

Huish Episcopi Academy

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 August 2018

Company Registration No. 07341553

Huish Episcopi Academy

REFERENCE AND ADMINISTRATIVE DETAILS

DIRECTORS	Mrs S Wright*	(Chair, resigned 31.08.18)
(Members)	Mr C Wade*	(Principal & Accounting Officer)
	Mrs S Baker	
	Mr R Clark*	
	Mr R Foster*	
	Mrs S Harris*	
	Mr G P Rumary*	(Staff Director)
(Trustees)	Mrs C Ahmed	(appointed 26.09.17)
	Ms C Mortimer-Ford	(resigned 19.02.18)
	Ms L Robson	
	Mr A Settle*	(appointed 26.09.17 Chair 24.09.18)
	Mr C Wall*	(appointed 26.09.17)
		* members of the Finance, Audit & Premises Committee

COMPANY SECRETARY Mrs A Eastwood

SENIOR MANAGEMENT TEAM:

VICE PRINCIPAL	Mr R Vaughan
ASSISTANT PRINCIPAL	Mr A Brooke
BUSINESS MANAGER	Mrs A Eastwood
ASSISTANT PRINCIPAL	Mr R Madge
ASSISTANT PRINCIPAL	Mr J Merrick-Wren
ASSOCIATE MEMBER	Mrs E Robinson
ASSOCIATE MEMBER	Mr J Short
ASSISTANT PRINCIPAL	Mr A Woodward

In addition to the Principal, the above senior members of staff are responsible for the day-to-day management of the Charitable Company.

PRINCIPAL AND ACCOUNTING OFFICER Mr C Wade

REGISTERED OFFICE Huish Episcopi Academy
Wincanton Road
Langport
Somerset
TA10 9SS

COMPANY REGISTRATION NUMBER 7341553 (England and Wales)

INDEPENDENT AUDITOR RSM UK Audit LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

BANKERS atWest
72 High Street
Street
Somerset
BA16 0EJ

Huish Episcopi Academy

REFERENCE AND ADMINISTRATIVE DETAILS

SOLICITORS

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Birmingham
N62 1BJ

Huish Episcopi Academy

DIRECTORS' REPORT

The Directors present their annual report together with the financial statements and auditor's report of Huish Episcopi Academy for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report and a Directors' report under company law.

The principal activity of Huish Episcopi Academy is to provide an appropriate education for students aged 11 to 18 years located in Langport, Somerset and the surrounding area, and to provide educational facilities and services to the students of all ages and the wider community for the public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy was incorporated on 10 August 2010. The Academy is a company limited by guarantee and an exempt charity that is not therefore required to register with the Charity Commission, and the company is incorporated with the company registration number 7341553.

Huish Episcopi Academy is governed by the rules, regulations set down in its company Memorandum, and Articles of Association dated 9 August 2010. The Articles were revised by a written special resolution dated 9 February 2012.

The Directors act as the trustees for the charitable activities of Huish Episcopi Academy and are the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Huish Episcopi Academy.

Details of the Directors who served throughout the year except as noted are included in the Reference and Administrative Details on Page 1.

Members' Liability

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

Directors' Indemnities

In accordance with normal commercial practice, the Academy has purchased professional indemnity insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. This was purchased as part of the Department of Education's Risk Protection Assurance Scheme to which the Academy has subscribed. The insurance provides unlimited cover on any one claim for officers of the Academy and £10 000,000 for trustees.

Method of Recruitment and Appointment or Election of Directors

The Directors have set up procedures that will enable regular reviews of the mix of skills that should be available to the Board. New Directors will then be sought with these skills as replacements when existing Directors stand down. It is anticipated that the majority of new Directors will be drawn from the local community being either parents or carers of pupils at the Academy or others who have shown an interest in the future well-being of the Academy 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 South Somerset area and by election of Parent Directors.

During the year, the Board decided not to pursue Multi Academy Trust Status. As a result, additional Directors will be sought during the coming year particularly in order to strengthen the area of financial knowledge.

Huish Episcopi Academy

DIRECTORS' REPORT (continued)

Policies and Procedures Adopted for the Induction and Training of Directors

The training and induction provided for new Directors continues to be tailored to their experience and training requirements. Where necessary, induction will provide training on charity and educational, legal and financial matters. All new Directors are given a tour of the Academy and the opportunity to meet with staff and students. The Directors are all also provided with the opportunity, before or after appointment, to meet with the Principal and Chair of the Board to outline the aims and values of the Academy as well as discussing the Governance structure. All Directors are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as Director. In addition, some Directors have taken part in on-line training for Safer Recruitment, as well as training on using performance data to monitor standards of achievement. Whole Board training sessions are held on occasions to cover the introduction of new requirements.

Organisational Structure

The Directors have responsibility for setting and monitoring the overall strategic direction of the Charitable Company, approving decisions reserved for Directors and appointing key members of staff.

The Directors met as a Board five times this year. The Board as a whole takes all decisions reserved for the Directors. Details of meetings can be found in the Governance Statement on page 17. Board committees meet three or four times each year to consider detailed matters and recommend decisions to the Full Board. There are three such committees:

- Finance, Audit and Premises
- Teaching and Learning
- Pay & Personnel

Students' surveys and a student council are used to gather feedback from our students. We hold Parent Forum once a term that seeks the direct views of stakeholders, and a training group that meets as required. In addition, there is a Monitoring and Intervention Group, which monitors the academic performance of the Academy throughout the year. Additional committees, mainly concerned with discipline, meet as and when required.

A Leisure Centre Committee existed until the end of February 2012. In March 2012, a trading subsidiary was established, Huish Leisure Ltd, (company no. 7963908) as required by the Department for Education. The Academy is the sole shareholder and profits of Huish Leisure Ltd are gifted to the Academy in accordance with the Articles of Association. Huish Leisure Ltd has its own Board of Directors, with the following composition:

- Three members of the Academy Board
- The Principal of the Academy
- The Business Manager of the Academy
- Two councillors from South Somerset District Council
- A representative of the users of Huish Leisure Centre

All Directors of Huish Leisure Ltd are appointed by the Academy.

The Responsible Officer is appointed from within the Board members and maintains an oversight role in relation to the systems and processes of control and risk management that operate throughout Huish Episcopi Academy. The Responsible Officer provides reports to both the Finance, Audit and Premises Committee and the Full Board, and chairs the Audit review section of the Finance, Audit and Premises agenda and attend Leisure Centre Board meetings. Extensive consultation was held previously with Directors regarding discharging the duties of the Audit Committee. It was agreed that the remit of the Audit Committee would be combined with that of the Finance and Premises Committee. The terms of reference were amended and the name of the committee was changed to the Finance, Audit and Premises Committee.

The Principal is the Accounting Officer and works closely with both the other Directors and the senior staff of Huish Episcopi Academy.

The day-to-day management of Huish Episcopi Academy has been delegated to the Principal who has overall responsibility for the Academy. The Principal is responsible for establishing a senior management team including

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DIRECTORS' REPORT (continued)

the Vice Principal, Business Manager, Assistant Principals and Associate Members appointed on a fixed term basis.

The Principal and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Appointment panels for permanent teaching and senior support staff posts in the Academy contain a Director where possible. There is a Scheme of Delegation in place to determine the financial powers and duties devolved to the Senior Leadership Team and heads of department within the Academy and those reserved for the Academy Board.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting pay and remuneration of key management personnel is set out in the Academy's Pay Policy. This policy is reviewed on an annual basis for any changes to the School Teachers' Pay and Conditions document (STPCD) or for similar changes for Green Book Staff. The local authority, Somerset County Council, from whom the Academy purchases HR advice, advises these. The Pay Policy is reviewed by the Pay and Personnel Committee and recommended to the Academy Board, as are all decisions regarding the remuneration of all members of the Senior Leadership Team (SLT) as listed on Page 1 of this document. The Principal, Vice Principal, four Assistant Principals and two associate principals are paid on the Leadership Pay Scale. The Principal is allocated a pay range upon appointment by the Academy Board, which is determined by the School's Group Size as per STPCD. This can be re-determined by the Pay and Personnel Committee should the Principal's responsibilities have changed significantly as determined by the STPCD. Discretionary payments can be made to the Principal as per the criteria laid down in the Pay Policy. No such payments have been made this year. This principle of remuneration also applies to the Vice and Assistant Principals. The Pay and Personnel Committee again determine remuneration. The Business Manager and one Assistant Principal (not a qualified teacher) are paid on the Support Staff Pay Scale approved by the Pay and Personnel Committee and Academy Board. All members of the SLT are subject to annual performance management reviews. The Pay and Personnel Committee has executive powers and report their decisions to the Full Board.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1%-50%	2
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	5,238
Provide the total cost of pay bill	6,189,810
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.084%

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DIRECTORS' REPORT (continued)

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0.10%
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Risk Management

The Directors continue to assess the major risks to which the Academy is exposed. These have been categorised as Strategic and Reputational, Operational, Compliance and Financial Risks. These categories cover in particular those risks relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances, and in maintaining a comprehensive risk register. The Directors have implemented a number of systems to assess risks that the Academy faces, especially in the operational area (e.g. in relation to health and safety, achievement and Academy trips) and in relation to the control of finance. They have introduced system , including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds, shared use of the leisure centre facilities, site security) and internal financial controls (see below) in order to minimize risk. Where significant risk remains, the Academy will ensure that the appropriate adequate insurance cover and controls are put in place. The Academy has an effective system of internal financial controls.

