

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Mr A Berry
Mr M Robbins
Mr D Randall

Trustees

Ms H Strawbridge
Mr M Robbins, Chair¹
Mr S Brewer¹
Ms K Ursell (resigned 13 October 2015)¹
Ms C Chevalley
Mrs J Ashworth¹
Ms S Thatcher (resigned 1 February 2016)
Mr P Elliott, Executive Headteacher¹
Mr D Rayner, Chair of Audit Committee¹
Ms W Dick (appointed 14 December 2015)
Ms A Dyer (appointed 16 March 2016)
Mr S Gibson (appointed 1 August 2016)
Mr D Hannay (appointed 13 June 2016)
Ms M Hill (appointed 1 September 2016)
Mr P Holtam (appointed 14 December 2015)
Mr M Swallow (appointed 29 June 2016)

¹ Audit Committee

**Company registered
number**

08098956

Company name

Bridgwater College Trust

**Principal and registered
office**

Bridgwater College
Bath Road
Bridgwater
Somerset
TA6 4PZ

Company secretary

Mrs A Griffith

Accounting officer

Mr P Elliott

**Senior management
team**

Trust
G Warren, Director of Business & Finance (Chief Financial Officer)
A Griffith, Company Secretary and Clerk
Bridgwater College Academy
P Elliot, Executive Headteacher
A Sandercock, Acting Head of Secondary
L Duffin, Head of Primary
N Doughty, Deputy Headteacher Secondary
A Biddles, Deputy Headteacher Primary
S Finch, Deputy Headteacher Primary
C Moyse, Head of Staff Development
L Newman, Head of Business, Estates and Finance
Brymore Academy

**BRIDGWATER COLLEGE TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

M Thomas, Headteacher
V Davis, Deputy Headteacher
R Jones, Assistant Head
L Winter, Assistant Head
R Watts, Head of Boarding
Hamp Academy
L Talmage, Headteacher
D Adfield, Deputy Head
J Hellier, School Business Manager
K Ryan, SENCO/Safeguarding Leader
G Price, Lower Phase and English Leader
C Clutterbuck, Upper Phase and Mathematic Leader
West Somerset College
Z Stucki, Headteacher
G Mockridge, Deputy Head
I Stannett, Assistant Headteacher
T Griffin, SENCO/Safeguarding Lead

Independent auditors

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

Bankers

Lloyds Bank Plc
Deane Gate Avenue
Taunton
Somerset
TA1 2UF

Solicitors

Clarke Willmott LLP
Blackbrook Gate
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PG

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company and the group for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates four academies, Bridgwater College Academy, Hamp Academy, Brymore Academy and West Somerset College.

Bridgwater College Academy (BCA) converted to academy status on 1 September 2012 from the three schools serving the Sedgemoor Estate; East Bridgwater Community School, Sedgemoor Manor Junior School and Sedgemoor Manor Infant and Nursery School. It is the first all through school in Somerset for pupils aged 3 to 16. It has a pupil capacity of 1532 and had a roll of 598 in the primary phase and 603 in the secondary phase in October 2015 (October 2014: 621 primary and 575 secondary).

Hamp Academy converted to academy status on 1 September 2013. The predecessor school was Hamp Junior School serving the Hamp Estate in Bridgwater. It has a pupil capacity of 265 and had a roll of 264 in the school census in October 2015 from the ages 7 to 11 (October 2014: 232).

Brymore Academy also converted to academy status on 1 September 2013. Brymore is a state boarding school specialising in agriculture and horticulture. It has a pupil capacity of 265 and had a roll of 253 (139 boarders; 114 day pupils) in the school census in October 2015 (October 2014: capacity of 200 and 116 boarders and 78 day pupils).

West Somerset College converted to academy status on 1 September 2011. The Academy provides for pupils aged 13 to 19 serving a catchment area in West Somerset. It has a pupil capacity of 1509 and had a roll of 884 in the school census in October 2015. The College was put into special measures in October 2014. The Regional Schools Commissioner requested that BCA assist in raising the standards of teaching and learning and subsequently to oversee the finances. WSC joined the Bridgwater College Trust in February 2016 and secured a "good" Ofsted rating in June 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Bridgwater College Trust are also the directors of the charitable company and the group for the purposes of company law.

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

Members' liability

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

Trustees' Indemnities

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

TRUSTEES

Method of recruitment and appointment or election of Trustees

The appointment or election of Trustees is dependent on the type of Trustee. There shall be a minimum of three trustees. The Trustees may agree unanimously in writing to appoint such additional Trustees as they think fit. Each Headteacher or Executive Head teacher is treated for all purposes as being an ex officio Trustee. Additional Trustees may be appointed by the Secretary of State.

There will be a minimum of two parent Directors who are appointed by the parents by election. The Chairs of each Local Governing Body are automatically appointed as Trustees.

The Trust has established, for each Academy, a Local Governing Body, whose role shall be to provide advice to the Trust in relation to the functioning of that Academy. The role of the Local Governing Body and the membership of it, is for the Trust to decide, but the Trust, will as a minimum ensure that:

- a) A minimum of two parents of a pupil at the Academy (to be elected by the parents of registered pupils in the academy) shall be a member of the Local Governing Body.
- b) The Head or Executive Headteacher of each Academy shall act as an ex officio member of the Local Governing Body.

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

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

The Trustees, Directors and Governors who were in office at 31 August 2016 and served throughout the year, except where shown are listed on page 1.

