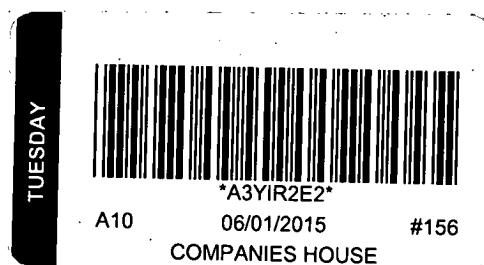




MIDSOMER NORTON SCHOOLS' PARTNERSHIP

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 AUGUST 2014



Midsomer Norton Schools' Partnership

REFERENCE AND ADMINISTRATIVE DETAILS

Members and Trustees

S Warrener (Chairman)
S Baldwin*
C Brace
G Edwards (from 1/8/14)
G Griffith (from 1/8/14)
S Mills
R Nash
A Sinden*
A Williams (Accounting Officer)*
S Wiseman (from 1/8/14)

*denotes members of audit committee

Company Secretary

C Jackson

Senior Management Team:

Executive Headteacher
Headteacher (High Littleton)
Deputy Headteacher (Norton Hill)
Acting Deputy Headteacher (Norton Hill)
Deputy Headteacher (Somervale)
Deputy Headteacher (High Littleton)
Executive Business Manager
Acting Assistant Headteacher (Somervale)
Assistant Headteacher (Somervale)
Assistant Headteacher (Somervale)
Assistant Headteacher (Norton Hill)
Acting Assistant Headteacher (Norton Hill)
Assistant Headteacher (Norton Hill)
Assistant Headteacher (Norton Hill)
Acting Assistant Headteacher (Norton Hill)

A Williams
G Griffith
M Thompson
G Green
M Kenny
D Turrell
A Wyatt
M Ambrose
C Evans
K Howard
M Lynch
D McGilloway
D Phillips
K Ward
D Wiltshire

Principal and Registered Office

Charlton Road
Midsomer Norton
Radstock
BA3 4AD

Company Registration Number

07365778

Independent Auditor

Baker Tilly 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 2014**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status & History

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 and Members of the Company.

The schools were originally operated within the local authority of Bath and North East Somerset. The secondary Trust was incorporated on 3 September 2010. The secondary schools converted to the status of Academies on 1 October 2010 and High Littleton Primary School converted on 1 August 2014.

The Trust is governed by the rules and regulations set down in its company Articles of Association dated 12 June 2014.

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 a Local Governing Body (Secondary) and Local Governing Body (Primary) which meet 12 times a year. Six of these meetings focus on education and the remaining six focus on finance and premises. 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. They are also the Executive Headteacher across the Secondary schools within the Trust. The CEO/Executive Headteacher is also the Accounting Officer and works closely with Trustees and the senior staff of the Trust.

The day-to-day management of the secondary schools rests with the CEO/Executive Headteacher who has overall responsibility for the Trust. The CEO/Executive Headteacher is responsible for establishing senior leadership teams at each school. In the primary phase, there is a Headteacher who is responsible for the day-to-day leadership and management of the school.

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 organising the teaching staff, facilities and students.

**TRUSTEES' REPORT
for the year ended 31 August 2014**

Connected Organisations, Including Related Party Relationships

The Headteacher is a Trustee for the Wellsway Multi Academy Trust.

Norton Hill School has been designated as a sponsor school by the DFE and is looking to work with local primary schools in this capacity.

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. The Local Governing Body can also recruit experts where appropriate to support the leadership of the three schools.

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

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.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust between Norton Hill and Somervale is now four 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.

Attitudes and values – strong ethos, support and challenge, extra-curricular programme, opportunity to lead, team work and communication.

One Federation, Many Schools – Trust working to achieve the best for all in our community, quality for all, different strengths.

**TRUSTEES' REPORT
for the year ended 31 August 2014**

Charitable Objectives

The charitable objectives for which the Trust was established are set down in the governing document dated July 2014 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
- to promote for the benefit of the inhabitants of Midsomer Norton 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 two secondary schools and one primary school for boys and girls located in Midsomer Norton. The sole activity of the Trust is the operation of the Academies. The Trust currently operates three academies – Norton Hill School, Somervale School and High Littleton Primary School.

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.

STRATEGIC REPORT

Achievements and Performance

The following indicators are used at key milestones in pupils' education: these will be benchmarked against Fischer Family Trust D estimates 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

TRUSTEES' REPORT

for the year ended 31 August 2014

- Percentage of student achieving a level 4 in reading, writing, 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

Attainment at GCSE

- % achieving 5+ GCSEs at grade A* - C (or equivalent) including English and Maths GCSEs
- % 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

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

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

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.