Connected Organisations, including Related Party Relationships

Our Academy is linked to a number of other schools in a variety of ways:

- We are connected to the eleven linked partner primary phase schools through the 'Huish Community Learning Partnership' (CLP). All members of the CLP pay an annual subscription based on student numbers. These funds are then used to support a wide range of educational activities for students from across the area. The schools involved in the CLP are: Charlton Mackrell, Curry Mallet, Curry Rivel, Hambridge, High Ham, Huish Episcopi Primary, Kingsbury Episcopi, Long Sutton, Middlezoy, King Ina Academy and Othery.
- The Academy has a service level agreement with four of the above schools (Hambridge, Huish Episcopi Primary, Middlezoy and Othery) to provide IT support.
- The Academy is linked with the 28 other secondary schools in Somerset through the Somerset Association of Secondary Heads (SASH). SASH has now been established as a company with the aim of raising achievement in Somerset's secondary schools. Huish Episcopi currently holds responsibility of Chairing for one of the SASH Development Groups, which has a focus on improving outcomes for the most disadvantaged students. The group consists of Heads from Bridgwater College Academy, Brymore Academy, West Somerset Academy, Frome College, Crispin and Bishop Fox.
- The Academy is part of an informal grouping of other academies across our region called the South West Academy Group to share best practice in areas such as procurement and achievement. Some members of this group are currently exploring the possibility of more formal links to further enhance the educational benefits of belonging to this group.
- The Academy is a strategic partner in two Teaching School Alliances. One is based around Castle School in Taunton (Affinity) and the other, named The West Country Teaching School Alliance, is based around Uffculme School in Devon.

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DIRECTORS' REPORT (continued)

OBJECTIVES & ACTIVITIES

Objectives

The charitable objectives for which the Charitable Company was established are set down in the governing document as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on managing and developing an Academy offering a broad and balanced curriculum.
- To promote for the benefit of the inhabitants of Huish Episcopi, Langport and the surrounding area, the provision of facilities for recreation or other leisure time occupation for 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.

Strategies & Activities

The principal activity of Huish Episcopi Academy is currently to provide an appropriate education for students aged 11 to 18 years located in Langport, Somerset and the surrounding areas.

In addition to the educational aspects of the Academy, Huish Episcopi Academy additionally aims to share its recreation and leisure facilities with the local community by managing the Leisure Centre facilities on the Academy site. In setting the objectives and planning the activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

In accordance with the articles of association, Huish Episcopi Academy has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum. The Academy welcomes pupils from all backgrounds.

The main objectives of the Academy during the year ended 31 August 2018 are summarised below:

- To achieve consistently high quality teaching that ensures that lessons and learning are characterised by the following: pace, challenge and engagement, active learning, diagnostic feedback alongside student responses and the development of literacy skills.
- To provide student support and guidance that removes barriers to learning, promoting positive learning culture and equipping students with the skills to become lifelong learners.
- To ensure that leadership and management are outstanding in all areas with systems in place to ensure clear lines of accountability for all students, teachers and leaders.
- To provide a broad, balanced and flexible curriculum that meets the needs and aspirations of all learners.
- To provide an extensive planned and sustainable programme of enrichment and co-curricular opportunities for all students.
- To invite all stakeholders to play an active role in the operation and development of the Academy. In developing this objective, we seek to involve staff students, parents and the wider community.
- To have a planned programme of procurement, replacement and refurbishment that ensures resources are available to effectively support learning across the Academy.

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DIRECTORS' REPORT (continued)

- Achieving these objectives will result in students who make good or outstanding progress, high levels of attainment particularly in key subjects such as English and Mathematics and who make a successful progression into their chosen pathway after Huish.

In addition to the above aims, the Academy seeks to:

- provide value for money for the funds expended;
- conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's main strategies and activities are:

- Raising the standard of achievement by ensuring high quality teaching and learning through the provision of training and professional development for teachers and through careful monitoring and feedback.
- To improve outcomes for boys, for students in receipt of Pupil Premium and students with Special Educational needs.
- To improve the performance of a small minority of subject areas to bring them in line with the excellent progress being made in many areas of the Academy.
- Improving the quality of feedback, monitoring and support for students, enabling them to achieve higher standards.
- To improve the effectiveness of intervention strategies that are put in place to bring about improved standards.
- Providing a secure environment in which students have clear expectations about behaviour which maximises progress.
- To promote and develop a wide range of enrichment activities and to encourage all students to participate.
- To further promote the development of Huish Sixth as a vibrant and outstanding location for sixth form education.
- To continue improving the quality of the learning environment through appropriate capital expenditure as well as maintenance revenue. This includes the provision of appropriate, effective ICT and sporting facilities.

Benefits & Beneficiaries

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

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DIRECTORS' REPORT (continued)

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Huish Episcopi Academy was inspected (Section 8 Inspection) on 6th December 2017. The inspection outcome was that the school remained in the **Good** category.

The report made the following positive comments: "A culture of ambition and aspiration is developing in the school which is helping to improve outcomes for pupils and students." "self-evaluation is detailed and accurate" "The majority of current pupils make good progress in a wide range of subjects, including English and mathematics.", "The school has a strong commitment to the safety of pupils and students..... The majority of parents believe that the school keeps their children safe and cares for them well. Pupils enjoy coming to school and talk confidently about what to do and who to talk to if they have any concerns about bullying or other issues. Staff ensure that pupils are aware of any potential risks to their safety."

Impact of Activities & Events and Assessment of Public Benefit

High quality teaching and outcomes

We believe that teaching at the Academy is consistently good. The evidence for this judgement is based on the monitoring procedures we have in place, which includes observations, learning walks book looks and student voice. Staff who are found to be underperforming are provided with clear support from our Teaching & Learning group.

71% of students achieved 4-9 grades in the core subjects of English and Mathematics.

Progress 8 is a national measure and is only validated following the data checking exercise in October. Internal data (yet to receive external verification) suggests a P8 score of -0.32, which is lower than last year's score of -0.09, (but above the floor standard is -0.5). It is noteworthy that over half of Somerset schools reported lower P8 scores this year when compared to 2017 results. Attainment 8 was stronger, with Huish standing 7th in the county on this measure. Pleasingly, the gap between SEND students and other has closed significantly over time. This is not true for Disadvantaged (PP / E6) students, where we have not seen the gap diminish.

Results in Huish Sixth continued to be strong with progress recorded by ALPs showing improvement in some subjects, but weaker performance in other areas. Student destinations included many top universities.

Student support and guidance

The Student Support Hub provides a fast and efficient service to students. Fixed Term Exclusions remain low when compared to Somerset and national data. Plans are in place to move to a vertical tutor and House System from 1 September 2018. Pastoral care will be provided through a House Base.

Advice and guidance continued to be effective with once again exceptionally low levels of students becoming Not in Education, Employment or Training (NEET). Students from Year 11 went on to a wide range of other institutions and strong systems are in place to ensure students make successful transitions at 16 and 18.

Attendance is around the national average although significant improvements to the attendance of SEND / Disadvantaged students need to be sustained.

Leadership and management

Leadership at all levels continues to be a key objective. Good practice is being consistently modelled to middle leaders and those who are working together with Directors to raise standards across the Academy.

Provision of a broad, balanced and flexible curriculum

We offer a broad and balanced curriculum at Key Stage 3 and a wide range of curriculum choices at GCSE and Post-16, where new qualifications are being phased in. Significant work has been underway over the past two years to embed delivery of the "Mastery" curriculum.

Huish Episcopi Academy

DIRECTORS' REPORT (continued)

Assembly themes are strongly linked to tutor time activities and has strengthened our Personal, Social and Health Education Program, providing a more robust delivery of themes such as British Values, dangers of extremism (as part of the Prevent strategy) and female genital mutilation.

An extensive program of enrichment and co-curricular opportunities

A number of educational trips and visits took place during the 2017-18 academic year. We constantly monitor the numbers of disadvantaged students taking part in co-curricular activities and put in place activities for them to enhance opportunity. This area is a specific strength of our Academy and illustrates the importance we place on developing the individual as a whole in addition to academic achievement.

Stakeholder participation

Directors now play a far more active role in understanding the strengths and areas for development of the Academy through groups such as Student Forum, Monitoring and Intervention Group and Director visits.

Parents have been encouraged to express their views through various surveys, Parent Forum and Parents' evening questionnaires where any concerns are immediately followed up.

We have worked hard to improve communication with parents through the website, emails, Facebook and Twitter.

Planned programme of procurement, replacement and refurbishment

The Academy was successful in its funding bid to Sport England and South Somerset District Council to convert the existing Lido to an indoor pool. The construction started in October 2017 and was completed in June 2018. This will now provide all-year round indoor swimming facilities, including new, accessible changing areas. The Academy was also successful in a bid for Condition Improvement Funding to implement an electrical upgrade project across the majority of the Academy site which commenced in July 2017 and was completed in August 2018. This project also involved significant asbestos removal from the Academy art rooms.

Going Concern

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

Key Performance Indicators

The Academy's key financial performance indicators for the financial period were:

- The main financial performance indicator is the level of cash reserves held at the Balance Sheet date. It is the Academy's policy that in general terms the income received in any one year is spent for the benefit of those children in the school that year. The Academy also continued to maintain a balance of £300,000 within the reserves held as its Agreed Level of Reserves.
- As funding is based on student numbers this is also a key performance indicator. Student numbers for September 2017 were 1313 in Years 7-11. The numbers for future years, up to and including 2020, indicate that the Academy should continue to be oversubscribed and have a student population in the order of 1560 by 2020. The student numbers in Years 12 and 13 remain steady. This is a matter discussed regularly by both the Senior Leadership Team and by the Academy Board. It also features in the Academy's Action Plan. There has also been increased focus in the strategic plans to ensure that student recruitment continues to be sustained and the importance that the quality of the Academy facilities, strong marketing, and the range of extra-curricular educational visits, activities and sporting successes play in this recruitment.
- A key financial performance indicator for the Academy is that its trading subsidiary, Huish Leisure Ltd, continues to operate at least a break-even position. With the closure of the swimming pool for the

Huish Episcopi Academy

DIRECTORS' REPORT (continued)

majority of the year, the Academy did not achieve the income levels anticipated in this area, however was still able to make a profit. The AGP continues to be moderately successful and achieves the required level of sinking determined by the grant agreements.