Policies and Procedures adopted for the Induction and Training of Trustees

During the year the Trustees held eight meetings of the full Trust. The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. Where necessary induction will provide training on charity and educational, legal and financial matters. All Trustees are provided with a handbook, including copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Trust structure consists of four levels: the Trustees, the newly appointed Chief Executive Officer, and for each Academy, the Local Governing Body and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting vision, aims and overall objectives of the Trust; overall strategy and policy; monitoring and management of the performance of the overall Trust and each Academy; and appointment of each Head / Executive Headteacher. The Chief Executive Officer (appointed from 1 September 2016) is responsible for delivering the objectives of the Trust.

The Local Governing Body is responsible for developing vision, aims and objectives of the Academy within the parameters set by the Trust; adopting an annual plan and budget; monitoring the Academy by the use of budgets and making major decisions about the direction of the school; capital expenditure; and senior staff appointments..

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher/Executive Headteacher and Senior Management Team (SMT). The Academy Leadership Team (ALT) of Bridgwater College Academy consisted of the Executive Headteacher, two Heads of School, Head of Curriculum, Head of Staff Development, Head of Inclusion, two deputy Headteachers and the Head of

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Business, Finance and Estates. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the ALT is responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is also devolved to budget holders.

The Senior Leadership Team of Hamp Academy consisted of the Head, Deputy, School Business Manager, SENCO and Safeguard lead, Upper Phase Leader and Lower Phase Leader. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment Boards for senior posts in the SLT always contain a Trustee. Some spending control is also devolved to budget holders.

The Senior Leadership Team of Brymore Academy consisted of the Head, Deputies and the Head of Boarding. These managers control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment Boards for senior posts in the SLT always contain a Trustee. Some spending control is also devolved to budget holders.

The Senior Leadership Team of West Somerset College consists of the Head, Deputy, Assistant headteacher and the SENCO lead. It previously consisted of the Head 2 deputies and 2 assistant heads and post 16 strategic leader SENCO lead and Director of Finance. As a group, the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment Boards for senior posts in the SLT always contain a Trustee. Some spending control is also devolved to budget holders.

The Board of Trustees normally meets a minimum of once each term (twice in the Autumn term). The Board establishes an overall framework for the governance of each Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees and Academy Local Governing Bodies for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Chair of each Local Governing Body is a director of the Bridgwater College Trust.

At Trust level there is an audit committee.

Within each Academy the Local Governing Body has 2 sub committees which report to the Local Governing Body, as follows;

- Finance, Personnel and General Purposes Committee (FP & GP) this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. For West Somerset College The FP & GP.
- Students, Standards and Quality Committee this meets at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment and attainment, examinations and all pastoral issues.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Head/Executive Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

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

The Chief Executive Officer is the Accounting Officer.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Connected Organisations, including Related Party Relationships

The Trust is connected to the Principal Sponsor of the Trust, Bridgwater College. The College has the right to appoint the Chair of the Local Governing Body for each Academy.

From 13 August 2014, Bridgwater College Academy established a trading subsidiary, Bridgwater College Academy Trading Limited, to operate the 3G pitch and leisure centre for the benefit of the local community and community organisations. The trading subsidiary started trading from 1 September 2014.

From 3 September 2014, Brymore Academy has established a trading subsidiary, Brymore Academy Trading Limited, that will provide lettings to external parties and catering to three local primary schools.

From 1st September 2016 the nursery activities at West Somerset were carried out through a new trading subsidiary, Acorns Nursery Minehead Limited.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Board of Trustees will take decisions on leadership posts and pay ranges in accordance with the statutory provisions and the Board of Trustees's whole academy approach to pay policy. Pay relativities within the academy and any responsibilities undertaken beyond the academy will be considered when making decisions on pay ranges.

The pay of key management personnel is based on STPCD nationally negotiated salaries and reviewed annually.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects and activities of the Charitable Company are:

- The operation of Bridgwater College Trust to advance, for the public benefit, education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing academies offering a broad curriculum.

The Academy Sponsor, Bridgwater College, the Trustees and Governors and the Staff all have the highest aspirations for our students across the Trust. We are all fully committed to ensuring that each student benefits from an exceptional education that optimises their attainment in preparation for the world of employment and life-long learning and enables them to grow in confidence to be able to fulfil their potential both as economically active members of society and as individuals.

In particular:

- To deliver exceptional and inspirational teaching, learning and assessment across the Trust
- To raise the achievements and aspirations of all students across the Trust
- To ensure a clear and purposeful strategic direction across the Trust
- To ensure the long term financial health of the Trust

Objectives, Strategies and Activities

Bridgwater College Academy

The overarching objective for The Bridgwater College Academy is for a radical redesign of education leading to one all through life long learning campus focused strongly on individualised learning pathways and a seamless transition from pre school to university level education and training or employment.

The Academy maximises the benefits of an 'all through', joined up and seamless education from ages 3 to 16.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Being an all age Academy ensures that the various phases of the Academy are inter connected. This means the curriculum, the tracking of student progress, monitoring of interventions, pastoral support and support for families will also be 'joined up', ensuring that students' progress does not slow down as a result of transitions between age related phases and that each phase is able to build upon previously acquired knowledge, skills and understanding.

The years of redesign has resulted in significant progress towards achieving the original goals of joined up provision and support for the students and families. Success is being seen through improved outcomes for students at all phases, especially in terms of progress in Numeracy and Literacy.

The benefits of the all through education has resulted in the excellent results in 2016.

The main objectives of Bridgwater College Academy during the year ended 31 August 2016 are summarised below:

- To keep the student at the centre of the process.
- To strive to equalise the opportunities for each student to develop their talents to the fullest extent.
- To make the curriculum equally accessible to all students, raising their own expectations and society's expectations of them.
- To provide each student with the experience of challenging learning styles that value not only individual thinking, but also the collaborative skills of investigating, discussing and communicating.
- To engender in each student, a thirst for knowledge that will be enjoyed throughout her or his life.