**TRUSTEES' REPORT
for the year ended 31 August 2014**

FINANCIAL REVIEW

Financial Outcome of Activities & Events

The Trust's accounting period is from 1 September 2013 to 31 August 2014.

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 2014, and the associated expenditure, are shown as restricted funds in the Statement of Financial Activities.

The Trust also received capital grants from the Academies Capital Maintenance 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.

Under Accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, provided to support staff, to the restricted fund. This resulted in reducing the reserves in the restricted fund. It should be noted that this does not present the Trust with any current liquidity problem.

During the financial year 2013/14 successful capital bids were secured to refurbish science labs at both schools and also windows and boilers at Norton Hill School. The Trust was able to contribute towards these projects from its reserves, thereby enabling larger projects to be achieved. Trust reserves have also been used to fund construction of an Astroturf pitch at Somervale School.

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 £342,581.

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 2014 and in the current economic climate, the Trust's cash held in the Interest Bearing account generated an income of 0.6%. During the year funds were also held in 12 month Fixed Rate Bonds generating income at 1.25/1.75/2.00%.

The Trust also held deposits in a Virgin Charity Account generating an income of 2.0%.

**TRUSTEES' REPORT
for the year ended 31 August 2014**

KEY PERFORMANCE INDICATORS

Once again the 2014 GCSE results at Norton Hill School are outstanding with significant gains in Mathematics, English and Science. 70% of students achieved the important measure of 5 A*-C including English and Maths, some 13% above the national rate. In Science 93% of students achieved 2 C grades or above at GCSE, 20% above the national rate. The number of A*-A is again above the national rate, with 20 students achieving all A* and A grades.

In other measures, the school performed exceptionally well with the capped point score significantly above the national average and 81% of students achieving a C or above in Maths and 78% achieving a C or above in English. The EBAC measure – the percentage of children obtaining a C or above in English, Maths, Science, a Language and either History or Geography was again, twice the national rate at 42%.

Somervale School has built on its pleasing progress at GCSE over the last 3 years with another good year of results. 88% of students achieved 5 A*-C passes with those achieving 5 A*-C including English and Maths at 50%. The Maths Department led the way in the core subjects with 69% A*-C and in the option subjects Music was the highest performer with 100% A*/C pass rate. In Science and Information Technology over 90% of students achieved at least one A*-C or its equivalent a rise of over 25% in Science on the figure in 2013. Performance of some students in English was not as positive as had been hoped, but the number of A*-A in this core subject increased significantly as did the average points score.

Students at Midsomer Norton Sixth Form have exceeded national outcomes by achieving the best results ever. They improved on last year's results achieving an average of AAB per student and an average of a B grade per entry. 84% of students achieved A*-C, 53% achieved A*-B and over a third of students achieved either A* or A grades. All these measures are in line with or above the national average. Over 20% of students obtained at least ABB Grades.

Students have been ambitious in their applications this year and 35% of students will be going to a Russell Group university. This has been assisted by the Sixth Form's specialist Russell Group university preparation programme.

Another outstanding set of results were achieved by the Year 6 children at High Littleton. Attainment levels were significantly above the national rate with 95% of youngsters achieving a Level 4 or above in Maths and Reading. Average point scores were 31.2 leading to a significant value added result of over 101. In the new Level 6 tests, 22% of youngsters achieved the highest possible outcomes in Maths and 11% in Spelling, Punctuation and Grammar.

Attendance is significantly above the national average at all three schools.

PLANS FOR FUTURE PERIODS

Future Strategy

The strategic vision for the Trust is for the best education possible across the three schools, both in terms of Academic rigour and Personal and Social qualities.

An inspirational education will be provided supported by a broad curriculum, valued qualifications and inspirational teaching. Personal and social qualities will be developed backed by a strong ethos, emphasis on curriculum and an extensive extra-curricular programme.

TRUSTEES' REPORT
for the year ended 31 August 2014

Future Activities & Events

The results at both Sixth Forms in the Trust provide a solid platform for the Sixth Form which came into being in September 2011. The Midsomer Norton Sixth Form – based across Norton Hill and Somervale sites provides a huge range of courses and opportunities for the young people of our town. Clearly, from this platform they will gain access to the very best opportunities across the country.

