantly above expectation or well above national averages. 84% of children made Age Related Expectation against a national figure of 53%. Astounding progress once again and it wasn't just in year 6 that children performed exceptionally well. Phonics outcomes were above 90% and Key Stage 1 results were above the national level in every measure. A great year for children and staff at High Littleton confirming once more that the school is indeed 'outstanding'.

Clutton Primary School

At Clutton Primary School we have high expectations of all our children and staff and encourage everyone to 'be the best they can be'. We believe that children who feel happy, safe and secure learn best. We aim to offer an education that encourages each child to 'be the best they can be.' We strive to make learning fun and our school a place where children love to learn and take pride in their achievements. We recognise individual talents and develop confidence so every child is motivated, inspired and enjoys learning. By working closely with parents and the community we aim to build strong and effective partnerships, which help children to thrive.

Exam Results:

Clutton had another positive year in terms of pupil progress at Key Stage 2. Despite some low test scores at Key Stage 1, the Year 6 group performed brilliantly to achieve positive progress outcomes in 2 out of 3 measures in their SATs. In other classes there were some very impressive outcomes with many children achieving their personal bests in final assessments. This year, we expect the current year 6 to produce the best results ever for the school.

Trinity Church School

The Trinity Church School works with everyone to decide how the school will best meet the needs and interests of the children who attend it. We believe in placing the school at the heart of our community which we serve. The aim and ethos for the school is for all children to aim high, reach for the sky and reach their true potential.

Exam Results:

Trinity Church School were delighted by the progress children made this year. Many of the 25 Y6 children scored personal bests in the end of Y6 tests and showed some excellent achievement. Early Years children made some impressive gains in their levels of development. The school is looking forward to further improvements this academic year. Well done to all the children, staff and parents who have supported all the children so well.

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

Dundry Primary School

Dundry School has been serving the community since 1858 and has strong links with the local church. We aim to help our children develop into confident individuals who show respect for others and the world around them. Above all, we will inspire our children to achieve their best in all things.

Exam Results:

Y6 children at Dundry School made an impressive leap forward with 75% of them achieving Age Related Expectations in reading, writing and mathematics, 20% above the national rate. This excellent outcome looks set to continue based on the progress children in other year groups have made. Again, parents, staff and the children themselves should be very proud of their achievements.

Longvernal Primary School

Longvernal Primary is a leading Forest School and are committed to outdoor learning. I greatly believe that Forest School activities are a great benefit to pupils both academically and socially, helping them to grow into confident, well - rounded individuals who aspire to achieving their very best in life. In our role as educators we aim to equip pupils with the skills and confidence to achieve their best in life. We have established ourselves as a hub for promoting learning outside. As a school we are supporting other local schools to become outdoor learners and are facilitating the training for other educational providers to become specialists in this field. Over the next year we are promoting learning everywhere, with a focus on the outdoors, learning around heritage and culture and in the local community.

Exam Results:

At Longvernal results achieved by children across all key stages were deeply impressive and demonstrated again that this school is on a clear pathway to being outstanding. Key Stage 2 results were above the national averages as were the number of children in Reception making a Good Level of Development. At Key Stage 1 progress of children was encouraging and phonics score at the end of year 1 were up on previous years and in line with the very high national average of 80%. A superb year for the children and wider community served by Longvernal. Everyone should be incredibly proud of their achievements not only as individuals but as a whole-school.

Welton Primary School

Welton Primary is a popular semi-rural school, set in the heart of the beautiful Welton valley providing an education for children from the ages of four to eleven from 8.55am until 3.15pm Monday-Friday. We are delighted to be part of the Midsomer Norton Schools' Partnership and work closely with the other primary and secondary schools in the Trust for the benefit of the children at Welton.

Exam Results:

At Welton Primary, children in Class R made excellent progress with 76% of them achieving a Good Level of Development. This stunning progress was matched by the phonics results in Year 1 where 92% of children passed the screen test. Well done to the Early Years Team and other teachers across the school who have helped children make a very positive start to their time at Welton primary. At the other end of the age-range, there were some very pleasing results for a number of year 6 children which will no doubt have prepared them well for their time at secondary school

GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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 Statement of Accounting Policies.

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

FINANCIAL REVIEW

Financial Outcome of Activities & Events

The Trust's accounting period is from 1 September 2015 to 31 August 2016.

Most of the Trust's income is obtained from the Education Funding Authority ("EFA") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016, and the associated expenditure, are shown as restricted funds in the Statement of Financial Activities.

The Trust also received capital grants from the Condition Improvement Fund. Such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. Unrestricted income comprises Catering Income, Sports Centre and Other Lettings and Departmental sales.

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

Reserves Policy

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects. The Trustees intend to review the reserves policy annually to ensure that this aim is being achieved.

At the balance sheet date, the Trust had free reserves of £928,078.

The Trustees will continue to use reserves to improve school facilities in line with the Premises Development plan.

Investments Policy

The Trustees' investment powers are set down in the Trust's Memorandum and Articles of Association, which permit the investment of monies of the Trust that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The Trust's current policy is to invest surplus funds in short-term cash deposits.

For the year ended 31 August 2016 and in the current economic climate, the Trust's cash held in the Interest Bearing account generated an income of 0.25%.

The Trust also held deposits in a Virgin Charity Account generating an income of 0.75%.

PLANS FOR FUTURE PERIODS

Future Strategy

The working relationships between all the schools in the Midsomer Norton Schools Partnership is quite stunning to observe. This combined effort and work is already supporting children to have greater opportunities and produce excellent outcomes. From the development of Forest Schools and outdoor education, to a focussed approach to improving writing in the primary phase. What has also be a pleasure to observe and be part of, are the excellent working relationships between the staff in and across each school. Everyone is willing to give support and help wherever they can – true and positive partnership.

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

Staff are also benefiting from the collaboration. New roles, promotions and joint CPD have all helped staff feel like they are part of a bigger team, yet striving for the same goals. In Governance we have also seen some significant gains, with training provided from experts and the use of two National Leaders of Governance to ensure all leaders are held to account and children are making excellent progress.