Hamp Academy

An Educational Development plan was drawn up which detailed the key challenges and how they would be addressed. In particular this included continuing to improve the quality of teaching and learning and assessment.

At Hamp the aim is to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Hamp Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Key activities and targets were identified in the Hamp Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, including the conversion to Academy status and local challenges. 13% of the Academy's pupils have English as an additional language. 21% of the school are classified as SEN and 58% are entitled to Pupil Premium. Despite this every cohort has shown improvement year on year, starting at a higher point on the age related expectation in the following year.

The activities included the following:

- To continue to raise standards and accelerate progress throughout the school in reading, writing and mathematics to support the best outcomes for pupils and particularly raise the attainment for our higher ability pupils.
- To continue to improve the quality of teaching and learning and to increase parental involvement in the school.
- To increase resilience and creative learning in all aspects of teaching and learning throughout the curriculum.
- To produce a feasibility study to prepare for the expansion of the school accommodation by September 2017.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Brymore Academy

An Educational Development plan was drawn up which detailed the key challenges and how they would be addressed. In particular this included continuing to improve the quality of teaching and learning and assessment. There has been considerable work and improvement on the standards of teaching and learning in Brymore following restructuring of the staffing. Nearly 60% of the school have an SEN need and a lot of work is done to improve the students' value added scores.

The activities included the following:

- Raising achievement by ensuring that all groups of students make at least expected progress.
- To improve teaching and learning through the use of AfL and the consistent application of the schools assessment policy.
- To ensure clear options exist within the curriculum with identified pathways.
- To ensure Brymore at least and in many cases exceeds the boarding minimum standards.
- To ensure outstanding outcomes for boarders.
- To ensure the financial security of the school.
- A range of activities to promote community adhesion and support of other charities activities.

West Somerset College

An Educational Development plan was drawn up which detailed the key challenges and how they would be addressed. In particular this included continuing to improve the quality of teaching and learning and assessment and raising attainment and achievement across the school by closing the gap between pupil premium and non-pupil premium students, low attaining students and boys when compared to girls.

Key activities and targets were identified in the Educational Development Plan and were influenced by the need to come out of special measures. By the end of the year WSC was rated as Good by Ofsted. 2.04% of the Academy's pupils have English as an additional language. 11.35% have SEND and 27% (pre 16) are entitled to Pupil Premium.

The activities included the following:

- Improving the quality of leadership and management by sharing good practice in teaching and learning
- Improving the quality of teaching and learning by delivering bespoke CPD
- Improving behaviour and safety across the school by reducing the incidence of low level disruption within the classroom
- Improving the attendance of students in Y9-13

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

In accordance with the articles of association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academies, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Where feasible the Academies provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

For Brymore there is an emphasis on agriculture, horticulture and engineering. Brymore has one of the largest school farms in the country. West Somerset College also has a school farm.

STRATEGIC REPORT

Achievements and Performance

Bridgwater College Academy

Bridgwater College Academy is in its fourth year of operation. Bridgwater College Academy is an all through school of 1201 students from age 3 to 16. There are 603 students in the secondary phase and 598 students in the primary phase in October 2015. The Academy also includes nursery provision. The Academy is sponsored by Bridgwater College and sought out its own sponsor for Academy conversion. No floor standards were ever met by either of the predecessor schools at Key Stage 2 or 4.

The school is situated in an area of significant social disadvantage, bordered by a large council estate which has a social deprivation indicator of 0.3. The IDACI index places the school in the top 7% of socially deprived wards in the country (ranked 2381/32482) and LA data indicates that the school serves the most socially deprived catchment in the Authority. Census data confirms high levels of social deprivation with few adults in HE (4.5% from main ward compared to 29% nationally) which is significantly below the national average. The Wealth Poverty Index scores the school at minus 676 points. Over a third of students are eligible for Free School Meals, however this number varies throughout the year and phase. The Academy acknowledges the context of its setting and is insistent on high expectations of all who attend. We recognise that many students have limited life experiences and expectations. Many students are not ambitious academically and this can be a significant barrier to learning which the Academy is working hard to dismantle.

BCA is committed to providing a high quality distinctive education through a specialist curriculum. The curriculum is designed to offer both vocational and academic courses. Through a guided personalised learning experience, BCA aims to develop the specific talents, gifts and potential of each student and therefore maximise their life chances.

KPIs both financial and academic has been good with the Secondary phase gaining the best ever results, improving on the previous trend of best results with 53% of pupils obtaining 5+ A* to C including English and Maths and a very impressive Progress 8 score of +0.68 (0.0 is the expected score).

For Key Stage 2 the average scaled score was 100.2 with value added +0.3.

Hamp Academy

For Key Stage 2 the writing reading and maths results at and above the expected progress level were 73.6%, 53% and 67% respectively and the overall attainment was 53% equal to the national average.

The scaled score for the end of KS2 assessments were Reading 101.1 (National 102.6), Mathematics 103.2 (National Average 103.0) Grammar, Punctuation and Spelling 104.3 (National Average 104.0).

Progress measures for all children were +0.56 in reading, +2.93 in writing and +2.09 in mathematics. For the 34 (64%) disadvantaged children it was +0.26 in reading, +1.60 in writing and +2.32 in mathematics. These progress measures were impressive and above the National Averages.

Children in Year 6 also had an above average level of High Needs (64% of the cohort compared with the National Average of 16%) and 14% of the cohort had English as an additional language.

Brymore Academy

The class sizes are kept small to ensure the best opportunities for the boys.

Brymore has the lowest KS2 average point score on entry and the year 11 group in 2016 were a low ability year group. Despite this there were the best results with 46% of pupils obtaining 5+ A* to C including English and

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Maths and a Progress 8 score of +0.47.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Department Heads and the Senior Leadership Team.