Impact of Future Activities & Events

Targets set for 2015 are as follows:

Key Stage 2

To achieve 100% level 4b+ in all Key Stage 2 tests
To achieve value-added that is Sig +

	Norton Hill	Somervale
Key Stage 4		
% achieving 5 or more A* - C grades at GCSE and equivalent, including English & Maths	74	60
% making expected progress in English	80	68
% making expected progress in Maths	80	70
English Baccalaureate	45	25
Attendance	97	96
Post 16 Targets (Sixth Form)		
Average Total Point Score per student (UCAS points)	To beat FFTD	
Average Point Score per entry	To beat FFTD	

PRINCIPAL RISKS AND UNCERTAINTIES

The secondary schools are currently in a falling roll position due to a dip in local demographics. This has been discussed at length at LGB and Trust level with resulting financial projections. The dip is temporary and the Trust has taken steps to reduce staffing and other costs to ensure balanced budgets moving forward.

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
for the year ended 31 August 2014

Funds Held As Custodian

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.

Auditor

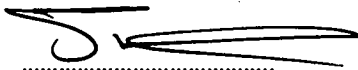
Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

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 18 December 2014 and signed on the board's behalf by:



Mr Stuart Warrenner
Chair

18/12/14
Date

**GOVERNANCE STATEMENT
for the year ended 31 August 2014**

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
Sarah Baldwin	6	6
Chris Brace	6	6
Robin Nash	6	6
Simon Mills	6	6
Andrew Sinden	6	6
Stuart Warrener	6	6
Alun Williams	5	6
Guy Edwards (from 1/8/14)	N/A	N/A
Gareth Griffith (from 1/8/14)	N/A	N/A
Sharon Wiseman (from 1/8/14)	N/A	N/A

The Trust intends to carry out a review of governance .

The Audit committee is a sub committee of the main board of trustees and meets at least once per year. Membership is as follows:

Sarah Baldwin
Andrew Sinden
Baker Tilly representative
Alun Williams
Alison Wyatt

All attended one meeting.

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,

**GOVERNANCE STATEMENT
for the year ended 31 August 2014**

effectively and economically. The system of internal control has been in place in Midsomer Norton Schools' Partnership for the year ended 31 August 2014 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 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The 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 LGB (Finance & Resources) 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 now 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 Audit Committee. These reports are rigorous and identified no control issues.

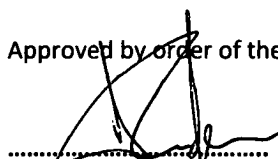
Review of effectiveness

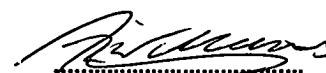
As Accounting Officer, Alun Williams has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 18 December 2014 and signed on its behalf by:


.....
Mr Andrew Sinden
Trustee

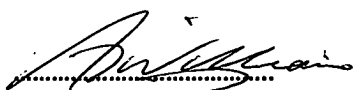

.....
Mr Alun Williams
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
for the year ended 31 August 2014**

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 2014

The Trustees 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 Academies Accounts Direction 2014 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:

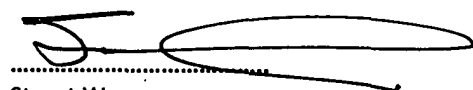
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 18 December 2014 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 2014 on pages 14 to 33. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 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 set out on page 12, 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 2014 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 2013 to 2014 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.

Baker Tilly UK Audit LLP

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

Date: *19 December 2014*

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2014
including Income and Expenditure Account

	Notes	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Year end 31 August 2013 £
INCOMING RESOURCES						
<i>Incoming resources from generated funds:</i>						
Voluntary income	1	-	(68,257)	459,293	391,036	740
Activities for generating funds	2	480,718	445,790	-	926,508	972,687
Investment income	3	42,487	-	-	42,487	39,946
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	4	-	10,260,334	268,178	10,528,512	13,109,251
TOTAL INCOMING RESOURCES		523,205	10,637,867	727,471	11,888,543	14,122,624
RESOURCES EXPENDED						
Cost of generating funds:						
Costs of generating voluntary income	5	-	396,998	-	396,998	356,302
Fundraising trading: cost of goods sold and other costs	6	410,189	8,591	-	418,780	400,229
Charitable activities:						
Trust's educational operations	7	-	10,253,284	743,608	10,996,892	10,435,581
Governance costs	8	-	55,439	-	55,439	45,034
TOTAL RESOURCES EXPENDED		410,189	10,714,312	743,608	11,868,109	11,237,146
NET INCOMING RESOURCES BEFORE TRANSFERS		113,016	(76,445)	(16,137)	20,434	2,885,478
TRANSFERS						
Gross transfers between funds		-	(765,312)	765,312	-	-
NET INCOME FOR THE YEAR		113,016	(841,757)	749,175	20,434	2,885,478
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains (losses) on defined benefit pension schemes		-	(340,000)	-	(340,000)	94,000
NET MOVEMENT IN FUNDS		113,016	(1,181,757)	749,175	(319,566)	2,979,478
RECONCILIATION OF FUNDS						
BALANCES BROUGHT FORWARD AT 1 SEPTEMBER		229,565	618,720	25,710,699	26,558,984	23,579,506
FUND BALANCES CARRIED FORWARD AT 31 AUGUST		342,581	(563,037)	26,459,874	26,239,418	26,558,984