Our vision has always been very clear at the Midsomer Norton Schools Partnership. We want to ensure that all children attend Good or better schools and that through partnership working, this vision has more chance of becoming a reality. The vast majority of our schools are Good or Outstanding already, but they continue to be innovative and push for even higher standards. Our children deserve the best and all of us working in the Midsomer Norton Schools Partnership strive to ensure this ambition can be realised.

Impact of Future Activities & Events

Targets set for 2017 are as follows:

Key Stage 2

GLD and Phonics at least at national rate. Key Stage 1 at or above national for RWM

To achieve 80% reaching age related expectation (score of 100+) in all Key Stage 2 tests

To achieve value-added that is Sig + in at least 1 out of 3 measures and minimum of in-line for others

As above for vulnerable groups

	Norton Hill	Somervale
Key Stage 4		
% achieving 5 or more A* - C grades at GCSE and equivalent, including English & Maths at grade 5 or above (national expected to be 40%)	60	48
Positive progress 8 in Maths, English	+0.15	+0.15
Positive progress 8 in open element		
Positive progress 8 in EBAC element		
English Baccalaureate	45	25
Attendance	97	96
Progress 8	+0.5	+0.5
(Progress 8 is a new secondary accountability measure aimed at measuring the progress of pupils across a selected set of 8 subjects.)		

Post 16 Targets (Sixth Form)

Average Total Point Score per student (UCAS points)

To beat FFTD

Average Point Score per entry

To beat FFTD

(FFTD is a non-profit company established in 2001 with links to the Fischer Family Trust. FFT provides data and analyses to all schools and LAs in England and Wales.)

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties which faced the Trust during the period are as follows:

- **Financial** – the Trust has considerable reliance on continued Government funding through the EFA. There is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- **Failures in governance and/or management** – the risk in this area arises from potential failure to effectively manage the Trust finances, internal controls, compliance with regulations and legislation, statutory returns,

TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

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 and 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.
- **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.

Risk Management

The Trust has been through a process to assess various risks and to identify and implement strategies for addressing these risks. This process identified various risk categories and their potential operational and financial impact, the probability of such occurrences and hence the overall gross risk. The Trustees have identified clear mechanisms to manage these risks in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust and its finances. Appropriate and adequate insurance cover is in place as well as an effective system of internal financial controls.

A detailed Business Continuity plan also exists which covers all potential risks including loss of IT function.

Funds Held As Custodian Trustee on Behalf of Others

Although the Trust maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose, the Trust does not hold, and the Trustees do not anticipate that it will in the future hold, any funds as custodian for any third party.

Employee Consultation

The Schools have agreements with the main teaching and support staff professional associations and unions (UNISON, UNITE, GMB, ATL, NASUWT, NUT, NAHT, ASCL).

Disabled persons

The Disability Equality Scheme and Accessibility Plan, takes a fundamental step in removing the discriminatory barriers for disabled people at the Midsomer Norton Schools' Partnership. The plan aims to increase the extent to which disabled students can partake in the Academy curriculum as well as improving the physical environment of each academy to increase opportunities for disabled students and staff. The plan also ensures that all students and staff will have access to information in formats that are accessible to them.

The recruitment and selection policy ensures that all potential staff and students will be treated equally throughout the application process.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

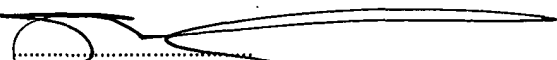
TRUSTEES' REPORT (Continued)
for the year ended 31 August 2016

Statement as to Disclosure of Information to the Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Trust's auditor is 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 auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 15 December 2016 and signed on the board's behalf by:



Mr Stuart Warrener
Chair

.....
Date

GOVERNANCE STATEMENT
for the year ended 31 August 2016

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Midsomer Norton Schools' Partnership 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 Trust Board has delegated the day-to-day responsibility to Alun Williams, 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 Midsomer Norton Schools' Partnership and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Annual 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 was as follows:

Trustee	Meetings attended	Out of possible
Bob Arnold	5	6
Sarah Baldwin	6	6
Chris Brace	6	6
Guy Edwards	4	6
Gareth Griffith	6	6
Simon Mills	6	6
Michelle Parsons (from 1.3.15)	5	6
Andrew Sinden	6	6
Stuart Warrener	5	6
Alun Williams	6	6
Sharon Wiseman	6	6

The Audit committee is a subcommittee of the main Board of Trustees and meets at least once per year. Membership is as follows:

Sarah Baldwin
Andrew Sinden
Alun Williams
Alison Wyatt

The meeting is attended by a representative of the external auditor.

All attended two meetings.

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.

VALUE FOR MONEY STATEMENT

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

Improving educational results across all phases

The Trust has sophisticated monitoring systems for individual students that tracks levels of progress from Reception through to Post 16. Effective targeting including 1:1 tuition, intervention, additional revision classes and support ensures all students, including Pupil Premium students, make as good or better progress than students nationally.

Attendance is significantly above the national average at all schools.

Financial Governance and Oversight

Financial projections are prepared regularly, 3 to 5 years forward bearing in mind projected demographics. This ensures resource levels, particularly staffing are efficient. Budgets are set on a prudent basis. Detailed management accounts and revised year end forecasts are presented to the Trust on a quarterly basis and any variances to budget explained. Purchases are authorised according to the Trust's purchasing policy and scheme of delegation. Trustees regularly challenge decisions as evidenced by Trust minutes. Benchmarking to compare the financial performance of schools in the Trust to other academies has been presented to the Trust. Cashflow is monitored and surplus cash balances invested in interest bearing deposit accounts.

The schools within the Trust work collaboratively, achieving economies of scale with purchasing of resources. A number of staff work across the schools meaning staffing is deployed very efficiently. The Midsomer Norton Sixth Form ensures a full range of options and opportunities is available to all students.

During the financial year 2015/16 successful capital bids were secured and the Trust was able to contribute towards these projects from its reserves, thereby enabling larger projects to be achieved.

The Trust has funded minor capital works at the Primary schools to improve the learning environment and facilities.