West Somerset

The college students achieved the best results ever with 53% of pupils obtaining 5+ A* to C including English and Maths and a very impressive Progress 8 score of +0.07

Key Performance Indicators

Both BCA and WSC were awarded "Good" in the Ofsted visit in 2015/16.

In the boarding Ofsted inspection of March 2016 the boarding provision was judged inadequate, primarily on the grounds of record keeping and inadequate supervision. A full action plan has been put in place and additional supervision arranged.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In the period under review, £3,275,000 was carried forward representing 29% of GAG

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 excluding WSC were 1,718, an increase of over 2015 (1,662). It is anticipated that this number will continue to rise. WSC had 884 pupils including post 16 students.

Another key financial performance indicator is staffing costs as a percentage of DfE/EFA grants. For 2016 this was 91.3%, compared to 74.2% in 2015.

Going Concern

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

FINANCIAL REVIEW

Financial Review

The Academy Trust generated an operating surplus of £715,000 for the year to 31 August 2016 (£494,000 for 2015).

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2016, total expenditure of £17,044,000 was covered by recurrent grant funding from the DfE, together with other incoming resources of £17,759,000.

At 31 August 2016 the net book value of fixed assets was £33,905,000 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 30 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Regulations which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Trust policies are available on the Trust website.

Reserves Policy

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

The Trust has determined that the appropriate level of free reserves should be equivalent to 4 weeks expenditure, approximately £1,200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Although the Trust currently has free reserves of £3,270,000 (total funds less the amount held in fixed assets and restricted pension funds), this amount is earmarked for future projects as follows:

- | | |
|---|------------|
| • Provision against additional staffing costs (including restructuring) and in year deficits | £1,232,000 |
| • School Improvement fund and year 7 grant ringfenced | £115,000 |
| • Maintenance of premises for boarding and premises upgrades | £137,000 |
| • Ringfenced grants for mentoring, PE, FSM, extended school, vulnerable children and trips | £338,000 |
| • Other capital projects incl school expansion in Hamp | £832,000 |

The balance (£616,000) represents genuine free reserves.

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

on the free reserves of the Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Day to day management of the surplus funds is delegated to the Headteacher within strict guidelines approved by the Board of Trustees. The Long Term investments placed during the year were an average of £600,000, and earned £8,000 interest.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties facing the Trust are as follows:

Financial the Trust has considerable reliance on continued Government funding through the EFA. In the last year 77% of the Trust's incoming resources (excluding transfers on acquisition of West Somerset) were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Expansion of the Trust – In line with Government policy the Trust is seeking to expand. The risk in this area is that there is insufficient capacity to maintain the quality of education and stability of finances.

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

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

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

Staffing the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

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

Unfortunately in 2015/16 a member of the senior management team in one academy engaged in low level fraudulent activity, contrary to the Trust Financial Handbook. Whilst not material in amount, The Education Funding Agency and Police have been informed and procedures and protocols have been tightened up to minimise the risk of this in the future.

The Trust has continued to strengthen its risk management. A risk register is maintained and reviewed and updated on a regular basis.

The Trust has agreed a Risk Management Strategy and a Risk Register. In addition a risk audit was carried out

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

in the year and the recommendations are being implemented in 2016/17. These have been discussed by Trustees and include the financial risks to the Trust. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

Whilst the Trust is over subscribed (except in Minehead), risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

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

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

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 30 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

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

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

Full details of our plans for the future are given in our Academy Development Plans, which are available on our academies websites.

We continue to maintain small class sizes with a teaching assistant in each class where possible, that has reflected in Trust outcomes being improved.

The Trust has appointed a Chief Executive Officer to oversee the development of the Trust as it expands in size to ensure financial security and sharing of best practices and services for the benefit of all the pupils.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees and disabled persons

The Trust has a disability policy which states that the Trust must not treat a member of staff, a student or a parent with a disability less favourably than any other and will make reasonable adjustments to ensure the full participation and integration of disabled staff and students.

In addition all applications for admission from all potential students are considered in line with the published admission arrangements; Applications for employment and for promotion are considered and assessed on the basis of the applicant's aptitudes, abilities and qualifications; Disabled staff and students have access to the appropriate support and adaptations to enable them to be fully included in the life of the Academy and Trust.

The full details of the policy can be found on the website of the academies.

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Employee Consultations

Throughout the year consultations have been held with employees and the unions to inform and consult on matters affecting them.

TRUSTEES INDEMNITIES

There were no third party indemnity provisions made during the year or at the date of approval of the Trustees report.

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 7 December 2016 and signed on the board's behalf by:

**Mr M Robbins
Chair of Trustees**

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Bridgwater College Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Executive Headteacher of Bridgwater College Academy (now the Chief Executive Officer) , as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bridgwater College Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| Ms H Strawbridge | 8 | 8 |
| Mr M Robbins, Chair | 7 | 8 |
| Mr S Brewer | 8 | 8 |
| Ms K Ursell | 0 | 2 |
| Ms C Chevalley | 8 | 8 |
| Mrs J Ashworth | 7 | 7 |
| Ms S Thatcher | 5 | 5 |
| Mr P Elliott, Executive Headteacher | 8 | 8 |
| Mr D Rayner, Chair of Audit Committee | 7 | 8 |
| Ms W Dick | 3 | 3 |
| Mr D Hannay | 1 | 1 |
| Ms A Dyer | 1 | 1 |
| Mr P Holtam | 1 | 1 |
| Mr S Gibson | 0 | 0 |
| Ms M Hill | 0 | 0 |
| Mr M Swallow | 0 | 0 |

Governance reviews:

Each Academy Local Governing Body and Trust Board have done a review of governance and highlighted any skill gaps. Following the review the Trust has appointed an experienced independent Trustee with a legal background for both the Trust Board and the Audit Committee from June 2015. A review of the Terms of Reference of the Audit Committee is being carried out in the Autumn term in 2015.