The net movement in funds for the year arises from the charitable Trust's continuing operations.

No separate statement of total recognised gains and losses has been presented as all such gains and losses are dealt with in the Statement of Financial Activities.

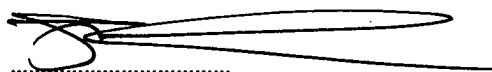
All of the Academy trust's activities derive from continuing operations in the above two financial periods.

BALANCE SHEET
 for the year ended 31 August 2014

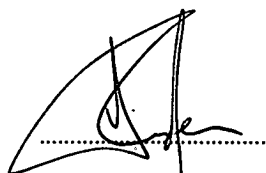
Company Number: 07365778

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	12	26,459,874	24,864,260
CURRENT ASSETS			
Stock	13	2,615	3,247
Debtors	14	454,968	1,205,889
Cash on deposit		-	700,000
Cash at bank and in hand		2,865,373	2,594,896
		<u>3,322,956</u>	<u>4,504,032</u>
CREDITORS: Amounts falling due within one year	15	(765,152)	(684,472)
NET CURRENT ASSETS		<u>2,557,804</u>	<u>3,819,560</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,017,678</u>	<u>28,683,820</u>
CREDITORS: Amounts falling due after one year	16	(39,260)	(3,836)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>28,978,418</u>	<u>28,679,984</u>
Defined benefit pension scheme liability	21	(2,739,000)	(2,121,000)
NET ASSETS INCLUDING PENSION LIABILITY		<u><u>26,239,418</u></u>	<u><u>26,558,984</u></u>
THE FUNDS OF THE TRUST			
Restricted income funds			
General fund	17	2,175,963	2,739,720
Inherited fixed asset fund	17	26,459,874	25,710,699
		<u>28,635,837</u>	<u>28,450,419</u>
Pension reserve	17	(2,739,000)	(2,121,000)
		<u>25,896,837</u>	<u>26,329,419</u>
Unrestricted funds			
General fund	17	342,581	229,565
		<u>26,239,418</u>	<u>26,558,984</u>

The financial statements on pages 14 to 33 were approved by the Trustees and authorised for issue on 18 December 2014, and are signed on their behalf by



Mr Stuart Warrenner
Chair



Mr Andrew Sinden
Trustee

CASH FLOW STATEMENT
for the year ended 31 August 2014

	Notes	2014 £	2013 £
NET CASH FLOW FROM OPERATING ACTIVITIES	A	861,377	(68,890)
Returns on investments and servicing of finance	B	42,487	39,946
Capital expenditure and financial investment	C	(1,333,387)	706,122
Increase in Cash		(429,523)	677,178

A Reconciliation of net income to net cash inflow from operating activities

Net income	(319,566)	2,979,478
Investment income	(42,487)	(39,946)
Depreciation	743,608	731,606
(Gain)/loss on disposal of fixed assets	16,153	(1,917)
Decrease/(increase) in stock	632	(433)
Decrease/(increase) in debtors	750,921	(1,060,613)
(Decrease)/Increase in creditors	(178,413)	(43,689)
Increase in pension liability	618,000	33,000
Impact of transfer upon conversion	(459,293)	-
Capital grants from DfE	(268,178)	(2,666,376)
Net cash inflow/(outflow) from operating activities	861,377	(68,890)

B Returns on investments and servicing finance

Bank interest received	42,487	39,946
Net cash inflow from operating activities	42,487	39,946

C Capital expenditure and financial investment

Purchase of tangible fixed assets	(1,601,565)	(1,968,914)
Capital grants from DfE	268,178	2,666,376
Receipts from sale of fixed assets	-	8,660
Net cash inflow/(outflow) from Capital expenditure and financial investment	(1,333,387)	706,122

ANALYSIS OF CHANGES IN NET FUNDS

	At 01-Sep 2013	Cash Flows	At 31 Aug 2014
Cash in hand and at bank	3,294,896	(429,523)	2,865,373

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies: Accounts Direction 2013 to 2014 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 one year from the date of approval of the financial statements.