Other Key Performance Indicators (dates relate to financial year ended rather than academic year):

GCSE Results	2018
% achieving standard passes (4-9) in 5+ A* - C (including Maths and English)	70.3%
% achieving a strong pass (5-9) in Maths and English 1+ A* - G	46.6%
Student Attendance	2018
% attendance – Years 7 to 11	93.86%

2018 measures	
Progress 8	-0.32
Attainment 8	48
% of student achieving E Baccalaureate	31%

Progress 8 is a measure of school performance. It replaces the previous measure of 5 A8-C including English and Maths. It should show how pupils of all abilities have progressed compared to pupils with similar academic starting points in other schools nationally.

Attainment 8 is the average grade across eight subjects (best eight) and it is used to calculate progress 8.

Huish Episcopi Academy

DIRECTORS' REPORT (continued)

FINANCIAL REVIEW

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the 12 months ended 31 August 2018 and the associated expenditure is shown as restricted funds in the statement of financial activities.

In addition, the Academy received funding from Somerset County Council for individually assigned resources that relate to the special needs of named pupils totaling £46,105. The process for allocating High Needs funding has been adjusted during the year. This has been included in Funding for the Academy's Educational Operations (note 5). A 125 years lease/capital restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £8,419,440 was more than covered by recurrent grant funding from the DfE together with other income. The excess of expenditure over income for the group for the year (excluding Restricted fixed asset funds and actuarial gain) was £264,137.

At 31 August 2018, the net book value of fixed assets was £11,807,950 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy. The Academy has further developed its fixed assets with the completion of the refurbishment of its swimming pool facility. The Academy received funding of almost £1m from Sport England and South Somerset District Council toward the £1.2m project.

Financial and Risk Management Objectives and Policies

The Academy is subject to a number of risks and uncertainties in common with other academies. The Academy has in place a procedure to identify and mitigate financial risks. These are discussed in the Principal Risks and Uncertainties section of the Directors' Report and the Governance Statement.

Reserves Policy

The policy of the Academy is to carry forward a prudent level of reserves designed to meet the long-term cyclical needs of renewal and other unforeseen circumstances.

The Academy is permitted to hold any unspent General Annual Grant from previous years, without any limit, by virtue of a Variation to the Funding Agreement with effect from academic year 2012/13.

The Directors require a reserve to be created from this carry forward to fund the future expenditure related to the Academy Improvement Plan, strategic long-term aims and developments, and capital improvements. This will be known as the 'Agreed Level of Reserves'. This will be reviewed at least annually or more regularly if necessary.

The 'Agreed Level of Reserves' for the academic year 2017/18 was agreed at £300,000. This level of reserves is currently invested in a Business Direct Reserve bank account with Natwest Bank plc. The account has instant access.

The Directors also permit the use of unallocated carry forward to support future years' budgets where planned expenditure aligned to the Academy Improvement Plan exceeds the level of funding indicated during the forthcoming academic year. The decision to use such carry forward, as deemed necessary, will be based on a risk assessment of the internal and external operating environment, as well as having a due regard for the nature of future activities undertaken by the Academy. The Academy currently has a five-year budget plan, which identifies the use of these reserves and is discussed regularly at the Finance, Audit and Premises Committee.

At the balance sheet date of 31 August 2018, the Charitable Company (including its subsidiary) had unrestricted reserves of £1,195,771 and restricted reserves of £8,063,505.

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DIRECTORS' REPORT (continued)

Investment Policy

The Directors' investment powers are set down in the Charitable Company's Memorandum and Articles of Association, which permit the investment of monies of the Charitable Company 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 Charitable Company's current policy is to invest surplus funds in short-term cash deposits. The £300,000 agreed level of reserves has been deposited into a Business Direct Reserve bank account. No investments were made during the period 1 September 2017 to 31 August 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The major risks, to which the Academy is exposed, as identified by Directors in the Risk Register, are reviewed at committee, Board and management level on a regular basis. The Academy continues to classify its key risks and uncertainties under four categories: Strategic & Reputational, Operational, Compliance and Financial. The Academy has not identified any principal risks that could seriously affect its performance, future prospects, reputation or viability, but has considered the following risks to receive the highest priority:

- Long term sustainability of student numbers
- Recruitment to the sixth form
- Uncertainty around funding and reducing budgets
- Academy enters future commitments without having funds to meet them

Clear, robust systems, procedures and control measures have been established to manage these risks. This risk management process is covered more comprehensively in the Governance Statement.

FUNDRAISING

The Academy undertakes student fundraising activities for nominated charities on a regular basis. This year's funds were raised for Molly Olly's Wishes, Young Minds, Shelter, 2BU Somerset, Stroke Association, NSPCC, RSPCA, Diabetes UK, Help for Heroes, Send A Cow, Cancer Research, SSAFA, Friend Farm Animal Sanctuary, Macmillan Cancer Support, Sports Relief, Against Malaria Foundation, CHSW and St Margaret's Hospice.

The Academy does not undertake major fundraising activities unless they are associated with specific projects. During 2016-18, this main fundraising activity undertaken by the Academy has been in relation to the swimming pool project. A total of £27,266 was achieved and included contributions from a school fete held in July 2017, Huish Parish Council, Langport Town Council and a number of sponsored activities organised by the private donations from leisure centre users. The requests for fundraising were made to specific businesses and organisations within the community and to the wider school and leisure centre stakeholders on a restricted number of occasions.

No commercial participators or professional fundraisers were involved. The Finance, Audit and Premises Committee monitors fundraising activities. No complaints were received regarding the fundraising efforts of the Academy.

Huish Episcopi Academy

DIRECTORS' REPORT (continued)

PLANS FOR FUTURE PERIODS

Short/Medium term plans

The following objectives form the basis of the Academy Improvement Plan (AIP) for the period 2018-19. These are to be reviewed each year both in terms of the progress achieved towards them and to ensure they continue to represent the key areas of work for the Academy. Long-term plans will become incorporated into the AIP as appropriate.

1. To show sustained improvement in student progress and attainment of students giving positive Progress 8, including closing the achievement gaps for SEND, Disadvantaged and EAL learners.
2. To plan for effective and consistent high quality leadership at all levels within the Academy, including governance, leading to improved outcomes for students.
3. To secure consistently good or outstanding teaching, learning and assessment within the Academy through a strong CPD programme and performance management process.
4. To deliver outstanding pastoral care and welfare so that all students can demonstrate empathy for others, resilience to overcome challenges and positive mental health through the Growth Mindset approach.
5. Build a broad and balanced curriculum, which delivers fundamental British values and develops students' social, moral, spiritual and cultural knowledge.
6. Plan for a surplus Academy budget, building reserves to invest in capital projects and to improve the quality of provision.

Our vision and longer-term priorities

Huish Episcopi Academy will be recognised and valued for:

- Producing students who have pride in their Academy and have an appetite to learn.
- Employing staff who care for students with humanity and sensitivity while nurturing, challenging and inspiring every student to fulfil their intellectual, imaginative and physical capacities.
- Providing an exciting, innovative, broad and balanced curriculum, which inspires curiosity, creativity, resilience and confidence and prepares students for life beyond Huish Episcopi Academy.
- Achieving the highest academic standards and progress for all students whilst inspiring a lifelong passion for learning and a desire to contribute positively to society.
- Providing a range of memorable learning opportunities, which broaden cultural horizons and prepare students for life in a multi-cultural, global community, with an appreciation of other humans and our planet.
- Working collaboratively with other educational partners to provide an exceptional experience for our students.
- Promoting healthy lifestyles and the skills required for our wider community, particularly given our rural setting.
- In our Academy, we are committed to ensuring that every young person achieves his/her maximum potential.
- Ensuring the continued investment in the Academy facilities.

Our Core Principles are:

Respect
Excellence
Achievement
Collaboration
Humanity

Huish Episcopi Academy

DIRECTORS' REPORT (continued)

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Huish Episcopi currently holds responsibility of chairing one of the SASH Development Groups, which has a focus on improving outcomes for the most disadvantaged students. The group consists of Heads from Bridgwater College Academy, Brymore Academy, West Somerset Academy, Frome College, Crispin and Bishop Fox. It holds funds on behalf of this group.

Auditor

RSM 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 Directors are aware;

- there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- the Directors 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.

The Directors' Report, incorporating the Strategic Report, approved by order of the Academy Board, as the Company Directors on 13 December 2018 and signed on its behalf by:



.....
Chair of Academy Board

Mr A Settle

13 December 2018

Huish Episcopi Academy

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Directors, we acknowledge we have overall responsibility for ensuring that Huish Episcopi Academy 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 Academy Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 Huish Episcopi Academy and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Academy Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The Academy Board has formally met five times during the year. Attendance during the year at meetings of the Academy Board was as follows:

Director	Meetings attended	Out of possible
Mrs S. Wright (resigned 31.08.18)	5	5
Mrs C Ahmed (appointed 26.09.17)	5	5
Mrs S Baker	4	5
Mr R Clark	3	5
Mr R Foster	4	5
Mrs S Harris	5	5
Ms C Mortimer-Ford (resigned 19.02.18)	3	3
Ms L Robson	5	5
Mr G P Rumary	2	5
Mr A Settle (appointed 26.09.17)	4	5
Mr C Wade	5	5
Mr C Wall (appointed 26.09.17)	5	5

During the financial year under review, the Directors held the following committee meetings:

- 5 - Finance, Audit and Premises Committee meetings
- 3 - Teaching and Learning Committee meetings
- 3 - Pay & Personnel Committee meetings
- 5 - Huish Leisure Ltd Board meetings
- 5 - Monitoring and Intervention group

Please see the reference to Huish Leisure Ltd, under Organisation Structure on page 4.