The Members of the Trust met once in the year for the Annual General Meeting.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| Mr M Robbins | 1 | 1 |
| Mr D Randall | 1 | 1 |
| Mr A Berry | 1 | 1 |

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to maintain an oversight of Bridgwater College Trust's governance, risk management, internal control and value for money framework.

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| Mr M Robbins | 0 | 3 |
| Ms H Strawbridge | 1 | 3 |
| Mr S Brewer | 3 | 3 |
| Mr P Holtam | 2 | 3 |
| Mrs J Ashworth | 2 | 2 |
| Mr D Rayner, Chair of Audit Committee | 3 | 3 |
| Mr M Swallow | 1 | 1 |
| Mr S Gibson | 1 | 1 |
| Ms A Dyer | 0 | 1 |
| Ms K Ursell | 1 | 3 |
| Mr P Elliott | 3 | 3 |

Each Academy has a Local Governing Body and two sub committees.

The Finance, Personnel and General Purposes Committee of each of the Academies is a sub- committee of the Academy Local Governing Body. Its purpose is to assist the decision making of the Local Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Local Governing Body's responsibility to ensure sound management of the Academy's finance, personnel, premises and resources including planning, monitoring and probity.

The Students, Standards and Quality Committee of each of the Academies is a sub-committee of the Academy Local Governing Body. Its purpose is to assist the decision making of the Local Governing Body by enabling more detailed consideration to be given to the students welfare, standards and quality of teaching and learning, and levels of attainment.

Each Academy Local Governing Body and Trust Board have done a review of governance and highlighted any skill gaps. Following the review the Trust has appointed an experienced independent Trustee with a legal background for both the Trust Board and the Audit Committee.

REVIEW OF VALUE FOR MONEY

As accounting officer, the Executive Headteacher of Bridgwater College Academy (now the Chief Executive Officer) has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Sharing resources across academies, particularly for HR. The sharing of resources will be explored further in 2016/17, especially as the Trust expands.
- Trust wide procurement of legal services and other professional services to ensure best value for money. A tender process was carried out for insurance externally and against the RPA. After thorough evaluation the insurance was put out to Zurich for another three years as this represented the best overall value for money. A benchmarking exercise was carried out in 2015/16 and the independent review work will be going out for tender in 2016/17.
- Use of supernumeraries and teaching learning assistants within the classrooms, particularly in the mornings to enable extra interventions to raise standards at minimum additional cost.

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

GOVERNANCE STATEMENT (continued)

and prioritise the risks to the achievement of 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 Bridgwater College Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Unfortunately in 2015/16 a member of the senior management team in one academy engaged in low level fraudulent activity, contrary to the Trust Financial Handbook. Whilst not material in amount, The Education Funding Agency and Police have been informed and procedures and protocols have been tightened up to minimise the risk of this in the future. Police investigations are ongoing.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trust has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Denys Raynor, Chair of the Audit Committee to fulfil the responsibilities of the Independent Review Checks. The Audit Committee's role includes giving challenge on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the Chair of the Audit Committee reports to the Trust on the operation of the systems of control and on the discharge of the Trust's financial responsibilities. The Trust has outsourced to Somerset County Council the responsibility of reviewing the operation of the systems of control, to ensure the Audit Committee can discharge their financial responsibilities. The Trust confirms that the Independent Review function has been fully delivered in line with the requirements of the Academy Financial Handbook, with the exception of the matter noted above.

REVIEW OF EFFECTIVENESS

As accounting officer, the Executive Headteacher of Bridgwater College Academy (now the Chief Executive Officer) 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 external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit committee for the Trust and the Finance and General Purposes Committees for the Academies and a plan to address weaknesses and ensure continuous improvement of the system is in place.

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Approved by order of the members of the board of trustees on 7 December 2016 and signed on its behalf, by:

**Mr M Robbins
Chair of Trustees**

**Mr P Elliott
Accounting Officer**

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Bridgwater College Trust I have considered my responsibility to notify the Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Trust board of trustees are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook (2014).

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

- Unfortunately in 2015/16 a member of the senior management team in one academy engaged in low level fraudulent activity, contrary to the Trust Financial Handbook. Whilst not material in amount, The Education Funding Agency, Board of Trustees and Police have been informed and procedures and protocols have been tightened up to minimise the risk of this in the future. Police investigations are ongoing.

Mr P Elliott
Accounting Officer

Date: 7 December 2016

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company and the group 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees and signed on its behalf by:

**Mr M Robbins
Chair of Trustees**

Date: 7 December 2016

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGWATER COLLEGE TRUST**

We have audited the financial statements of Bridgwater College Trust for the year ended 31 August 2016 which comprise the group Statement of financial activities, the group and Trust Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable Trust's affairs as at 31 August 2016 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRIDGWATER COLLEGE TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
13 December 2016

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
BRIDGWATER COLLEGE TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 March 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bridgwater College Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bridgwater College Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bridgwater College Trust and EFA 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 Bridgwater College Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF BRIDGWATER COLLEGE TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Bridgwater College Trust's funding agreement with the Secretary of State for Education dated 30 August 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
BRIDGWATER COLLEGE TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year a member of the senior management team in one academy engaged in low level fraudulent activity, contrary to the Trust Financial Handbook. Whilst not material in amount, The Education Funding Agency, Board of Trustees and Police have been informed. Police investigations are ongoing.