INCOMING RESOURCES

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt 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.

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.

RESOURCES EXPENDED

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

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

All resources expended are inclusive of irrecoverable VAT.

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 over its expected useful lives, as follows:

Freehold Buildings	2% pa
Plant & Machinery	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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

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 21, 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.

STOCK

Catering stock is valued at the lower of cost or net realisable value.

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 High Littleton Primary School 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**
1 VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
Assets and liabilities inherited from the local authority upon conversion	-	(68,257)	459,293	391,036	-
Donations	-	-	-	-	740
	-	(68,257)	459,293	391,036	740

2 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
Sundry lettings, services and hire of facilities	88,076	-	-	88,076	93,925
Student teacher training	-	14,432	-	14,432	31,940
Computer Assisted Purchase scheme	-	8,591	-	8,591	15,273
Fees charged for music tuition	-	39,582	-	39,582	35,119
Catering income	382,939	-	-	382,939	349,781
Other income	-	25,800	-	25,800	23,115
Departmental and miscellaneous sales	9,703	-	-	9,703	3,711
Trips income	-	357,385	-	357,385	419,823
	480,718	445,790	-	926,508	972,687

3 INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
Bank interest receivable on short term cash deposits	42,487	-	-	42,487	39,946
	42,487	-	-	42,487	39,946

4 SCHOOL OPERATING INCOME

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
From the Department for Education:					
GAG allocation for current year	-	9,890,656	-	9,890,656	10,032,281
Capital grants	-	-	268,178	268,178	2,666,376
Other grants and government funding	-	369,678	-	369,678	410,594
	-	10,260,334	268,178	10,528,512	13,109,251

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

**5 COSTS OF GENERATING VOLUNTARY
INCOME**

	Unrestricted Funds	Restricted Funds		Total 2014	Total 2013
	£	General £	Fixed Assets £	£	£
Trips expenditure	-	396,998	-	396,998	356,302
		396,998	-	396,998	356,302

**6 FUNDRAISING TRADING: COST OF
GOODS SOLD AND OTHER COSTS**

	Unrestricted Funds	Restricted Funds		Total 2014	Total 2013
	£	General £	Fixed Assets £	£	£
Catering	364,191	-	-	364,191	338,866
Sports centre lettings and event costs	36,295	-	-	36,295	42,379
Computer Assisted Purchase scheme costs	-	8,591	-	8,591	15,273
Cost of Departmental sales	9,703	-	-	9,703	3,711
	410,189	8,591	-	418,780	400,229

RESOURCES EXPENDED

	2014 £	2013 £
Net incoming/(outgoing) resources for the year		
Operating leases:		
plant and machinery	3,261	12,015
other	687	-
Fees payable to Baker Tilly UK Audit LLP and its associates for:		
Audit	18,650	16,500
Other Services	1,500	2,950
(Profit)/Loss on disposal of fixed assets	16,153	(1,917)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

7 SCHOOL OPERATING COSTS

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
Direct costs					
Teaching and educational support staff costs	-	7,167,988	-	7,167,988	6,825,930
Direct depreciation	-	-	734,129	734,129	725,666
Educational consumables	-	361,061	-	361,061	321,913
Examination fees	-	197,902	-	197,902	188,933
Direct staff development	-	15,943	-	15,943	19,497
External educational provision and supplies	-	154,862	-	154,862	146,515
	-	7,897,756	734,129	8,631,885	8,228,454
Allocated support costs					
Support staff costs	-	1,040,280	-	1,040,280	1,021,799
Depreciation	-	-	9,479	9,479	5,940
Utilities	-	191,742	-	191,742	199,359
Other occupancy costs	-	74,961	-	74,961	72,316
Cleaning	-	14,713	-	14,713	12,129
Communications	-	31,382	-	31,382	30,908
Professional fees	-	138,787	-	138,787	81,420
Marketing	-	30,191	-	30,191	24,846
Recruitment	-	44,788	-	44,788	34,315
Other employment costs	-	43,433	-	43,433	26,606
Rates	-	53,179	-	53,179	46,657
Repairs and maintenance	-	217,960	-	217,960	241,312
Insurance	-	103,626	-	103,626	95,184
Technology costs	-	152,819	-	152,819	102,645
Staff development	-	16,164	-	16,164	19,279
Other support costs	-	67,503	-	67,503	65,412
Pension scheme	-	134,000	-	134,000	127,000
	-	2,355,528	9,479	2,365,007	2,207,127
		10,253,284	743,608	10,996,892	10,435,581