In addition, ad hoc groups of Directors are established to consider specific issues and make recommendations to the Board. This year these included working group meetings regarding the catering provision at the Academy from September 2018. This group met on two occasions.

During the course of the year, two individuals have resigned from the Academy Board. One of these resignations was from the Chair of the Academy Board who has retired after 23 years' service. The other resignation was because of personal and work commitments.

Huish Episcopi Academy

GOVERNANCE STATEMENT (continued)

Governance reviews

September 2017 saw the new Principal, Mr Christopher Wade take up his appointment following the resignation of Mr Davis at the end of the previous academic year. During the year, some new Directors were recruited to the Board with effect from September 2017 which has strengthened the skill set available. As Directors complete their term of office, the Board aims to replace them with members with similar skills and so maintain experience and expertise across the Board.

The Board of Directors continues to undertake self-review to analyse their skills as well as establishing the skills sets required for the various committees of the Board. This has enabled the Board to be very clear about the skills required from new Board members as they are recruited.

The Finance, Audit and Premises Committee is a sub-committee of the main Academy Board. Its purpose is to assist the decision making of the Academy Board, by enabling detailed consideration to be given to the best means of fulfilling the Academy Board's responsibility for sound management of the Academy's finance and resources and that the premises are managed and developed, ensuring proper planning, monitoring and probity. Particular issues dealt with during the year have included the implementation of the national funding formula, the monitoring of the trading subsidiary, and the building of the new swimming pool.

Attendance at the meetings in the year was as follows:

Director	Meetings attended	Out of possible
Mr R Clark	3	5
Mr R Foster	4	5
Mrs S Harris	3	5
Mr G Rumary	4	5
Mr A Settle	4	5
Mr C Wade	4	5
Mr C Wall	4	5
Mrs S Wright	5	5

Review of Value for Money

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

The accounting officer considers how the Academy's use of resources has provided good value for money during each academic year, and reports to the Academy Board where value for money can be improved, including the use of benchmarking data where available.

Targeted improvement

Teaching: Directors and Academy managers have continued to review the quality of curriculum provision and teaching, by rigorous observation, to provide parents and pupils with a curriculum, which meets national requirements and the learning, social and care needs of all pupils. This ensures teaching builds on previous learning and has high expectations of children's achievement.

Resources: Directors and Academy managers have deployed equipment, materials and services to provide pupils and staff with resources, which support quality of teaching and quality of learning, care safety and wellbeing. The Audit Committee is now in use and is helping to regulate the financial management of the Academy. When setting the budget very careful consideration was given to the level of departmental funding.

Huish Episcopi Academy

GOVERNANCE STATEMENT (continued)

Focus on individual pupils

The Directors and Academy managers continuously review the quality of children's and young people's learning, by cohort, class and group, to provide teaching and further interventions which aims to ensure that every child at our Academy achieves at least expected progress. The Directors have fully integrated the Monitoring and Intervention Group into their meetings and now meet with Team Leaders on a regular basis to review performance, both at the outset of the year as well as during it, as required.

Collaboration

The Academy is part of both the Somerset Association of Secondary Heads (SASH) and the South West Academies Group (SWAG) which consists of 10 academies from across Somerset, Devon, Dorset and Bristol who work together collaboratively on a wide range of issues to raise achievement. The Principal of our Academy is also a member of our Community Learning Partnership and works to aid collaboration across Key Stage 2 and Key Stage 3. Here several active groups have operated this year including in Special Needs, Curriculum, English, Mathematics and ICT. Where possible we are able to share procurement costs and an example of this would include the recent procurement of Educational Psychology Services for the coming academic year.

We have also become strategic partners within two Teaching School Alliances to increase leadership capacity and explore additional financial efficiencies.

Quantifying improvements

The performance of SEND students continued to improve, indeed in some areas SEND students performed better than their peers.

Once again, this year we expect the Academy to achieve very low rates of NEETs for our Year 11 students although this data has not yet been externally verified.

The Academy will continue to work on improving results for our boys, disadvantaged students and SEND students in particular to try to close the gaps in their performance. This will be reflected in the new Academy Improvement Plan, which will also include further developments to curriculum, facilities, and leadership at all levels.

Post 16 results continue to be strong with external measures showing improvement in some areas.

FINANCIAL OVERSIGHT & GOVERNANCE

The Trust's system of financial governance has included strong oversight by the trustees and accounting officer, in the form of:

- The Academy's Financial and Regulations and Accounting Policies.
- Annual Budget Planning.
- Regular management accounts.
- Monthly departmental budget reports and regular meetings with Senior Leadership Team line managers to monitor resources.
- Termly Full Board meeting.
- Termly Finance, Audit and Premises Committee meetings.
- Regular meetings between the Accounting Officer and Principal Finance Officer.
- Quarterly internal audit reports.
- Regular review of the Academy's Risk Register.
- Inclusion of the Audit Committee remit into that of the Finance, Audit and Premises Committee.
- Retention of a Responsible Officer post with a clear job description which provides another level of financial oversight.
- Development and implementation of an Efficiency Plan.

Huish Episcopi Academy

GOVERNANCE STATEMENT (continued)

Better purchasing

Services and contracts have been appraised or renegotiated to get the best mix of quality and effectiveness for the least cost to ensure they are fit for purpose. All services are reviewed on an annual basis and are subjected to scrutiny at the Directors' Finance and Premises Committee. Other arrangements are:

- Competitive tendering for all purchases of goods and services over £25,000.
- Three quotes provided for all purchases of goods and services over £6,000.
- Collaboration with a local group of Academy Business Managers in order to discuss the purchase of services.
- Purchasing of some resources within the Academy are centralised to ensure economies of scale are achieved.
- Continued application of best value principles to purchasing, i.e. furniture purchases, discounts on textbooks and equipment.
- Monitoring and evaluation of the results of financial decisions in terms of educational outcomes; i.e. purchasing of ICT equipment.
- The Academy continues to employ its own cleaning and grounds staff as this offers best value for money over outsourcing. The Academy has made the decision to take its catering services in-house from September 2018. Where contractors are used, service level agreements are entered into to ensure quality of product and service.

Benchmarking

The Academy compares its financial performance with other academies of similar size. No significant areas have been identified where funding could have been used more effectively.

Reviewing controls and managing risks

The Academy has in place robust internal controls that are monitored regularly. There is a formal ongoing process for identifying, evaluating and managing the Academy's risks in the form of a risk register, which is evaluated at every committee and Board meeting, and termly by the senior leadership team.

Regular discussions are held at Board and Committee level regarding the management of cash, bank balances and investments.

The Academy continues to apply the principles of challenge, comparison, consultation and competition to ensure that Academy funds are used to achieve the best educational outcomes.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Huish Episcopi Academy for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Huish Episcopi Academy

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- a Risk Policy and Register, reviewed on a regular basis.
- a Financial Regulations and Accounting Policies document reviewed annually, or more regularly as required.
- a Finance Office Procedures manual, reviewed on a regular basis.
- comprehensive budgeting and monitoring systems with an annual budget and periodic financial Management Reports which are reviewed and agreed by the Academy Board.
- regular reviews by the Finance, Audit and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs.
- setting targets to measure financial and other performance.
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties.
- identification and management of risks.

The Academy Board has considered the need for a specific internal audit function and has decided to appoint an internal auditor (Somerset County Council finance team) to carry out a series of independent checks. Reviews are carried out on a range of the Academy's financial systems, which this year have covered the following four areas:

- processing income.
- processing purchases.
- processing payroll.
- general financial operations report.

Quarterly reports are provided on these areas. An Action Plan is produced to follow up on any recommendations and monitored by the Finance, Audit and Premises Committee. Recommendations from the review of purchasing systems were the inclusion of processes around setting up direct debits, exit policies for finance staff and purchase card user policies in the Academy's Financial Regulations and Accounting Policies document.

The Academy has also chosen to appoint a Responsible Officer (RO). The RO will also chair the Audit Committee section of the Finance, Audit and Premises Committee. New terms of reference for this group and a revised job description for this role has been established with the aim of providing greater independent financial rigour within the Board.

The RO role includes giving advice on the Academy Board's financial systems and on the discharge of the Academy Board's financial responsibilities. Areas reviewed included the formula applied for sharing costs with the leisure centre and the compliancy with regulations associated with premises management.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal 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 Responsible Officer and internal audit.
- the work of the external auditor.
- the financial management and governance self-assessment process.
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Huish Episcopi Academy

GOVERNANCE STATEMENT (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Academy Board on 13 December 2018 and signed on its behalf by:



.....
Chair of Academy Board

Mr A Settle

13 December 2018



.....
Principal & Accounting Officer

Mr C Wade

13 December 2018

Huish Episcopi Academy

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Huish Episcopi Academy I have considered my responsibility to notify the Academy Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Board are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2017.