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 on-going process designed to identify and prioritise the risks to the achievement of the Trust's 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 Midsomer Norton Schools' Partnership for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trust Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT (continued)
for the year ended 31 August 2016

The risk and control framework

The 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 Trust;
- regular reviews by the LGBs 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 guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trust has considered the need for a specific internal audit function and has appointed a Local Authority Officer to act as internal audit. This role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. Reports are provided three times per year to the Trust. These reports are rigorous and identified no control issues.

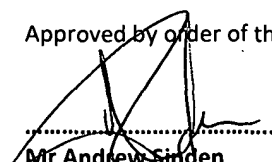
Review of effectiveness

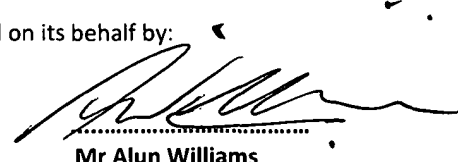
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal auditor.
- The work of the external auditor.
- The work of the executive managers within the 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 and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Trust on 15 December 2016 and signed on its behalf by:


.....
Mr Andrew Sinden
Trustee


.....
Mr Alun Williams
Accounting Officer

Midsomer Norton Schools' Partnership

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
for the year ended 31 August 2016**

As accounting officer of the Midsomer Norton Schools' Partnership I have considered my responsibility to notify the Trust and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As my part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety of funding or 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 the EFA.



.....
Mr Alun Williams
Accounting Officer

.....
Date

STATEMENT OF TRUSTEES' RESPONSIBILITIES
for the year ended 31 August 2016

The Trustees who are also the directors of the Charitable Company for the purposes of company law are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

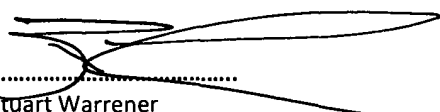
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

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

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

Approved by order of the members of the Board of Trustees on 15 December 2016 and signed on its behalf by:


.....
Stuart Warrener
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDSOMER NORTON SCHOOLS PARTNERSHIP

We have audited the financial statements of Midsomer Norton Schools' Partnership for the year ended 31 August 2016 on pages 20 to 49. 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 FRS102 "The Financial Reporting Standard Applicable in the UK and the Republic of Ireland" and the Academies Accounts Direction 2015/16 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who act as governors for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/16 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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.

RSM UK Audit LLP

KERRY GALLAGHER (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol, BS1 6AD

Date: *16 December 2016*

Midsomer Norton Schools' Partnership

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2016
including Income and Expenditure Account

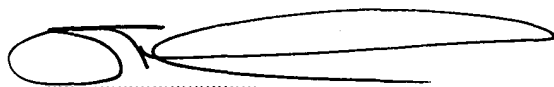
	Notes	General Unrestricted Funds £	General Restricted Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Year end 31 August 2015 £
INCOME FROM:						
Donations	2	415,923	(1,457,938)	12,688,717	11,646,702	704,692
Raising funds	3	556,741	649,068	-	1,205,809	1,002,827
Investment income	4	18,426	-	-	18,426	19,034
<i>Charitable activities:</i>	5					
Funding for the Trust's educational operations		-	12,297,505	443,809	12,741,314	10,856,864
TOTAL		991,090	11,488,635	13,132,526	25,612,251	12,583,417
EXPENDITURE ON:						
Raising funds:						
Cost of donations and capital grants	7	-	413,225	-	413,225	327,778
Cost of goods sold and other costs	8	496,650	4,584	-	501,234	444,914
<i>Charitable activities:</i>						
Trust's educational operations	9	-	13,236,843	927,869	14,164,712	11,810,485
TOTAL		496,650	13,654,652	927,869	15,079,171	12,583,177
NET INCOME/(EXPENDITURE) FOR THE YEAR		494,440	(2,166,017)	12,204,657	10,533,080	240
TRANSFERS						
Gross transfers between funds		-	159,186	(159,186)	-	-
OTHER RECOGNISED GAINS AND (LOSSES)						
Actuarial gains /(losses) on defined benefit pension schemes	29	-	(3,267,000)	-	(3,267,000)	(169,000)
NET MOVEMENT IN FUNDS		494,440	(5,273,831)	12,045,471	7,266,080	(168,760)
RECONCILIATION OF FUNDS						
BALANCES BROUGHT FORWARD AT 1 SEPTEMBER	21	433,638	(1,829,057)	27,466,077	26,070,658	26,239,418
FUND BALANCES CARRIED FORWARD AT 31 AUGUST	21	928,078	(7,102,888)	39,511,548	33,336,738	26,070,658

BALANCE SHEET
 As at 31 August 2016

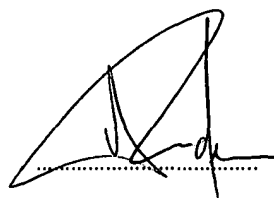
Company Number: 07365778

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	15	39,511,548	27,466,077
CURRENT ASSETS			
Stock	16	12,522	3,714
Debtors	17	910,727	239,462
Cash at bank and in hand		3,161,656	2,463,366
		<u>4,084,902</u>	<u>2,706,542</u>
CREDITORS: Amounts falling due within one year	18	(1,280,532)	(803,741)
NET CURRENT ASSETS		<u>2,804,370</u>	<u>1,902,801</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,315,918</u>	<u>29,368,878</u>
CREDITORS: Amounts falling due after more than one year	19	(27,180)	(33,220)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>42,288,738</u>	<u>29,335,658</u>
Defined benefit pension scheme liability	29	(8,952,000)	(3,265,000)
NET ASSETS INCLUDING PENSION LIABILITY		<u>33,336,738</u>	<u>26,070,658</u>
THE FUNDS OF THE TRUST			
Restricted income funds			
General fund	21	1,849,112	1,435,943
Pension reserve	21	(8,952,000)	(3,265,000)
Fixed asset fund	21	39,511,548	27,466,077
Unrestricted funds			
General fund	21	928,078	433,638
		<u>33,336,738</u>	<u>26,070,658</u>

The financial statements on pages 20 to 49 were approved by the Trustees and authorised for issue on 15 December 2016, and are signed on their behalf by



Mr Stuart Warrener
Chair



Mr Andrew Sinden
Trustee

STATEMENT OF CASH FLOWS
for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	25	435,377	313,272
Cash flows from investing activities	27	268,951	(709,239)
Cash flows from financing activities	26	(6,040)	(6,040)
Change in cash and cash equivalents in the reporting period		698,288	(402,007)
Cash and cash equivalents at 1 September 2015	28	2,463,366	2,865,373
Cash and cash equivalents at 31 August 2016	28	3,161,654	2,463,366

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 AUGUST 2016**

BASIS OF PREPARATION

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

Midsomer Norton Schools' Partnership Academy Trust meets the definition of a public benefit entity under FRS 102.