8 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2014 £	Total 2013 £
Staff costs	-	15,163	-	15,163	14,562
Audit fees	-	24,351	-	24,351	18,885
Other costs	-	15,925	-	15,925	11,587
	-	55,439	-	55,439	45,034

The Trust strives to analyse expenditure as direct costs when transactions are being processed, but thereafter, allocates support costs on the basis of estimated staff time involved.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9 STAFF COSTS

	2014	2013
	No.	No.
The average monthly number of persons employed by the Trust (including governors) during the year was as follows:		
Teachers	139	128
Administration and support	162	155
Management	14	12
	<u>315</u>	<u>295</u>
Expressed as full-time equivalents:		
Teachers	132	121
Administration and support	103	110
Management	14	12
	<u>249</u>	<u>243</u>
Staff costs for the above persons:		£
Wages and salaries	6,915,883	6,698,106
Social security costs	495,556	482,375
Pension costs - defined benefit schemes:		
Teachers' pension scheme	695,206	639,594
Local government pension scheme	295,535	261,862
	<u>8,402,180</u>	<u>8,081,937</u>
The number of employees whose emoluments for the year exceeded £60,000 fell within the following ranges:		
£60,001 - £70,000	3	1
£70,001 - £80,000	1	1
£100,001 - £110,000	<u>1</u>	<u>1</u>

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £43,771 (2013: £33,531).

One of the above employees participated in the Local Government Pension Scheme. Pension contributions for this member of staff amounted to £10,623.

10 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 Academy Trust in respect of their role as Trustees.

The value of the Principal's remuneration was £109,000 in 2014 (2013: £102,534). The Principal is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £15,369 (2013: £14,457).

During the year ended 31 August 2014, travel and subsistence expenses totalling £335 (2013: £452) were reimbursed to 1 Trustee (2013: 4). Related party transactions involving the Trustees are set out in note 22.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**
TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,892 (2013: £2,120).

The cost of this insurance is included in the total insurance cost.

11 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2014	2013
	£	£
Reconciliation of net income to net cash (outflows)/ inflows	861,377	(68,890)
Returns on investments and servicing of finance	42,487	39,946
Capital expenditure and financial investment	(1,333,387)	706,122
Increase/(Decrease) in cash in the year	(429,523)	677,178
Net funds at 01 September	3,294,896	2,617,718
Net funds at 31 August	2,865,373	3,294,896

12 TANGIBLE FIXED ASSETS	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Computer & Office Equipment	Total
	£	£	£	£	£
COST					
At 1 September 2013	25,665,206	-	278,050	883,560	26,826,816
Inherited on conversion	-	445,000	-	14,293	459,293
Additions	1,654,261	-	1,499	240,322	1,896,082
Disposals	-	-	(21,301)	-	(21,301)
At 31 August 2014	27,319,467	445,000	258,248	1,138,175	29,160,890
DEPRECIATION					
At 1 September 2013	1,364,697	-	85,026	512,833	1,962,556
Charged in year	502,623	478	25,725	214,782	743,608
Disposals	-	-	(5,148)	-	(5,148)
At 31 August 2014	1,867,320	478	105,603	727,615	2,701,016
NET BOOK VALUE					
At 31 August 2014	25,452,147	444,522	152,645	410,560	26,459,874
At 31 August 2013	24,300,509	-	193,024	370,727	24,864,260

13 STOCK	2014	2013
	£	£
Catering stock	2,615	3,247

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

14 DEBTORS	2014	2013
	£	£
Amounts falling due within one year:		
Trade debtors	5,387	10,968
Prepayments & Accrued income	278,048	1,028,863
Other Debtors	171,533	166,058
	<u>454,968</u>	<u>1,205,889</u>

15 CREDITORS	2014	2013
	£	£
Amounts falling due within one year:		
Trade creditors	25,498	(325)
Other taxation and social security costs	152,200	147,815
Other creditors	47,288	153,721
Accruals and deferred income	540,166	383,261
	<u>765,152</u>	<u>684,472</u>
Deferred Income	2014	2013
	£	£
Deferred income at 1 September	86,009	114,928
Net movement in the year	25,275	(28,919)
Deferred income at 31 August	<u>111,284</u>	<u>86,009</u>

At the balance sheet date the Academy Trust was holding funds received in advance relating to a Devolved Schools Grant from the Local Authority and Devolved Capital.