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

Signed:



.....
Principal & Accounting Officer

Mr C Wade

13 December 2018

Huish Episcopi Academy

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors (who act as trustees for charitable activities of Huish Episcopi Academy and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

The Directors 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 13 December 2018 and signed on its behalf by:



.....
Chair of Academy Board
Mr A Settle
13 December 2018

Huish Episcopi Academy

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUISH EPISCOPI ACADEMY GROUP

For the year ended 31 August 2018

Opinion

We have audited the financial statements of Huish Episcopi Academy Trust (the "parent charitable company") and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2018 and of the group's 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Huish Episcopi Academy

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUISH EPISCOPI ACADEMY GROUP

For the year ended 31 August 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Director's Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Directors' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 24, the Directors (who act as trustees for the charitable activities of the charitable company 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

Huish Episcopi Academy

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUISH EPISCOPI ACADEMY GROUP

For the year ended 31 August 2018

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: **18 December 2018**

Huish Episcopi Academy

STATEMENT OF FINANCIAL ACTIVITIES (Including income and expenditure account) For the year ended 31 August 2018

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants:	2	-	417	1,000,564	1,000,981	272,414
Charitable activities:						
- Funding for the Academy's educational operations	5	414,362	6,876,718	-	7,291,080	7,281,595
Other trading activities	3	513,990	4,625	-	518,615	560,546
Investments	4	440	-	-	440	793
Total		928,792	6,881,760	1,000,564	8,811,116	8,115,348
Expenditure on:						
Raising funds (including trading)		412,086	974	-	413,060	433,416
Charitable activities:						
- Academy's educational operations	7	296,111	7,365,518	344,751	8,006,380	7,977,697
Total	6	708,197	7,366,492	344,751	8,419,440	8,411,113
Net Income / (Expenditure)		220,595	(484,732)	655,813	391,676	(295,765)
Gross transfers between funds		-	-	-	-	-
Other recognised gains and losses						
Actuarial (losses) / gains on defined benefit pension schemes	18,27	-	783,000	-	783,000	123,000
Net movement in funds		220,595	298,268	655,813	1,174,676	(172,765)
Reconciliation of funds						
Total funds brought forward at 1 Sept 2017		975,176	(3,472,041)	10,581,465	8,084,600	8,257,365
Total funds carried forward at 31 August 2018		1,195,771	(3,173,773)	11,237,278	9,259,276	8,084,600

Huish Episcopi Academy

BALANCE SHEET

As at 31 August 2018

	otes	Group 2018 £	Academy 2018 £	Group 2017 £	Academy 2017 £
Fixed Assets					
Tangible assets	11	11,807,950	11,807,950	10,642,762	10,642,762
Investments	12	-	1	-	1
		<u>11,807,950</u>	<u>11,807,951</u>	<u>10,642,762</u>	<u>10,642,763</u>
Current Assets					
Stock	13	15,946	12,903	16,787	13,558
Debtors	14	512,925	528,547	269,673	259,987
Cash at bank and in hand		<u>737,621</u>	<u>713,446</u>	<u>1,368,562</u>	<u>1,367,221</u>
		1,266,492	1,254,896	1,655,022	1,640,766
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(411,545)</u>	<u>(414,205)</u>	<u>(390,378)</u>	<u>(390,378)</u>
Net current Assets		<u>854,947</u>	<u>840,691</u>	<u>1,264,644</u>	<u>1,250,388</u>
Total assets less current liabilities		<u>12,662,897</u>	<u>12,648,642</u>	<u>11,907,406</u>	<u>11,893,151</u>
Creditors: Amounts falling due after more than one year	16	<u>(33,621)</u>	<u>(33,621)</u>	<u>(47,806)</u>	<u>(47,806)</u>
Net assets excluding pension liability		12,629,276	12,615,021	11,859,600	11,845,345
Pension scheme liability	27	<u>(3,370,000)</u>	<u>(3,370,000)</u>	<u>(3,775,000)</u>	<u>(3,775,000)</u>
Total Net Assets		<u>9,259,276</u>	<u>9,245,021</u>	<u>8,084,600</u>	<u>8,070,345</u>
Funds of the group:					
Restricted funds					
- Fixed asset fund(s)		11,807,950	11,807,950	10,581,465	10,581,465
- Restricted income fund		196,227	196,226	302,959	302,958
- Pension reserve		<u>(3,370,000)</u>	<u>(3,370,000)</u>	<u>(3,775,000)</u>	<u>(3,775,000)</u>
Total restricted funds		<u>8,634,117</u>	<u>8,634,117</u>	<u>7,109,424</u>	<u>7,109,423</u>
Unrestricted income funds		<u>625,099</u>	<u>625,099</u>	<u>975,176</u>	<u>960,922</u>
Total funds	17	<u>9,259,276</u>	<u>9,259,276</u>	<u>8,084,600</u>	<u>8,070,345</u>

A separate statement of financial activities (including income and expenditure account) for the Academy itself is not presented as permitted by Section 408 of the Companies Act 2006. The Academy reported net gains for the year of £1,174,676 (2017: -£172,765).

The financial statements on pages 27 to 58 were approved by the Directors and authorised for issue on 13 December 2018 and are signed on their behalf by:



Mr A Settle

CHAIR OF ACADEMY BOARD

Huish Episcopi Academy
GROUP CASH FLOW STATEMENT
As at 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	(77,017)	30,218
Cash flows from investing activities	23	(532,278)	(4,811)
Cash flows from financing activities	22	(21,646)	(22,959)
Change in cash and cash equivalents in the reporting period		(630,941)	2 448
Cash and cash equivalents at 1 September 2017		1,368,562	1,366,114
Cash and cash equivalents at 31 August 2018	24	737,621	1,368,562

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS

As at 31 August 2018

1. STATEMENT OF ACCOUNTING POLICIES

CHARITY INFORMATION

Huish Episcopi Academy is a private company limited by guarantee and incorporated in England and Wales. The registered office is Huish Episcopi Academy, Wincanton Road, Langport, Somerset, TA10 9SS.

The principal objectives of the Academy trust are detailed in the Directors' report found on page 3 of these financial statements.

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

Huish Episcopi Academy meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is the functional currency of the Academy trust. Monetary amounts in these financial statements are rounded to the nearest £.

REDUCED DISCLOSURE FRAMEWORK

The Academy trust only has taken advantage of the exemption from disclosing the following information in its Academy only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'Statement of Cash Flows – Presentation of a Statement of Cash Flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments – Carrying amounts, interest income and expenditure for each category of financial instrument.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Huish Episcopi Academy and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial statements and operating policies so as to obtain economic benefits). As disclosed in note 12.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

GOING CONCERN

The Directors assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy trust to continue as a going concern. The Directors 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 statement.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

INCOME

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. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

The general annual grant ('the GAG') from the ESFA, 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. Any unspent amount is reflected as a balance in the restricted fund.

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

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.

Donations

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

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.

Donated services and goods

The value of donated services and gifts in kind provided to the Academy trust are recognised at their open market value in the period in which they are receivable in incoming resources, where the benefit to the Academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate category and depreciated over the useful economic life in accordance with the Academy trust policies.

Interest receivable

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

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

EXPENDITURE

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

Raising funds are costs incurred by the Academy trust to raise funds for its charitable purpose and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities are costs incurred on the Academy trust educational operations, including support costs and costs relating to the governance of the Academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

TANGIBLE FIXED ASSETS

All tangible assets purchased that have a cost that exceeds £1,000 and an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation.

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. Assets under the course of construction are not depreciated until they are brought into use.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Leasehold land and buildings - 25-125 years

Plant and machinery, fixture and fitting, computer equipment and motor vehicles - 5 - 25 years

LIABILITIES

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

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

PENSION CONTRIBUTIONS

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 quadrennial valuations using a prospective unit credit method. As stated in Note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately as other comprehensive income.

STOCKS

Stock is valued at the lower of cost and net realisable value using the FIFO basis.

TAXATION

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

LEASED ASSETS

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

FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

FINANCIAL INSTRUMENTS

As the Academy trust 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 amortized 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 Statement of Financial Activities.

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 Statement of Financial Activities.

De-recognition of financial assets

Financial assets are de-recognised 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.

Cash and cash equivalents

Cash and cash equivalents includes cash.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

AGENCY ARRANGEMENTS

The Academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions

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

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 Directors, 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 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2018 £	Total 2017 £
Donations	-	417	23,343	23,760	21,795
Capital Grants	-	-	977,221	977,221	250,619
	-	417	1,000,564	1,000,981	272,414
2017 Total	260	3,836	263,315	272,414	

3. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2018 £	Total 2017 £
Income from fundraising Events	-	-	-	-	-
Sundry lettings and hire of facilities	6,463	-	-	6,463	7,929
Leisure Centre income	419,946	-	-	419,946	386,569
Catering services	21,862	-	-	21,862	26,527
Other income	65,719	4,625	-	70,344	139,521
	513,990	4,625	-	518,615	560,546
2017 Total	554,964	5,582	-	560,546	

4. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2018 £	Total 2017 £
Short term deposits	440	-	-	440	793
	440	-	-	440	793
2017 Total	793	-	-	793	

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2018 £	Total 2017 £
DfE / ESFA grants					
General Annual Grant (GAG)	-	6,376,755	-	6,376,755	6,276,033
- Other DfE / ESFA grants	-	284,315	-	284,315	315,597
	-	6,661,070	-	6,661,070	6,591,630
2017 DfE / ESFA grants	-	6,591,630	-	6,591,630	
Other Government grants					
- Income from Somerset County Council	74,236	48,430	-	122,666	104,712
- Income from South Somerset District Council	-	-	-	-	-
	74,236	48,430	-	122,666	104,712
2017 Other Government grants	45,165	59,547	-	104,712	
Other income from the Academy's educational activities					
- Teacher Training Income	15,467	-	-	15,467	21,027
- Catering Income	246,243	-	-	246,243	262,868
- Income for educational activities	78,416	167,218	-	245,634	301,358
- Other income	-	-	-	-	-
	340,126	167,218	-	507,344	585,253
2017 Other income	358,734	226,519	-	585,253	
2018 Total funding	414,362	6,876,718	-	7,291,080	7,281,595