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 company 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.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Governors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 chapter 35 'Transition to this FRS'. Adjustments are recognised directly in funds at the transition date and are detailed in note 34.

INCOME

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

GRANTS RECEIVABLE

Grant income is 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.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

**ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

OTHER INCOME

Other income including hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or the completion of the service. Included in other income are assets and liabilities transferred from local authority upon conversion.

INTEREST RECEIVABLE

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

EXPENDITURE

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

Raising funds are costs incurred in attracting donations, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

FUND ACCOUNTING

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education Funding Agency.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency where the asset acquired or created is held for a specific purpose.

TANGIBLE FIXED ASSETS

Tangible fixed assets costing £1,000 or more are capitalised at cost 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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis to its expected residual value, over its expected useful life, as follows:

ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

TANGIBLE FIXED ASSETS (continued)

Land	0% pa
Buildings	2% pa
Plant & Machinery/Astroturf	10% pa
Computer & Office equipment	33% pa

TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 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.

LEASED ASSETS

Rentals under operating leases are charged on a straight-line basis over the lease term.

PENSIONS BENEFITS

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

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 quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

STOCK

Catering stock is valued at the lower of cost or net realisable value and is measured using the FIFO basis.

FINANCIAL INSTRUMENTS

As the academy only has basic financial instruments it has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102, to all of its financial instruments.

Financial instruments are recognised when the academy becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the SOFA

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the SOFA.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled or they expire.

ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL INSTRUMENTS (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short maturity period.

CONVERSION OF NEW ACADEMIES

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Welton and Longvernal schools to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Midsomer Norton Schools Partnership Limited. The amounts have been recognised under the appropriate balance sheet categories with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. The same policies have been adopted for the acquisition of St Dunstan's Academy Trust and The Dove Family Academy Trust.

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

1 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements 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.

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

Critical accounting judgements:

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme (TPS). In the judgment of the Governors, the school does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme.

Critical accounting estimates:

Local Government Pension Scheme

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 assumption used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Useful economic lives of tangible assets

The annual depreciation charge is sensitive to any changes in the estimated useful life and residual values of the tangible assets. The useful economic lives and residual value is assessed on an annual basis and are amended only when evidence shows a change in the estimated economic lives or residual life. Criteria used to assess the economic life and residual value includes technological advancement, economic utilisation, physical condition of the asset and future investments.

Fair values on conversion of new academies

The fair value of assets and liabilities realised on the conversion of new academies into the Midsomer Norton Schools' Partnership is based on valuations provided by external organisations such as county councils. Calculations as to the valuation include criteria such as the expected life of the assets and liabilities, recoverability and future cash flows.

2 DONATIONS

	Unrestricted Funds £	Restricted Funds £	Pension Funds £	Total 2016 £	Total 2015 £
Assets and liabilities inherited upon conversion	415,923	13,450,779	(2,220,000)	11,646,702	704,692
	415,923	13,450,779	(2,220,000)	11,646,702	704,692

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

3 OTHER TRADING ACTIVITIES	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015	
	£	£	£	£	
Sundry lettings, services and hire of facilities	118,617	-	118,617	96,144	
Student teacher training	-	15,755	15,755	10,155	
Computer Assisted Purchase scheme	-	4,584	4,584	12,810	
Fees charged for music tuition	-	51,258	51,258	38,559	
Catering income	433,684	-	433,684	404,190	
Other income	-	167,008	167,008	67,165	
Departmental and miscellaneous sales	4,440	-	4,440	3,793	
Trips income	-	410,463	410,463	370,011	
	556,741	649,068	1,205,809	1,002,827	
4 INVESTMENT INCOME	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015	
	£	£	£	£	
Investment Income	18,426	-	18,426	19,034	
	18,426	-	18,426	19,034	
5 FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015	
	£	£	£	£	
DfE/EFA revenue grants					
General Annual Grant	-	11,551,506	11,551,506	10,206,400	
Capital Grants	-	443,809	443,809	191,398	
Other Government Grants	-	745,999	745,999	459,066	
	-	12,741,314	12,741,314	10,856,864	
6 EXPENDITURE	Staff costs	Premises	Other costs	Total 2016	Total 2015
	£	£	£	£	£
Expenditure on raising funds	207,776	-	293,457	501,233	444,914
Trust's educational operations	-	-	-	-	-
- Direct costs	8,869,664	-	1,869,134	10,738,798	9,096,641
- Allocated support costs	1,365,311	636,674	1,423,927	3,425,912	2,713,844
	10,442,751	636,674	3,586,518	14,665,943	12,255,399
				2016	2015
				£	£
Operating lease rentals				14,195	13,751
Depreciation				927,869	800,003
Cost of stock as an expense				200,966	215,150
Fees payable to auditor for:					
- audit				22,600	18,875
- other services				1,900	1,525

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

7 COSTS OF DONATIONS	Unrestricted	Restricted	Total	Total
	Funds	Funds	2016	2015
	£	£	£	£
Trips Expenditure	-	413,225	413,225	327,778
	-	413,225	413,225	327,778
8 RAISING FUNDS: COST OF GOODS SOLD AND OTHER COSTS	Unrestricted	Restricted	Total	Total
	Funds	Funds	2016	2015
	£	£	£	£
Catering	439,501	-	439,501	387,128
Sports centre lettings and event costs	52,709	-	52,709	41,183
Computer Assisted Purchase scheme costs	-	4,584	4,584	12,810
Cost of Departmental sales	4,440	-	4,440	3,793
	496,650	4,584	501,234	444,914
9 SCHOOL EXPENDITURE - TRUST'S EDUCATIONAL OPERATIONS			Total	Total
			2016	2015
			£	£
Direct costs:				
Teaching and educational support staff costs			8,869,664	7,502,328
Direct depreciation			888,017	770,295
Educational consumables			520,035	371,384
Examination fees			209,221	230,359
Direct staff development			31,504	22,105
External educational provision and supplies			220,357	200,170
			10,738,798	9,096,641