16 CREDITORS	2014	2013
	£	£
Amounts falling due after one year:		
Other loans	39,260	3,836
Net obligations under finance leases	-	-
	<u>39,260</u>	<u>3,836</u>
Analysis of loans		
Other loans	42,280	49,860
Included in current liabilities	(3,020)	(46,024)
	<u>39,260</u>	<u>3,836</u>
Loan maturity analysis		
In more than one year but not more than two years	6,040	3,836
In more than two years but not more than five years	18,120	-
In more than five years	15,100	-
	<u>39,260</u>	<u>3,836</u>

Included in creditors is an interest free Salix loan agreed with the EFA totalling £42,275, to be repaid over seven years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

17 THE FUNDS OF THE CHARITY	Balance at 1 Sept 2013	Incoming Resources	Outgoing Resources	Actuarial Gains	Transfers Between funds	Balance at 31 August 2014
Restricted income funds:						
General Annual Grant fund	2,739,720	10,412,189	(10,210,634)	-	(765,312)	2,175,963
Other grants & government funding	-	369,678	(369,678)	-	-	-
Pension reserve	(2,121,000)	(144,000)	(134,000)	(340,000)	-	(2,739,000)
Inherited fixed asset fund	25,710,699	727,471	(743,608)	-	765,312	26,459,874
	<u>26,329,419</u>	<u>11,365,338</u>	<u>(11,457,920)</u>	<u>(340,000)</u>	<u>-</u>	<u>25,896,837</u>
Unrestricted income funds:						
General fund	229,565	523,205	(410,189)	-	-	342,581
	<u>26,558,984</u>	<u>11,888,543</u>	<u>(11,868,109)</u>	<u>(340,000)</u>	<u>-</u>	<u>26,239,418</u>

Analysis of Academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £000
High Littleton Academy	49,861
Norton Hill Academy	2,023,946
Somervale Academy	444,737
Total before fixed assets and pension reserve	<u>2,518,544</u>
Restricted fixed asset fund	26,459,874
Pension reserve	(2,739,000)
Total	<u>26,239,418</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
	£	£	£	£	£
High Littleton Academy	28,555	36,574	686	-	65,815
Norton Hill Academy	5,237,101	1,562,380	528,705	325,276	7,653,462
Somervale Academy	1,918,275	678,013	184,434	93,504	2,874,226
Central services	-	-	-	870,998	870,998
Academy Trust	<u>7,183,931</u>	<u>2,276,967</u>	<u>713,825</u>	<u>1,289,778</u>	<u>11,464,501</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 2014. Funds are set aside for capital projects, specifically to provide an Astroturf at Somervale School and an additional classroom space at High Littleton Primary School.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

FUNDS OF THE CHARITY (continued)

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.

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.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Fund	Restricted Fund	Restricted Fixed Assets Fund	Pension Scheme Liability	Net Assets
<i>Fund balances at 31 August 2014 are represented by:</i>					
Tangible Assets	-	-	26,459,874	-	26,459,874
Current Assets	342,581	2,980,375	-	-	3,322,956
Creditors due < 1 year	-	(765,152)	-	-	(765,152)
Creditors due > 1 year	-	(39,260)	-	-	(39,260)
Pension Liability	-	-	-	(2,739,000)	(2,739,000)
Total	342,581	2,175,963	26,459,874	(2,739,000)	26,239,418

19 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.

20 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2014, the Trust was committed to make the following payments during the next year under non-cancellable operating leases as follows:	2014	2013
	£	£
Expiring within one year	12,347	7,870
Expiring within two to five years	37,785	12,665
Expiring after five years	76,944	-
	<u>127,076</u>	<u>20,535</u>

21 PENSION & SIMILAR OBLIGATIONS

The Academy 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, which is managed by Avon Pension Fund. 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 2004 and of the LGPS 31 March 2010.

Contributions amounting to £nil (2013: £88,012) were payable to the scheme at 31 August 2014.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pensions Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

PENSION & SIMILAR OBLIGATIONS (continued)

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate will be payable during the implementation period 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.