Tim Borton FCA (Reporting Accountant)

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

13 December 2016

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Restricted fixed asset funds 2016 £000 | Total funds 2016 £000 | As restated Total funds 2015 £000 | |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|---|---------------|
| Note | | | | | | |
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Transfer on acquisition of Academy Trust | 3 | 1,666 | (3,239) | 14,737 | 13,164 | - |
| Other donations and capital grants | 3 | 23 | - | 2,033 | 2,056 | 829 |
| Charitable activities | 7 | 265 | 14,809 | - | 15,074 | 11,330 |
| Other trading activities | 4,5 | 613 | 8 | - | 621 | 480 |
| Investments | 6 | 8 | - | - | 8 | 10 |
| TOTAL INCOME | | 2,575 | 11,578 | 16,770 | 30,923 | 12,649 |
| EXPENDITURE ON: | | | | | | |
| Raising funds | 5 | 191 | 2 | - | 193 | 70 |
| Charitable activities | | 554 | 15,169 | 1,128 | 16,851 | 12,136 |
| Other expenditure | | - | - | - | - | 2 |
| TOTAL EXPENDITURE | 8 | 745 | 15,171 | 1,128 | 17,044 | 12,208 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 22 | 1,830 (420) | (3,593) (253) | 15,642 673 | 13,879 - | 441 - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES | | | | | | |
| | | 1,410 | (3,846) | 16,315 | 13,879 | 441 |
| Actuarial gains/(losses) on defined benefit pension schemes | 30 | - | (5,346) | - | (5,346) | 689 |
| NET MOVEMENT IN FUNDS | | 1,410 | (9,192) | 16,315 | 8,533 | 1,130 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 781 | (2,988) | 18,860 | 16,653 | 15,523 |
| TOTAL FUNDS CARRIED FORWARD | | 2,191 | (12,180) | 35,175 | 25,186 | 16,653 |

The notes on pages 31 to 59 form part of these financial statements.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08098956

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £000 | 2016 £000 | £000 | As restated 2015 £000 |
|--|------|---------------|---------------|---------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | | | 3 | | 3 |
| Tangible assets | 17 | | 33,905 | | 18,641 |
| Investments | | | 4 | | 4 |
| | | | <u>33,912</u> | | <u>18,648</u> |
| CURRENT ASSETS | | | | | |
| Stocks | | 86 | | 49 | |
| Debtors | 18 | 2,131 | | 647 | |
| Cash at bank and in hand | | 4,602 | | 3,016 | |
| | | <u>6,819</u> | | <u>3,712</u> | |
| CREDITORS: amounts falling due within one year | 19 | (1,791) | | (1,210) | |
| NET CURRENT ASSETS | | | <u>5,028</u> | | <u>2,502</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>38,940</u> | | <u>21,150</u> |
| CREDITORS: amounts falling due after more than one year | 20 | | (495) | | (426) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | <u>38,445</u> | | <u>20,724</u> |
| Defined benefit pension scheme liability | 30 | | (13,259) | | (4,071) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>25,186</u> | | <u>16,653</u> |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 22 | 1,079 | | 1,083 | |
| Restricted fixed asset funds | 22 | 35,175 | | 18,860 | |
| | | <u>36,254</u> | | <u>19,943</u> | |
| Restricted funds excluding pension liability | | | | | |
| Pension reserve | | (13,259) | | (4,071) | |
| | | <u>22,995</u> | | <u>15,872</u> | |
| Total restricted funds | | | <u>22,995</u> | | <u>15,872</u> |
| Unrestricted funds | 22 | | 2,191 | | 781 |
| TOTAL FUNDS | | | <u>25,186</u> | | <u>16,653</u> |

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 AUGUST 2016**

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

Mr M Robbins
Chair of Trustees

The notes on pages 31 to 59 form part of these financial statements.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08098956

TRUST BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £000 | 2016 £000 | £000 | 2015 £000 |
|--|------|---------------|---------------|---------------|---------------|
| FIXED ASSETS | | | | | |
| Intangible assets | | | 3 | | 3 |
| Tangible assets | 17 | | 33,905 | | 18,641 |
| Investments | | | 4 | | 4 |
| | | | <u>33,912</u> | | <u>18,648</u> |
| CURRENT ASSETS | | | | | |
| Stocks | | 85 | | 48 | |
| Debtors | 18 | 2,092 | | 646 | |
| Cash at bank and in hand | | 4,575 | | 3,001 | |
| | | <u>6,752</u> | | <u>3,695</u> | |
| CREDITORS: amounts falling due within one year | 19 | (1,776) | | (1,193) | |
| NET CURRENT ASSETS | | | <u>4,976</u> | | <u>2,502</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>38,888</u> | | <u>21,150</u> |
| CREDITORS: amounts falling due after more than one year | 20 | | (495) | | (426) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | <u>38,393</u> | | <u>20,724</u> |
| Defined benefit pension scheme liability | 30 | | (13,259) | | (4,071) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>25,134</u> | | <u>16,653</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 22 | 1,079 | | 1,092 | |
| Restricted fixed asset funds | 22 | 35,175 | | 18,860 | |
| | | <u>36,254</u> | | <u>19,952</u> | |
| Restricted funds excluding pension asset | | | | | |
| Pension reserve | | (13,259) | | (4,071) | |
| | | <u>22,995</u> | | <u>15,881</u> | |
| Total restricted funds | | | <u>22,995</u> | | <u>15,881</u> |
| Unrestricted funds | 22 | | 2,139 | | 772 |
| TOTAL FUNDS | | | <u>25,134</u> | | <u>16,653</u> |

**BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUST BALANCE SHEET (continued)
AS AT 31 AUGUST 2016**

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

**Mr M Robbins
Chair of Trustees**

The notes on pages 31 to 58 form part of these financial statements.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 24 | <u>495</u> | <u>931</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 8 | 10 |
| Proceeds from the sale of tangible fixed assets | | - | (6) |
| Purchase of tangible fixed assets | | (1,306) | (1,393) |
| Capital grants from DfE/EFA | | 732 | 607 |
| Capital funding received from sponsors and others | | - | 24 |
| Cash transferred on acquisition | | <u>1,699</u> | <u>-</u> |
| Net cash provided by/(used in) investing activities | | <u>1,133</u> | <u>(758)</u> |
| Cash flows from financing activities: | | | |
| Repayments of borrowings | | (54) | (50) |
| Cash inflows from new borrowing | | - | 202 |
| Net cash (used in)/provided by financing activities | | <u>(54)</u> | <u>152</u> |
| Change in cash and cash equivalents in the year | | 1,574 | 325 |
| Cash and cash equivalents brought forward | | <u>3,001</u> | <u>2,676</u> |
| Cash and cash equivalents carried forward | 25 | <u>4,575</u> | <u>3,001</u> |

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Bridgwater College Trust constitutes a public benefit entity as defined by FRS 102.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Trust alone as permitted by section 408 of the Companies Act 2006.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 36.

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

1. ACCOUNTING POLICIES (continued)

1.2 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

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

1.3 INCOME

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised 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.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

Expenditure on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities are costs incurred on the academy trust's 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.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Bridgwater College Trust and all of its subsidiary undertakings ('subsidiaries').

The Trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the Trust was £8,533,000 (2015: £1,130,000).

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

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|--|
| Freehold property | - | straight line over 50 years |
| Long term leasehold property | - | straight line over 50 years for buildings and 125 years for land |
| Motor vehicles | - | straight line over 5 years |
| Fixtures and fittings | - | straight line over 5 years |
| Computer equipment | - | straight line over 3 years |

1.8 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

1.9 OPERATING LEASES

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

1.10 STOCKS

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

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

1. ACCOUNTING POLICIES (continued)

1.11 TAXATION

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 DEBTORS

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

1.13 CASH AT BANK AND IN HAND

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

1.14 LIABILITIES AND PROVISIONS

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

1.15 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.16 PENSIONS

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the 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 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 30, 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.

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

1. ACCOUNTING POLICIES (continued)

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 in other recognised gains and losses.

1.17 ACQUISITION OF AN ACADEMY TRUST

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

The assets and liabilities transferred from West Somerset Community College to the trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - Transfer from other Academy Trust in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and Buildings have been included as per the valuation by the EFA whilst other fixed assets have been included at amounts valued by the Trustees. Pension assets and liabilities have been valued by Mercer Limited.

Further details of the transaction are set out in note 28.

1.18 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy 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, paid and any balances at the year end are disclosed in Note 33.

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

1. ACCOUNTING POLICIES (continued)

1.19 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Restricted fixed asset funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Transfer from acquisition of Academy Trust | 1,666 | (3,239) | 14,737 | 13,164 | - |
| Capital Grants | - | - | 1,904 | 1,904 | 766 |
| Donations | 23 | - | 129 | 152 | 63 |
| Subtotal | 23 | - | 2,033 | 2,056 | 829 |
| | 1,689 | (3,239) | 16,770 | 15,220 | 829 |

In 2015, of the total income from donations and capital grants, £22,000 was unrestricted and £807,000 was restricted.

4. TRUST TRADING ACTIVITIES

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|-------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Lettings | 23 | - | 23 | 73 |
| External Catering | 28 | - | 28 | 109 |
| Other | 328 | 8 | 336 | 241 |
| | 379 | 8 | 387 | 423 |

In 2015, the total income from Trust trading activities of £423,000 was unrestricted.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

5. SUBSIDIARY TRADING ACTIVITIES

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| TRADING INCOME | | | | |
| Income | 234 | - | 234 | 57 |
| TRADING EXPENSES | | | | |
| Expenses | 187 | - | 187 | 55 |
| | 187 | - | 187 | 55 |
| Net income from subsidiary trading activities | 47 | - | 47 | 2 |

In 2015, the total income from subsidiary trading activities of £57,000 was unrestricted.

6. INVESTMENT INCOME

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Bank interest | 8 | - | 8 | 10 |

In 2015 the total investment income of £10,000 was unrestricted.

7. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|-----------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Education | - | 13,598 | 13,598 | 10,070 |
| Nursery | 210 | - | 210 | 117 |
| Boarding | 55 | 1,211 | 1,266 | 1,143 |
| | 265 | 14,809 | 15,074 | 11,330 |

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|--------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant | - | 11,402 | 11,402 | 8,131 |
| Start up Grants | - | 147 | 147 | 532 |
| Other DfE/EFA grants | - | 1,727 | 1,727 | 1,216 |
| | <u>-</u> | <u>13,276</u> | <u>13,276</u> | <u>9,879</u> |
| Other Government grants | | | | |
| High Needs | - | 322 | 322 | 191 |
| | <u>-</u> | <u>322</u> | <u>322</u> | <u>191</u> |
| | <u>-</u> | <u>13,598</u> | <u>13,598</u> | <u>10,070</u> |

In 2015, of the total income from charitable activities, £10,070,000 was restricted.