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

9 SCHOOL EXPENDITURE – TRUST'S EDUCATIONAL OPERATIONS (continued)

Allocated support costs:

Support staff costs	1,299,053	1,118,634
Depreciation	39,852	29,708
Utilities	217,738	198,684
Other occupancy costs	93,471	79,098
Cleaning	36,030	27,220
Communications	32,695	32,219
Professional fees	228,018	197,811
Marketing	46,393	42,110
Recruitment	40,213	25,610
Other employment costs	9,576	34,050
Rates	69,637	66,643
Repairs and maintenance	482,071	233,688
Insurance	84,966	111,861
Technology costs	253,630	153,515
Staff development	20,171	18,291
Other support costs	206,140	83,372
Pension scheme	200,000	211,000
Governance Costs	66,258	50,330
	<u>3,425,912</u>	<u>2,713,844</u>
	<u>14,164,710</u>	<u>11,810,485</u>

10 STAFF COSTS

	2016	2015
	No	No
The average monthly number of persons employed by the Trust (including governors) during the year was as follows:		
Teachers	164	137
Administration and support	259	172
Management	20	15
	<u>443</u>	<u>324</u>
Expressed as full-time equivalents:		
Teachers	148	128
Administration and support	134	103
Management	20	15
	<u>302</u>	<u>246</u>
Staff costs for the above persons:		
Wages and salaries	8,231,358	7,256,428
Social security costs	646,446	510,337
Pension costs - defined benefit schemes:		
Teachers' pension scheme	925,528	716,369
Local government pension scheme	458,574	369,030
	<u>10,261,906</u>	<u>8,852,164</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

10 STAFF COSTS (continued)	2016 No	2015 No
Included in wages and salaries are the following staff restructuring costs:		
Redundancy payments	60,350	-
Severance Pay	47,376	-
	<u>107,726</u>	<u>-</u>
The severance payment is non-statutory/non-contractual £47,376 (2015: nil)		
The number of employees whose emoluments for the year exceeded £60,000 fell within the following ranges:		
£60,001 - £70,000	2	2
£70,001 - £80,000	2	1
£110,001 -£120,000	<u>1</u>	<u>1</u>

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £55,042 (2015: £36,153).

One of the above employees participated in the Local Government Pension Scheme. Pension contributions for this member of staff amounted to £13,515 (2015: £12,003)

11 KEY MANAGEMENT PERSONNEL

The Trust's key management personnel comprise of the Trustees and senior management team detailed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £1,501,862. (2015: £1,149,113)

12 CENTRAL SERVICES

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

- human resources
- financial services
- legal support services
- education support services
- ICT support services
- premises support services

The Trust charges for these services on a flat percentage of GAG income (4%). The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Norton Hill Academy	267	275
Somervale Academy	103	98
High Littleton Academy	20	19
Clutton Academy	19	-
	<u>409</u>	<u>392</u>

The other academies in the Trust will also bear a 4% charge in the financial year 2016/17.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

13 TRUSTEES REMUNERATION AND EXPENSES

The Principal and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Trust in respect of their role as Trustees. Trustee remuneration included employer pension contributions.

The value of Trustees remuneration and other benefits was as follows

	2016	2015
A Williams (Principal & Trustee)		
Remuneration	124,000	115,500
Employers pension contributions	20,435	16,285
M Parsons (Trustee)		
Remuneration	55,027	25,686
Employers pension contributions	9,068	3,622
G Griffith (Trustee)		
Remuneration	58,738	53,963
Employers pension contributions	9,680	7,609

During the year ended 31 August 2016, travel and subsistence expenses totalling £976 (2015: £756) were reimbursed to 2 Trustees (2015: 3). Related party transactions involving the Trustees are set out in note 23.

14 TRUSTEES' AND OFFICERS' INSURANCE

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

15 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Leasehold Land & Buildings £	Plant & Machinery £	Office equipment £	Astroturf £	Total £
COST						
At 1 September 2015	27,618,288	1,224,000	291,964	1,310,391	522,452	30,967,095
Additions	8,506	100,047	70,397	102,873	2,800	284,623
On conversion to academies	7,650,671	4,761,654	106,872	169,520	-	12,688,717
At 31 August 2016	35,277,465	6,085,701	469,233	1,582,784	525,252	43,940,435
DEPRECIATION						
At 1 September 2015	2,403,886	12,448	126,465	953,746	4,473	3,501,018
Charge for the year	581,626	37,920	31,054	225,024	52,245	927,869
At 31 August 2016	2,985,512	50,368	157,519	1,178,770	56,718	4,428,887
NET BOOK VALUE						
At 31 August 2016	32,291,953	6,035,333	311,714	404,014	468,534	39,511,548
At 31 August 2015	25,214,402	1,211,552	165,499	356,645	517,979	27,466,077

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

16	STOCK	2016	2015
		£	£
	Raw materials	12,522	3,714
17	DEBTORS	2016	2015
		£	£
	Trade debtors	14,881	52,801
	Prepayments & Accrued income	570,157	155,441
	Other Debtors	325,689	31,220
		910,727	239,462
18	CREDITORS: Amounts falling due within one year	2016	2015
		£	£
	Other loans	6,040	6,040
	Trade creditors	69,758	74,663
	Other taxation and social security costs	233,317	155,268
	Other creditors	43,223	22,625
	Accruals and deferred income	928,194	545,145
		1,280,532	803,741
	Deferred Income	2016	2015
		£	£
	Deferred income at 1 September	207,096	111,284
	Net movement in the year	171,155	95,812
	Deferred income at 31 August	378,251	207,096
	Included in creditors is an interest free salix loan agreed with the EFA totalling £33,220 to be repaid over five years.		
	Deferred income comprises monies received in advance for trips and grants received in advance for which the Trust is not entitled to the income at the balance sheet date.		
19	CREDITORS: Amounts falling due after more than one year	2016	2015
		£	£
	Other loans	27,180	33,220
		27,180	33,220