There will be further reforms and changes to the TPS with a new 2015 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 2014 was £396,565, of which employer's contributions total £295,535 and employees' contribution totalled £101,030. The agreed rates for future years are 13.1% for employers and between 5.5% and 9.9% for employees.

The deficit is £2,739,000 to be recovered over 20 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.

		As at 31 August 2014	As at 31 August 2013
Rate of increase in salaries		3.7%	3.9%
Rate of increase in pensions in payment		2.2%	2.4%
Discount rate		4.0%	4.6%
Inflation assumption	- rpi	N/A	N/A
	- cpi	2.2%	2.4%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**
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:

	2014 Years	2013 Years
Retiring today:		
Males	23.3	22.9
Females	25.8	25.9
Retiring in 20 years:		
Males	25.7	25.2
Females	28.7	28.2

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

	Value at 31 August 2014		Value at 31 August 2013	
	%	£'000	%	£'000
Equities	55.1	1,186	64.5	858
Bonds	10.7	230	8.8	117
Property	7.6	164	7.1	95
Cash	3.3	71	1.8	24
Gilts	8.6	185	10.7	143
Other	14.7	316	7.1	95
Total market value of assets		2,152		1,332
Present value of scheme liabilities		(4,891)		(3,453)
Deficit in the scheme		(2,739)		(2,121)

Analysis of the amount charged to the Statement of Financial Activities

	2014 £'000	2013 £'000
As staff costs:		
Current service cost	345	301
Past service cost	-	-
Losses on curtailments	-	-
Inherited deficit on transferred members	-	-
Total operating charge	345	301
As finance costs:		
Expected return on assets	(90)	(56)
Interest on liabilities	170	140
Other finance costs	(80)	84
Total pension costs	265	385

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**
PENSION & SIMILAR OBLIGATIONS (continued)

	2014	2013
	£'000	£'000
Analysis of changes in the present value of defined benefit obligations:		
Opening defined benefit obligations	3,453	2,932
Upon conversion to academy status	194	-
Members' contributions	100	89
Current service cost	345	301
Past service benefit	-	-
Losses on curtailments	-	-
Interest cost	170	140
Actuarial experience loss/(gain)	629	-
Benefits paid	-	(9)
Closing defined benefit obligations	<u>4,891</u>	<u>3,453</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £324,000

	2014	2013
	£'000	£'000
Analysis of changes in the fair value of plan assets:		
Opening fair value of assets	1,332	844
Upon conversion to academy status	50	-
Employer contributions	291	258
Members' contributions	100	89
Expected return	90	56
Actuarial experience gain	289	94
Benefits paid	-	(9)
Closing fair value of assets	<u>2,152</u>	<u>1,332</u>

	2014	2013
	£'000	£'000
Reconciliation of the movement in scheme deficit over the year:		
Deficit in scheme at the beginning of the year	(2,121)	(2,088)
Upon conversion to academy status	(144)	-
Movement in year:		
Current service cost	(345)	(301)
Past service benefit	-	-
Losses on curtailments	-	-
Employer contributions	291	258
Other finance income	(80)	104
Actuarial loss	(340)	(94)
Deficit in scheme at the end of the year	<u>(2,739)</u>	<u>(2,121)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**
PENSION & SIMILAR OBLIGATIONS (continued)

3 year History of experience adjustments	2014	2013	2012
	£'000	£'000	£'000
Plan assets at fair value	2,152	1,332	844
Defined benefit obligation	(4,891)	(3,453)	(2,932)
Deficit	(2,739)	(2,121)	(2,088)
Experience adjustments on plan assets	289	94	17
Experience adjustments on plan liabilities	-	-	-

22 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.

No related party transactions took place during the year.

23 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 £12,001. In the year it received £21,593 and disbursed £14,493 with therefore an amount of £18,021 at the 31 August 2014 which is included in other creditors. The Academy Trust retained a beneficial interest in individual transactions such that £1,080 has been recognised in income and expenditure in the Statement of Financial Activities.

24 CAPITAL COMMITMENTS

	2014	2013
	£	£
Contracted for, but not provided for in the financial statements	492,253	1,287,721

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

25 CONVERSION TO AN ACADEMY TRUST

On 1 August 2014 High Littleton CofE 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				
- Leasehold land and buildings	-	-	445,000	445,000
- Other tangible fixed assets	-	-	14,293	14,293
Budget surplus/ (deficit) on LA funds	-	75,743	-	75,743
LGPS pension surplus/ (deficit)	-	(144,000)	-	(144,000)
Net [assets/liabilities]	-	(68,257)	459,296	391,036