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

6. EXPENDITURE

	Staff Costs £	on Pay Expenditure Premises £	Other Costs £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- School fund expenditure	-	-	46,116	46,116	54,073
- Leisure Centre costs paid by Academy	273,247	-	1,133	274,382	274,978
- Leisure Centre costs paid by LC	-	476	92,088	92,562	104,365
Academy's educational operations:					
- Direct costs	4,919,733	-	785,122	5,704,855	5,633,250
- Allocated support costs	1,081,949	260,150	959,427	2,301,526	2,344,447
- Other Pension Costs	-	-	-	-	-
	<u>6,274,929</u>	<u>260,626</u>	<u>1,883,885</u>	<u>8,419,440</u>	<u>8,411,113</u>
2017 Total	<u>6,201,083</u>	<u>239,859</u>	<u>1,970,171</u>	<u>8,411,113</u>	

Net income / expenditure for the year includes:

	2018 £	2017 £
Operating leases – plant & machinery	132,022	118,192
Depreciation	344,751	354,970
Net interest on defined benefit pension scheme	(95,000)	(76,000)
Fees payable to auditor:		
-Audit	15,500	15,000
-Taxation compliance services	880	80
-Other services	2,000	5,750

7. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds General £	Fixed Assets £	Total 2018 £	Total 2017 £
Direct costs – educational operations	262,204	5,351,537	91,114	5,704,855	5,633,250
Support costs – educational operations	33,907	2,013,981	253,638	2,301,526	2,344,447
	<u>296,111</u>	<u>7,365,518</u>	<u>344,751</u>	<u>8,006,380</u>	<u>7,977,697</u>
2017 Charitable Activities	<u>335,030</u>	<u>7,287,697</u>	<u>354,970</u>	<u>7,977,697</u>	

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Analysis of support costs	Unrestricted	Restricted Funds		Total	Total
	Funds	General	Fixed Assets	2018	2017
	£	£	£	£	£
Support staff costs	14,506	1,038,441	-	1,052,947	985,478
Recruitment and support	-	39,448	-	39,448	31,176
Depreciation	-	-	253,638	258,638	251,185
Technology Costs	-	(3,032)	-	(3,032)	18,177
Premises costs	-	274,679	-	274,679	255,361
Other support costs	19,401	539,350	-	558,751	692,986
Governance costs	-	30,095	-	30,095	34,084
Pension finance cost	-	95,000	-	95,000	76,000
	<u>33,907</u>	<u>2,013,981</u>	<u>253,638</u>	<u>2,301,526</u>	<u>2,344,447</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8. STAFF COSTS

	Total 2018 £	Total 2017 £
Staff costs during the year were:		
Wages and salaries	4,685,525	4,680,858
Social security costs	440,673	427,154
Pension costs:	<u>1,063,612</u>	<u>1,000,064</u>
	6,189,810	6,108,076
Supply teacher costs	85,119	92,407
Staff restructuring costs	-	600
	<u>6,274,929</u>	<u>6,201,083</u>

Staff numbers

The average number of persons (including senior management team) employed by the Academy was as follows:

	2018 No.	2017 No.
Teachers	80	82
Administration / Support	62	63
Maintenance	19	18
Leisure Centre	11	10
Management	<u>9</u>	<u>9</u>
	181	182

The number of employees whose emoluments fell within the following bands was:

	2018 No.	2017 No.
£60,001 - £70 000	1	1
£90,001 - £100 000	1	-
£100,001 - £110,000	-	1

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Key management personnel (Group and Academy)

The key management personnel of the Academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy trust was £721,573 (2017: £582,500).

9. DIRECTORS' REMUNERATION AND EXPENSES

The Principal and staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments from the Academy in respect of their role as Directors. The value of the Directors' remuneration was as follows:

C. Wade (Principal and Trustee)

Remuneration	£90,773
Employers' pension contributions	£14,957

Staff Trustee (G. Rumary)

Remuneration	£23,232	(2017: £23,049)
Employers' pension contributions	£4,855	(2017: £4,423)

During the year ended 31 August 2018 £nil (2017: £nil) travel and subsistence expenses were reimbursed to Directors. During the year ended 31 August 2018 £nil (2017: £nil) were reimbursed to Directors for attendance of a course.

Other related party transactions involving the Directors are set out in note 29.

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased professional indemnity insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. This was purchased as part of the Department of Education's Risk Protection Assurance Scheme to which the Academy has subscribed. The insurance provides unlimited cover on any one claim for officers of the Academy and £10,000,000 for trustees. The cost for the year ended 31 August 2018 was £30,240 (2017 - £29,580). The cost of this insurance is included in the total insurance cost.

11. TANGIBLE FIXED ASSETS – GROUPS AND ACADEMY

	Land & Buildings £	Furniture & Equipment £	Computer Equipment £	Plant & Machinery £	Assets under Construction £	Total £
Cost						
At 1 September 2017	11,716,205	579,208	343,541	116,838	94,647	12,850,439
Additions	271,263	43,243	24,997	7,985	1,162,451	1,509,939
Transfer from AUC	1,257,098	-	-	-	(1,257,098)	-
At 31 August 2018	13,244,566	622,451	368,538	124,823	-	14,360,378
Depreciation						
At 1 September 2017	1,427,022	419,976	289,139	71,540	-	2,207,677
Charged in year	245,780	69,005	28,123	1,843	-	344,751
At 31 August 2018	1,672,802	488,981	317,262	73,383	-	2,552,428
Net book values						
At 31 August 2018	11,571,764	133,470	51,276	51,440	-	11,807,950
At 31 August 2017	10,289,183	159,232	54,402	45,298	94,647	10,642,762

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

12. INVESTMENTS

	2018 £ Group	2018 £ Academy	2017 £ Academy
Investment in subsidiary undertaking	-	1	1

The Academy owns the whole of the ordinary share capital, consisting of 1 ordinary shares of £1 each, of Huish Leisure Limited. Its trading results, as extracted from the audited Financial Statements, are summarised below:

	2018 £	2017 £
Turnover	447,548	416,448
Cost of sales	(425,097)	(423,672)
Gross profit	22,451	(7,224)
Administrative expenses	-	-
Other operating income	96	1,535
Profit before tax	22,547	(5,689)
Corporation tax	-	-
Profit for the financial year after tax	22,547	(5,689)
Distribution to parent charity	(22,547)	-
Retained profit	-	(5,689)

The assets and liabilities of the trading subsidiary were:

	2018 £	2017 £
Current assets	36,803	14,352
Creditors: amounts falling due within one year	22,547	(96)
Total net assets	14,256	14,256
Aggregate share capital and reserves	14,256	14,256

13. STOCK

	Group 2018 £	Academy 2018 £	Group 2017 £	Academy 2017 £
Stationery and materials	1,601	3,027	2,256	2,256
Clothing	11,302	8,104	11,302	11,302
Other goods for resale	3,043	1,772	3,229	-
	15,946	12,903	16,787	13,558

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

14. DEBTORS

	Group 2018 £	Academy 2018 £	Group 2017 £	Academy 2017 £
Trade debtors	24,076	20,986	3,008	1,312
Other debtors	-	-	-	-
VAT Recoverable	151,192	151,141	70,233	70,239
Amount due from subsidiary undertaking	-	22,547	-	-
Prepayments and accrued income	337,657	333,873	196,432	188,346
	<u>512,925</u>	<u>528,547</u>	<u>269,673</u>	<u>259,987</u>

15. CREDITORS

Amounts falling due within one year

	Group 2018 £	Academy 2018 £	Group 2017 £	Academy 2017 £
Trade Creditors	24,037	24,037	-	-
Other taxation and social security	107,325	107,325	109,174	109,174
Other creditors	158,879	161,539	136,909	136,909
Accruals and deferred income	121,304	121,304	144,295	144,295
	<u>411,545</u>	<u>414,205</u>	<u>390,378</u>	<u>390,378</u>

Deferred income

	2018 £	2017 £
Deferred income at 1 September 2017	44,510	111,419
Resources deferred in the year	42,844	44,524
Amounts released from previous years	(44,510)	(111,419)
Deferred income at 31 August 2018	<u>42,844</u>	<u>44,524</u>

Contained within other creditors is £98,058 (2017: £96,172) relating to outstanding pension contributions to be paid to the TPS and LGPS.

At the balance sheet date, the Academy Trust was holding funds received in advance for grants £17,988 (DFCG) (2017: £17,470), school trips running in 2018/19 £17,757 (2017: £27,054) and catering income £7,099 (2017: £NIL).

Included within Other Creditors is:

- A Salix loan of £2,624 (2017: £2,624) from the DfE, which is provided on the following terms:
Repayable over 8 years on a six monthly basis, commencing March 2016. Interest free.
- Conditional Improvement Fund Loan of £11,560 (2017: £11,560) from the DfE, which is provided on the following terms:
Repayable over 5 years on a monthly basis, commencing September 2016. Interest 1.97% pa.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

16. CREDITORS

Amounts falling due in greater than one year

	Group 2018 £	Academy 2018 £	Group 2017 £	Academy 2017 £
Other creditors	33,621	33,621	47,806	47,806

Included within Other Creditors is a Salix loan of £10,504 (2017: £13,128) and a Conditional Improvement Fund loan of £23,120 (2017: £34,680) both from the DfE, which are provided on the following terms:

- Salix Loan - Repayable over 8 years on a six monthly basis, commencing March 2016. Interest free.
- Conditional Improvement Fund loan – Repayable over 5 years on a monthly basis, commencing September 2016. Interest 1.97%pa.