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

20 FINANCIAL INSTRUMENTS	2016	2015
	£	£
Financial assets that are debt instruments		
Measured at amortised cost:		
Trade debtors	14,881	52,801
Other debtors	325,689	31,220
Accrued income	461,241	61,515
	801,811	145,536
Financial liabilities measured at amortised cost:		
Other loans	6,040	6,040
Trade creditors	69,758	74,663
Other creditors	43,223	22,625
Accruals	549,943	338,049
	668,964	441,377

21 THE FUNDS OF THE CHARITY	Balance at 1 September 2015	Income	Expenditure	Gains, loses and transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted General Funds					
General Annual Grants (GAG)	1,435,943	12,962,636	(12,708,653)	159,186	1,849,112
Other Government Grants	-	745,999	(745,999)	-	-
Pension Reserve	(3,265,000)	(2,220,000)	(200,000)	(3,267,000)	(8,952,000)
	(1,829,057)	11,488,635	(13,654,652)	(3,107,814)	(7,102,888)
Restricted fixed asset funds					
Transfer on conversion	-	12,688,717	-	-	12,688,717
Capital Grants	27,466,077	443,809	(927,869)	(159,186)	26,822,831
	27,466,077	13,132,526	(927,869)	(159,186)	39,511,548
Total restricted funds	25,637,020	24,621,161	(14,582,521)	(3,267,000)	32,408,660
Total unrestricted funds	433,638	991,091	(496,650)	-	928,078
Total of funds	26,070,658	25,612,251	(15,079,171)	(3,267,000)	33,336,738

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

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

21 THE FUNDS OF THE CHARITY (continued)**Analysis of Academies by fund balance**

	Total	Total
	2016	2015
	£000	£000
Fund balances at 31 August 2016 were allocated as follows:		
High Littleton	22,987	42,595
Norton Hill	1,835,928	1,930,170
Somervale	(154,407)	(154,829)
Clutton	23,668	51,645
St Dunstan's	427,047	-
Trinity	244,403	-
Dundry	125,535	-
Welton	157,637	-
Longvernal	94,392	-
Total before fixed assets and pension reserve	<u>2,777,190</u>	<u>1,869,581</u>
Restricted fixed asset fund	39,511,548	27,466,077
Pension reserve	(8,952,000)	(3,265,000)
Total	<u>33,336,738</u>	<u>26,070,658</u>

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:	Teaching and Educational Support Costs	Other Support Staff Costs	Educational Supplies	Other Costs (Excluding Depreciation)	Total
	£	£	£	£	£
Norton Hill	6,199,760	462,662	629,288	343,185	7,634,895
Somervale	2,176,495	384,110	211,667	113,872	2,886,144
St Dunstan's	516,276	227,241	18,551	2,800	764,868
Primary Schools	1,386,059	398,845	175,810	33,935	1,994,649
Academy Trust	<u>10,278,590</u>	<u>1,472,858</u>	<u>1,035,316</u>	<u>493,792</u>	<u>13,280,556</u>

General Annual Grant (GAG) represents the core funding for the educational activities of the academies that has been provided to the Trust via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Trust. 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 2016. Funds are set aside for capital projects, as prioritised by the Trust.

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the Trust upon conversion by the local authority which represent the school sites inherited from the local authority including the Land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund. The same principle has been applied to the acquisition of St Dunstan's Academy and The Dove Family Trust.

Transfer between Funds

The method of accounting for fixed assets purchased from GAG or other EFA recurrent grants is to show the purchase as a fixed asset on the balance sheet and transfer an amount equal to the purchase of fixed assets from the restricted general fund to the restricted fixed asset fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Fund	Restricted Fund	Restricted Fixed Assets Fund	Total funds 2016
	£	£	£	£
Tangible fixed assets	-	-	39,511,548	39,511,547
Current assets	928,078	3,156,824	-	4,084,903
Current liabilities	-	(1,280,532)	-	(1,280,532)
Non-current liabilities	-	(27,180)	-	(27,180)
Provisions for liabilities and charges	-	(8,952,000)	-	(8,952,000)
	928,078	(7,102,888)	39,511,548	33,336,738

23 MEMBERS' LIABILITY

Midsomer Norton Schools' Trust is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £1 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

24 COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At 31 August 2016, the total of the Trusts future minimum lease payments under non-cancellable operating leases was:		
Amounts due in one year	18,849	-
Amounts due between one and five years	18,297	4,103
Amounts due after five years	9,648	9,648
	47,794	13,751

25 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income	10,533,080	240
Adjusted for:		
Depreciation	927,869	800,002
Capital grants from DfE and other capital income	(433,809)	(191,398)
Interest receivable	(18,426)	(19,034)
Defined benefit pension scheme obligation on conversion	2,220,000	146,000
Defined benefit pension scheme cost less contributions payable	130,000	106,000
Defined benefit pension scheme finance cost	70,000	105,000
(Increase)/Decrease in stock	(8,808)	(1,099)
(Increase)/Decrease in debtors	(671,265)	215,506
Increase/(Decrease) in creditors	375,453	(68,945)
Impact of transfer upon conversion	(12,688,717)	(779,000)
Net cash provided by Operating Activities	435,377	313,272

26 CASH FLOWS FROM FINANCING ACTIVITIES

	2016 £	2015 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	(6,040)	(6,040)
Net cash provided by financing activities	6,040	6,040

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

27 CASH FLOWS FROM INVESTING ACTIVITIES	2016	2015
	£	£
Dividends, interest and rents from investments	18,426	19,034
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(183,284)	(919,671)
Capital grants from DfE/EFA	433,809	191,398
Net cash provided by/ (used) in investing activities	268,951	(709,239)

28 ANALYSIS OF CASH AND CASH EQUIVALENTS	As at 31 August 2016	As at 31 August 2015
	£	£
Cash in hand and at bank	3,161,654	2,463,366
Total Cash and Cash Equivalents	3,161,654	2,463,366

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

29 PENSION & SIMILAR OBLIGATIONS

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, through the Somerset Pension Scheme (managed by Somerset County Council) and Avon Pension Fund (managed by Bath & North East Somerset Council, "BANES"). Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

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

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

29 PENSION & SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme (continued)

The pension costs paid to TPS in the period amounted to £716,369 (2014: £695,206).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £701,000, of which employer's contributions total £554,000 and employees' contribution totalled £147,000. The agreed rates for future years are 13.1% - 18.1% for employers and between 5.5% and 9.9% for employees.

The deficit is £8,952,000 to be recovered over 22 years.

The Academy Trust also makes additional contributions in addition to normal funding levels. These annual deficit recovery contributions were calculated to be paid over a period of 20 years from 1 September 2014.

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.

The LGPS obligation relates to employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

Principal actuarial assumptions – Bath & North East Somerset County Council

	As at 31 August 2016	As at 31 August 2015
Rate of increase in salaries	3.3%	3.8%
Rate of increase in pensions in payment	1.9%	2.3%
Discount rate	2.1%	4.0%
Inflation assumption - rpi	N/A	N/A
- cpi	1.8%	2.3%

Midsomer Norton Schools' Partnership

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

29 PENSION & SIMILAR OBLIGATIONS (continued)

Sensitivity analysis - BANES

	Central	Sensitivity 1 +0.1% p.a discount rate	Sensitivity 2 +0.1% p.a. inflation	Sensitivity 3 +0.1% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£000s	£000s	£000s	£000s	£000s
Liabilities	11,101	10,682	11,345	11,193	11,291
Assets	(4,256)	(4,256)	(4,256)	(4,256)	(4,256)
Deficit	6,845	6,806	7,089	6,937	7,035
Projected service cost for next year	994	971	1,019	994	1,011
Projected Net interest cost for next year	139	140	144	141	143

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

	2016 Years	2015 Years
Retiring today:		
Males	23.5	23.4
Females	26.0	25.9
Retiring in 20 years:		
Males	25.9	25.8
Females	28.9	28.8

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

29 PENSION & SIMILAR OBLIGATIONS (continued)

The assets in the BANES scheme and the expected rate of return were:

	Value at 31 August 2016		Value at 31 August 2015	
	%	£'000	%	£'000
Equities	50.5	2,149	55.6	1,582
Bonds	9.6	409	11.3	321
Property	9.7	413	8.1	230
Cash	(0.5)	(21)	2.2	63
Gilts	12.2	519	9.0	256
Other	18.5	787	13.8	392
Total market value of assets		4,256		2,844
Present value of scheme liabilities		(11,349)		(6,109)
Deficit in the scheme		(7,093)		(3,265)

Principal actuarial assumptions – Somerset County Council

	As at 31 August 2016	As at 31 August 2015
Rate of increase in salaries	4.1%	4.5%
Rate of increase in pensions in payment	2.3%	2.7%
Discount rate	2.2%	4.0%
Inflation assumption - rpi	N/A	N/A
- cpi	2.3%	2.3%

Sensitivity analysis - SCC

	£000s +0.1%	£000s 0.0%	£000s (0.1%)
Adjustment to discount rate			
- Present value of total obligation	2,765	2,829	2,895
- Projected service cost	160	164	168
Adjustment to long term salary increase			
- Present value of total obligation	2,840	2,829	2,818
- Projected service cost	164	164	164
Adjustment to pension increases and deferred revaluation			
- Present value of total obligation	2,884	2,829	2,775
- Projected service cost	168	164	160
	+ 1 year	None	(1 year)
Adjustment to life expectancy assumptions			
- Present value of total obligation	2,904	2,829	2,755
- Projected service cost	168	164	160

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

29 PENSION & SIMILAR OBLIGATIONS (continued)

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

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

The assets in the SCC scheme and the expected rate of return were:

	Value at 31 August 2016		Value at 31 August 2015	
	%	£'000	%	£'000
Equities	69	670	71	528
Bonds	-	-	-	-
Property	10	99	10	75
Cash	3	27	2	13
Gilts	7	65	7	50
Other	11	109	10	78
Total market value of assets		970		744
Present value of scheme liabilities		(2,829)		(1,871)
Deficit in the scheme		(1,859)		(1,127)

Analysis of the amount charged to the Statement of Financial Activities	2016 £'000	2015 £'000
As staff costs:		
Current service cost	631	457
Administration expenses	8	8
Losses on curtailments	-	-
Inherited deficit on transferred members	-	-
Total operating charge	639	465
As finance costs:		
Expected return on assets	(259)	(99)
Interest on liabilities	329	105
Other finance costs	70	6
Total pension costs	709	471

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

29 PENSION & SIMILAR OBLIGATIONS (continued)

	2016	2015
	£'000	£'000
Analysis of changes in the present value of defined benefit obligations:		
Opening defined benefit obligations	6,109	4,891
Upon conversion to academy status	3,362	310
Members' contributions	147	113
Current service cost	631	457
Past service benefit	-	-
Losses on curtailments	-	-
Interest cost	329	204
Actuarial experience loss/(gain)	3,661	103
Benefits paid	(61)	31
Closing defined benefit obligations	<u>14,178</u>	<u>6,109</u>

The estimated value of employer contributions for the year ended 31 August 2017 is £386,000

	2016	2015
	£'000	£'000
Analysis of changes in the fair value of plan assets:		
Opening fair value of assets	2,844	2,152
Upon conversion to academy status	1,142	164
Employer contributions	509	359
Members' contributions	147	113
Expected return	259	99
Actuarial experience gain/(Loss)	394	(66)
Administration Expense	(8)	(8)
Benefits paid	(61)	31
Closing fair value of assets	<u>5,226</u>	<u>2,844</u>

	2016	2015
	£'000	£'000
Reconciliation of the movement in scheme deficit over the year:		
Deficit in scheme at the beginning of the year	(3,265)	(2,739)
Upon conversion to academy status	(2,220)	(146)
Movement in year:		
Current service cost	(631)	(457)
Administrative expenses	(8)	(8)
Losses on curtailments	-	-
Employer contributions	509	359
Other finance costs	(70)	(105)
Actuarial loss	(3,267)	(169)
Deficit in scheme at the end of the year	<u>(8,704)</u>	<u>(3,265)</u>

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

30 RELATED PARTY TRANSACTIONS

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

Somer Valley FM – a radio station in which Mr Kenny (Deputy Head teacher) was a Director received payments from the Trust totalling £10,045(2015: £10,000) for advertising on the station within the year, there were no amounts outstanding at 31 August 2016 (2015: £nil).