17. FUNDS

Group

	Balance at 1 Sept 2017 £	Income £	Expenditure £	Gains, Losses & Transfers £	Balance at 31 Aug 2018 £
Restricted general funds					
General Annual Grant (GAG)	259,330	6,376,755	(6,595,789)	-	40,296
Other DfE/ESFA Grants	89,826	332,745	(241,880)	-	180,691
Other Income	(46,197)	172,260	(150,823)	-	(24,760)
Pension Reserve	(3,775,000)	-	(378,000)	783,000	(3,370,000)
	<u>(3,472,041)</u>	<u>6,881,760</u>	<u>(7,366,492)</u>	<u>783,000</u>	<u>(3,173,773)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	837,881	51,909	(45,316)	-	844,474
Other Capital Income	637,515	948,655	(25,512)	-	1,560,658
Inherited Fixed Asset Fund	8,490,926	-	(180,841)	-	8,310,085
General Annual Grant Fixed Asset Fund	615,143	-	(93,083)	-	522,060
Unrestricted Funded Fixed Assets Fund				570,672	570,672
	<u>10,581,465</u>	<u>1,000,564</u>	<u>(344,752)</u>	<u>570,672</u>	<u>11,807,950</u>
Total restricted funds	<u>7,109,424</u>	<u>7,882,324</u>	<u>(7,711,243)</u>	<u>1,353,672</u>	<u>8,634,177</u>
Total unrestricted funds	<u>975,176</u>	<u>928,792</u>	<u>(708,197)</u>	<u>(570,672)</u>	<u>625,099</u>
TOTAL FUNDS	<u>8,084,600</u>	<u>8,811,116</u>	<u>(8,419,440)</u>	<u>783,000</u>	<u>9,259,276</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Comparative information in respect of the preceding period is as follows:

<u>Group</u>	Balance at 1 Sept 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 Aug 2017 £
Restricted general funds					
General Annual Grant (GAG)	367,081	6,276,033	(6,383,784)	-	259,330
Other DfE/ESFA Grants	19,486	375,144	(304,804)	-	89,826
Other Income	-	235,937	(282,134)	-	(46,197)
Pension Reserve	(3,579,000)	-	(319,000)	123,000	(3,775,000)
	<u>(3,192,433)</u>	<u>6,887,114</u>	<u>(7,289,722)</u>	<u>123,000</u>	<u>(3,472,041)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	645,304	244,450	(51,873)	-	837,881
Other Capital Income	639,993	23,868	(26,346)	-	637,515
Inherited Fixed Asset Fund	8,671,767	-	(180,841)	-	8,490,926
General Annual Grant Fixed Asset Fund	711,053	-	(95,910)	-	615,143
	<u>10,668,117</u>	<u>268,318</u>	<u>(354,970)</u>	<u>-</u>	<u>10,581,465</u>
Total restricted funds	<u>7,475,684</u>	<u>7,155,432</u>	<u>(7,644,692)</u>	<u>123,000</u>	<u>7,109,424</u>
Total unrestricted funds	<u>781,681</u>	<u>959,916</u>	<u>(766,421)</u>	<u>-</u>	<u>975,176</u>
TOTAL FUNDS	<u>8,257,365</u>	<u>8,115,348</u>	<u>(8,411,113)</u>	<u>123,000</u>	<u>8,084,600</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Academy	Balance at 1 Sept 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 Aug 2018 £
Restricted general funds					
General Annual Grant (GAG)	259,329	6,376,755	(6,595,789)	-	40,295
Other DfE/ESFA Grants	89,826	332,745	(241,880)	-	180,691
Other Income	(46,197)	172,260	(150,823)	-	(24,760)
Pension Reserve	(3,775,000)	-	(378,000)	783,000	(3,370,000)
	<u>(3,472,042)</u>	<u>6,881,760</u>	<u>(7,366,492)</u>	<u>783,000</u>	<u>(3,173,774)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	837,881	51,909	(45,316)	-	844,474
Other Capital Income	637,515	948,655	(25,512)	-	1,560,658
Inherited Fixed Asset Fund	8,490,926	-	(180,841)	-	8,310,085
General Annual Grant Fixed Asset Fund	615,143	-	(93,083)	-	522,060
Unrestricted Funded Fixed Assets Fund				570,672	570,672
	<u>10,581,465</u>	<u>1,000,564</u>	<u>(344,751)</u>	<u>570,672</u>	<u>11,807,950</u>
Total restricted funds	<u>7,109,423</u>	<u>7,882,324</u>	<u>(7,711,243)</u>	<u>1,353,672</u>	<u>8,634,177</u>
Total unrestricted funds	<u>960,922</u>	<u>836,230</u>	<u>(615,635)</u>	<u>(570,672)</u>	<u>625,099</u>
TOTAL FUNDS	<u>8,070,345</u>	<u>8,718,554</u>	<u>(8,326,878)</u>	<u>783,000</u>	<u>9,259,276</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Comparative information in respect of the preceding period is as follows:

<u>Academy</u>	Balance at 1 Sept 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 Aug 2017 £
Restricted general funds					
General Annual Grant (GAG)	367,080	6,276,033	(6,383,784)	-	259,329
Other DfE/ESFA Grants	19,486	375,144	(304,804)	-	89,826
Other Income	-	235,937	(282,134)	-	(46,197)
Pension Reserve	(3,579,000)	-	(319,000)	123,000	(3,775,000)
	<u>(3,192,434)</u>	<u>6,887,114</u>	<u>(7,289,722)</u>	<u>123,000</u>	<u>(3,472,042)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	645,304	244,450	(51,873)	-	837,881
Other Capital Income	639,993	23,868	(26,346)	-	637,515
Inherited Fixed Asset Fund	8,671,767	-	(180,841)	-	8,490,926
General Annual Grant Fixed Asset Fund	711,053	-	(95,910)	-	615,143
	<u>10,668,117</u>	<u>268,318</u>	<u>(354,970)</u>	<u>-</u>	<u>10,581,465</u>
Total restricted funds	<u>7,475,683</u>	<u>7,155,432</u>	<u>(7,644,692)</u>	<u>123,000</u>	<u>7,109,423</u>
Total unrestricted funds	<u>761,738</u>	<u>861,240</u>	<u>(662,056)</u>	<u>-</u>	<u>960,922</u>
TOTAL FUNDS	<u>8,237,421</u>	<u>8,016,672</u>	<u>(8,306,748)</u>	<u>123,000</u>	<u>8,070,345</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

A current year 12 months and prior year 12 months combined position is as follows:

Group	Balance at 1 Sept 2016 £	Income £	Expenditure £	Gains, Losses & Transfers £	Balance at 31 Aug 2018 £
Restricted general funds					
General Annual Grant (GAG)	367,081	12,652,788	(12,979,573)	-	40,296
Other DfE/ESFA Grants	19,486	707,889	(546,684)	-	180,691
Other Income	-	408,197	(432,957)	-	(24,760)
Pension Reserve	(3,579,000)	-	(697,000)	906,000	(3,370,000)
	<u>(3,192,433)</u>	<u>13,768,874</u>	<u>(14,656,214)</u>	<u>906,000</u>	<u>(3,173,773)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	645,304	296,359	(97,189)	-	844,474
Other Capital Income	639,993	972,523	(51,858)	-	1,560,658
Inherited Fixed Asset Fund	8,671,767	-	(361,682)	-	8,310,085
General Annual Grant Fixed Asset Fund	711,053	-	(188,993)	-	522,060
Unrestricted Funded Fixed Asset Fund		-	-	570,672	570,672
	<u>10,668,117</u>	<u>1,268,882</u>	<u>(699,721)</u>	<u>570,672</u>	<u>11,807,950</u>
Total restricted funds	<u>7,475,684</u>	<u>15,037,756</u>	<u>(15,355,935)</u>	<u>1,476,672</u>	<u>8,634,177</u>
Total unrestricted funds	<u>781,681</u>	<u>1,888,708</u>	<u>(1,474,618)</u>	<u>(570,672)</u>	<u>625,099</u>
TOTAL FUNDS	<u>8,257,365</u>	<u>16,926,464</u>	<u>(16,830,553)</u>	<u>906,000</u>	<u>9,259,276</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

A current year 12 months and prior year 12 months combined position is as follows:

<u>Academy</u>	Balance at 1 Sept 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 Aug 2018 £
Restricted general funds					
General Annual Grant (GAG)	367,080	12,652,788	(12,979,573)	-	40,295
Other DfE/ESFA Grants	19,486	707,889	(546,684)	-	180,691
Other Income	-	408,197	(432,957)	-	(24,760)
Pension Reserve	(3,579,000)	-	(697,000)	906,000	(3,370,000)
	<u>(3,192,434)</u>	<u>13,768,874</u>	<u>(14,656,214)</u>	<u>906,000</u>	<u>(3,173,774)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	645,304	296,359	(97,189)	-	844,474
Other Capital Income	639,993	972,523	(51,858)	-	1,560,658
Inherited Fixed Asset Fund	8,671,767	-	(361,682)	-	8,310,085
General Annual Grant Fixed Asset Fund	711,053	-	(188,993)	-	522,060
Unrestricted Funded Fixed Asset Fund				570,672	570,672
	<u>10,668,117</u>	<u>1,268,882</u>	<u>(699,721)</u>	<u>570,672</u>	<u>11,807,950</u>
Total restricted funds	<u>7,475,683</u>	<u>15,037,756</u>	<u>(15,355,935)</u>	<u>1,476,672</u>	<u>8,634,176</u>
Total unrestricted funds	<u>761,738</u>	<u>1,697,470</u>	<u>(1,277,691)</u>	<u>(570,672)</u>	<u>610,845</u>
TOTAL FUNDS	<u>8,237,421</u>	<u>16,735,226</u>	<u>(16,633,626)</u>	<u>906,000</u>	<u>9,245,021</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education and Skills 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 Academy.

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

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the Academy upon conversion by the local authority, which constitute the school site inherited from the local authority including the leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

Other DfE/ESFA Grants - this income stream includes funding not received through the General Annual Grant but from government sources, ie Pupil Premium and the 16-18 Bursary.

Other Income - this income stream includes funding not received through any of the direct government grant routes, and will be received from various sources.

The transfer of £570,672 (2017: £NIL) between the unrestricted general fund and the restricted fixed asset fund increases the value of the fixed asset fund to adjust for capital income in the year being less than capital spend on fixed assets, with the shortfall being funded by a transfer from the restricted general fund.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted	Restricted Funds		Total	Total
	Funds	General	Fixed	2018	2017
	£	£	Assets	£	£
			£		
Fund balances at 31 August 2018 are represented by:					
Tangible fixed assets	-	-	11,807,950	11,807,950	10,642,762
Current assets	1,112,085	436,194	26,219	1,266,492	1,655,022
Current liabilities	(161,539)	(155,236)	(73,393)	(411,545)	(390,378)
Non-current liabilities	-	(33,621)	-	(33,621)	(47,806)
Pension scheme liability	-	(3,370,000)	-	(3,370,000)	(3,775,000)
Total net assets	950,546	(3,122,663)	11,760,776	9,259,276	8,084,600

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Comparative information in respect of the preceding period is as follows:

Group

	Unrestricted	Restricted Funds		Total	Total
	Funds	General	Fixed Assets	2017	2016
	£	£	£	£	£
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	-	94,647	10,548,115	10,642,762	10,595,445
Current assets	1,112,085	436,193	106,743	1,655,022	1,812,955
Current liabilities	(136,909)	(180,076)	(73,393)	(390,378)	(355,674)
Non-current liabilities	-	(47,806)	-	(47,806)	(77,488)
Pension scheme liability	-	(3,775,000)	-	(3,775,000)	(2,049,000)
Total net assets	975,176	(3,472,041)	10,581,465	8,084,600	9,926,238

Academy

	Unrestricted	Restricted Funds		Total	Total
	Funds	General	Fixed Assets	2018	2017
	£	£	£	£	£
Fund balances at 31 August 2018 are represented by:					
Tangible fixed assets	-	-	11,807,950	11,807,950	10,642,762
Investments	-	-	1	1	1
Current assets	1,112,085	436,193	26,218	1,266,492	1,640,766
Current liabilities	(161,539)	(155,236)	(73,393)	(411,545)	(390,378)
Non-current liabilities	-	(33,621)	-	(33,621)	(47,806)
Pension scheme liability	-	(3,370,000)	-	(3,370,000)	(3,775,000)
Total net assets	936,292	(3,122,664)	11,760,776	9,259,276	8,070,345

Comparative information in respect of the preceding period is as follows:

Academy

	Unrestricted	Restricted Funds		Total	Total
	Funds	General	Fixed Assets	2017	2016
	£	£	£	£	£
Fund balances at 31 August 2017 are represented by:					
Tangible fixed assets	-	94,647	10,548,115	10,642,762	10,668,117
Investments	-	-	1	1	1
Current assets	1,097,831	436,193	106,742	1,640,766	1,623,658
Current liabilities	(136,909)	(180,076)	(73,393)	(390,378)	(412,052)
Non-current liabilities	-	(47,806)	-	(47,806)	(63,304)
Pension scheme liability	-	(3,775,000)	-	(3,775,000)	(3,579,000)
Total net assets	960,922	(3,472,042)	10,581,465	8,070,345	8,237,420

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

19. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted for, but not provided in the financial statements	£NIL	55,923

20. COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2018 the Academy had total future minimum payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Amounts due within one year	84,344	94,305
Amounts due within one and five years	118,287	125,531
Amounts due after five years	-	-
	<u>202,631</u>	<u>219,836</u>

21. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income (expenditure) / income (as per the statement of financial activities)	391,676	(295,765)
Adjusted for:		
Depreciation (note 11)	344,751	354,970
Capital grants from DfE and other capital income	(977,221)	(250,619)
Interest receivable (note 4)	(440)	(793)
Pension cost less contribution payable (note 27)	283,000	243,000
Pension finance income (note 27)	95,000	76,000
Interest payable	7,461	7,461
(Increase)/decrease in stocks	841	(3,952)
(Increase)/decrease in debtors	(219,215)	(5,017)
Increase/(decrease) in creditors	(2870)	(95,067)
Net Cash provided by / (used in) operating activities	<u>(77,017)</u>	<u>30,218</u>

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

22. CASH FLOWS FROM FINANCING ACTIVITIES

	2018 £	2017 £
Repayments of borrowing	(21,646)	(22,959)
Net cash provided by / (used in) financing activities	(21,646)	(22,959)

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2018 £	2017 £
Dividends, interest and rents from investments	440	793
Purchase of tangible fixed assets	(1,509,939)	(256,223)
Capital grants from DfE / ESFA	977,221	250,619
Other capital income	-	-
Net cash provided / (used in) investing activities	(532,275)	(4,811)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 August 2018 £	At 31 August 2017 £
Cash in hand and at bank	737,621	1,368,562
Total and cash equivalents	737,621	1,368,562

25. CONTINGENT LIABILITIES

The Academy is in discussions with the building contractor, who has led the construction of the swimming pool during the year, regarding the final payment due. Management expect the final payment to be between £50,000 and £100,000 but the exact value is uncertain at the date of this report.

26. MEMBERS' LIABILITY

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

27. PENSION AND 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 Somerset County Council. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £98,058 (2017 - £96,172) were payable to the schemes at 31 August and are included within creditors.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

TEACHERS' PENSION SCHEME

Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations 2014.

PENSION AND SIMILAR OBLIGATIONS (continued)

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.

Valuation of the Teachers' Pensions Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Services 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%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £515,003 (2017: £528,082).

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

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

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 2018 was £342,671 (2017: £301,244) of which employer's contributions totalled £265,598 (2017: £228,982) and employees' contributions totalled £77,072 (2017: £72,262). The agreed contribution rate for future years is 20.9% per cent for the employer and ranges from 5.5% to 8.5% for employees.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

PENSIONS AND SIMILAR OBLIGATIONS (continued)

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 current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal Actuarial Assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption - CPI	1.50%	1.50%

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

	At 31 August 2018	At 31 August 2017
Retiring today:		
Males	24.00	23.90
Females	25.20	25.10
Retiring in 20 years:		
Males	26.30	26.20
Females	27.50	27.40

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	2,148	1,840
Bonds	270	257
Property	265	233
Cash	142	113
Gilts	160	142
Total fair value of assets	2,985	2,585

The actual return on fund assets for the year to 31 August 2018 was £115,000 (2017 £267,000)

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

PROVISIONS AND SIMILAR OBLIGATIONS (continued)

Amount recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current Service cost (net of employees' contributions)	545	468
Interest Income	-	(45)
Interest Cost	95	121
Administrative Expenses	2	2
	<u>642</u>	<u>546</u>

Analysis of changes in the present value of defined benefit obligations:

	2018 £'000	2017 £'000
Benefit obligation at 1 September 2017	6,360	5,493
Current service cost	545	468
Interest cost	166	121
Experience loss/(gain) on defined benefit obligation	-	424
Employee's contributions	77	72
Gain/loss on assumptions	(739)	(147)
Benefits paid	(54)	(71)
As at 31 August	<u>6,355</u>	<u>6,360</u>

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

	2018 £'000	2017 £'000
Opening fair value of assets	2,585	1,914
Administrative expenses	(2)	(2)
Return on plan assets (excluding net interest on the net defined pension liability)	44	222
Actuarial gain/(loss)	-	178
Employer contributions	264	227
Employee contributions	77	72
Benefits paid	(54)	(71)
Interest income	71	45
Closing fair value of assets	<u>2,985</u>	<u>2,585</u>

The estimated value of employer contributions for the year ended 31 August 2018 is £265,598.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

28. FINANCIAL INSTRUMENTS

Financial assets that are debt instruments held at amortised cost:	Group 2018 £	Group 2017 £
Trade debtors	39	3,008
Accrued income	228,353	27,292
	<u>228,353</u>	<u>3,008</u>
Financial liabilities held at amortised cost:	Group 2018 £	Group 2017 £
Other creditors	192,500	184,715
Accruals	52,913	99,771
	<u>245,413</u>	<u>284,486</u>

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. No such transactions have been identified for the year ended 31 August 2018 other than those disclosed in note 10.

There have been inter-company transactions between Huish Episcopi Academy and its wholly owned subsidiary, Huish Leisure Ltd. Huish Leisure Ltd has paid £304,836 net recharges and £22,547 gift aided profit to the Academy. For the year ended 31 August 2017 Huish Leisure Ltd paid £288,154 net recharges and £NIL gift aided profit to the Academy.

30. AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £23,387 (2017: £23,387) and disbursed £11,260 (2017: £13,334). The ESFA does not require the repayment of unspent funds.

Huish Episcopi Academy

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 August 2018

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 3 July 2017 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Huish Episcopi Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Huish Episcopi Academy Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with the requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Huish Episcopi Academy Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Huish Episcopi Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity Propriety and Compliance. The trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Huish Episcopi Academy Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently, a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

Huish Episcopi Academy

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HUISH EPISCOPI ACADEMY AND THE EDUCATION FUNDING AGENCY

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Huish Episcopi Academy Trust and the ESFA in accordance with the terms of our engagement letter dated 3 July 2017. Our work has been undertaken so that we might state to the Huish Episcopi Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Huish Episcopi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

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18 December 2018