The Trust purchased food supplies from L&F Jones Limited totalling £175,220 (2015: £167,952) within the year, a company in which Mrs Jeni Randles (Member) has a son in law who is a Director. There were no amounts outstanding at 31 August 2016 (2015: £nil).

The Trust purchased Computer repair services from EyeTech I.T Limited totalling £795 (2015: £75) within the year, a company in which Mr Simon Mills (Trust Director) is a Director. There were no amounts outstanding at 31 August 2016 (2015: £nil).

The Trust contracted Ken Biggs Ltd to undertake building work at High Littleton School. Paul Wyatt, who is a director at Ken Biggs Ltd, is also a Governor at High Littleton. The project was tendered by an independent architect and Ken Biggs Ltd came in with the lowest price. The value of the work is £86,000 and this was owed at 31 August 2016.

31 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA, there was a balance carried forward of £18,787. In the year it received £23,599 and disbursed £24,459 with therefore an amount of £16,756 at the 31 August 2016 which is included in other creditors. The Academy Trust retained a beneficial interest in individual transactions such that £1,180 has been recognised in income and expenditure in the Statement of Financial Activities.

32 CAPITAL COMMITMENTS

	2016	2015
	£	£
Contracted for, but not provided for in the financial statements	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

33 CONVERSION TO MIDSOMER NORTON SCHOOLS PARTNERSHIP LTD

On 1 June 2016 St Dunstan's Secondary School, Trinity and Dundry Primary School joined the Midsomer Norton Schools Partnership Ltd transferring all the operations, assets and liabilities.

On 01 July 2016 Welton and Longvernal Primary school converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Midsomer Norton Schools Partnership Ltd from Bath & North East Somerset Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
- Freehold land and buildings	-	-	7,650,670	7,650,670
- Leasehold land and buildings	-	-	4,761,654	4,761,654
- Other tangible fixed assets	-	-	276,393	276,393
Surplus inherited	415,923	762,062	-	1,177,985
LGPS pension (deficit)	-	(2,220,000)	-	(2,220,000)
Net assets/(liabilities)	415,923	(1,457,938)	12,688,717	11,646,702

Midsomer Norton Schools' Partnership

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

34 RECONCILIATION ON ADOPTION OF FRS 102

Reconciliation of funds

Note	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total	Unrestricted funds	Restricted funds	Restricted fixed asset fund	Total
		At 1 September 2014				At 31 August 2015		
	£	£	£	£	£	£	£	£
Funds reported under previous UK GAAP and FRS 102	342,581	(563,037)	26,459,874	26,239,418	433,638	(1,829,057)	27,466,077	26,070,658

Reconciliation of income/(expenses)

Net income/(expenditure) reported under previous UK GAAP	91,057	(219,212)	170,395	42,240
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Adjustments for:

Change in recognition of LGPS interest cost	(a)	-	(42,000)	-	(42,000)
		91,057	(261,212)	170,395	240

34 RECONCILIATION ON ADOPTION OF FRS 102 (continued)

(a) Change in recognition of LGPS interest cost and charitable activities cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income and expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income and expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the finance costs, within charitable activities, by £25,000 for the year ended 31 August 2015.

Under old UK GAAP the Trust recognised the interest on current service costs within the total interest on pension liabilities and included as part of the net finance costs to the academy. Under FRS 102 the interest on the current service costs is included within current service costs. There has been no change in the defined benefit liability at either 1 September 2014 or August 2015. The effect of the change has been to increase the pension costs within charitable activities by £17,000 for the year ended 31 August 2015.

The impact of these two adjustments has been to decrease the actuarial loss recognised in the year ended 31 August 2015 by £42,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

35 PRIOR YEAR FUNDS MOVEMENTS

	General Unrestricted Funds	General Restricted Funds	Restricted Fixed Asset Funds	Year end 31 August 2015
	£	£	£	£
INCOME FROM:				
Donations	-	(74,308)	779,000	704,692
Raising funds	504,127	498,700	-	1,002,827
Investment income	19,034	-	-	19,034
<i>Charitable activities:</i>				
Funding for the Trust's educational operations	-	10,665,466	191,398	10,856,864
TOTAL	523,161	11,089,858	970,398	12,583,417
EXPENDITURE ON:				
<i>Raising funds:</i>				
Cost of donations and capital grants	-	327,778	-	327,778
Cost of goods sold and other costs	432,104	12,810	-	444,914
<i>Charitable activities:</i>				
Trust's educational operations	-	11,010,482	800,003	11,810,485
TOTAL	432,104	11,351,070	800,003	12,583,177
NET INCOME/(EXPENDITURE) FOR THE YEAR	91,057	(261,212)	170,395	240
TRANSFERS				
Gross transfers between funds	-	(835,808)	835,808	-
OTHER RECOGNISED GAINS AND (LOSSES)				
Actuarial gains /(losses) on defined benefit pension schemes	-	(169,000)	-	(169,000)
NET MOVEMENT IN FUNDS	91,057	(1,266,020)	1,006,203	(168,760)
RECONCILIATION OF FUNDS				
BALANCES BROUGHT FORWARD AT 1 SEPTEMBER	342,581	(563,037)	26,459,874	26,239,418
FUND BALANCES CARRIED FORWARD AT 31 AUGUST	433,638	(1,829,057)	27,466,077	26,070,658