8. EXPENDITURE

| | Staff costs 2016 £000 | Premises 2016 £000 | Other costs 2016 £000 | Total 2016 £000 | As restated Total 2015 £000 |
|---|-----------------------------|--------------------------|-----------------------------|-----------------------|--------------------------------------|
| Expenditure on raising voluntary income | - | - | 6 | 6 | 15 |
| Expenditure on trading activities | 112 | - | 75 | 187 | 55 |
| Education: | | | | | |
| Direct costs | 9,415 | 32 | 1,924 | 11,371 | 7,617 |
| Support costs | 2,092 | 709 | 1,364 | 4,165 | 3,307 |
| Nursery: | | | | | |
| Direct costs | 136 | - | 93 | 229 | 108 |
| Support costs | 2 | 2 | 3 | 7 | - |
| Boarding: | | | | | |
| Direct costs | 255 | 15 | 7 | 277 | 278 |
| Support costs | 398 | 150 | 254 | 802 | 828 |
| | <u>12,410</u> | <u>908</u> | <u>3,726</u> | <u>17,044</u> | <u>12,208</u> |

In 2015, the total expenditure on charitable activities, £604,000 was from unrestricted funds, £10,870,000 was from restricted funds, and £625,000 was in relation to the restricted fixed asset fund.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

9. DIRECT COSTS

| | Education £000 | Nursery £000 | Boarding £000 | Total 2016 £000 | Total 2015 £000 |
|-------------------------|-------------------|-----------------|------------------|-----------------------|-----------------------|
| Administration expenses | 2 | - | - | 2 | - |
| Pension finance costs | 229 | - | - | 229 | 176 |
| Educational supplies | 658 | 9 | 8 | 675 | 463 |
| Examination fees | 179 | - | - | 179 | 82 |
| Staff development | 94 | - | - | 94 | 58 |
| Other costs | 66 | - | 2 | 68 | 45 |
| Supply teachers | 61 | - | - | 61 | - |
| Technology costs | 93 | - | - | 93 | 98 |
| Wages and salaries | 7,238 | 198 | 194 | 7,630 | 5,524 |
| National insurance | 573 | 3 | 19 | 595 | 395 |
| Pension cost | 1,460 | 19 | 33 | 1,512 | 763 |
| Depreciation | 718 | - | 21 | 739 | 398 |
| | <u>11,371</u> | <u>229</u> | <u>277</u> | <u>11,877</u> | <u>8,002</u> |

In 2015, the Trust incurred the following Direct costs:

£7,617,000 in respect of Education

£108,000 in respect of Nursery

£278,000 in respect of Boarding

10. SUPPORT COSTS

| | Education £000 | Nursery £000 | Boarding £000 | Total 2016 £000 | Total 2015 £000 |
|--|-------------------|-----------------|------------------|-----------------------|-----------------------|
| Other costs | 28 | - | - | 28 | 6 |
| Recruitment and support | 95 | - | - | 95 | 79 |
| Maintenance of premises and equipment | 321 | - | 54 | 375 | 455 |
| Cleaning | 45 | - | 12 | 57 | 40 |
| Rent and rates | 122 | - | 24 | 146 | 119 |
| Energy costs | 204 | 1 | 53 | 258 | 207 |
| Insurance | 111 | 1 | 17 | 129 | 112 |
| Security and transport | 78 | - | 8 | 86 | 65 |
| Catering | 204 | 4 | 187 | 395 | 374 |
| Technology costs | 5 | - | - | 5 | - |
| Office overheads | 190 | - | 48 | 238 | 126 |
| Legal and professional | 229 | - | - | 229 | 193 |
| Bank interest and charges | 6 | - | - | 6 | 6 |
| Governance | 40 | - | - | 40 | 104 |
| Wages and salaries | 1,739 | 1 | 328 | 2,068 | 1,452 |
| National insurance | 109 | - | 14 | 123 | 60 |
| Pension cost | 250 | - | 57 | 307 | 510 |
| Depreciation | 389 | - | - | 389 | 227 |
| | <u>4,165</u> | <u>7</u> | <u>802</u> | <u>4,974</u> | <u>4,135</u> |

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

10. SUPPORT COSTS (continued)

In 2015, the Trust incurred the following Support costs:

£3,307,000 in respect of Education
£NIL in respect of Nursery
£828,000 in respect of Boarding

11. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 | 2015 |
|---|--------------|--------------|
| | £000 | £000 |
| Depreciation of tangible fixed assets: | | |
| - owned by the charitable group | 1,127 | 626 |
| Auditors' remuneration - audit | 17 | 30 |
| Auditors' remuneration - other services | 6 | 10 |
| Operating lease rentals | 32 | 29 |
| | ===== | ===== |

12. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to £17,000 for the group, including £4,000 for the audit of subsidiary companies. Fees of £6,000 were paid the the auditor for non audit services.

BRIDGWATER COLLEGE TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

13. STAFF COSTS

Staff costs were as follows:

| | 2016 | 2015 |
|--|---------------|-------|
| | £000 | £000 |
| Wages and salaries | 9,418 | 6,947 |
| Social security costs | 719 | 455 |
| Operating costs of defined benefit pension schemes | 1,819 | 1,273 |
| | 11,956 | 8,675 |
| Supply teacher costs | - | 47 |
| Staff restructuring costs | 393 | 29 |
| Supply teachers not through payroll | 61 | - |
| | 12,410 | 8,751 |

Staff restructuring costs comprise:

| | 2016 | 2015 |
|---------------------|-------------|------|
| | £000 | £000 |
| Redundancy payments | 393 | - |
| Severance payments | - | 29 |
| | 393 | 29 |

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

| | 2016 | 2015 |
|----------------------------|-------------|------|
| | No. | No. |
| Teachers | 197 | 105 |
| Administration and support | 326 | 157 |
| Management | 23 | 16 |
| | 546 | 278 |

Average headcount expressed as a full time equivalent:

| | 2016 | 2015 |
|-------------|-------------|------|
| | No. | No. |
| Total staff | 435 | 228 |

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | 2016 | 2015 |
|---------------------------------|-------------|------|
| | No. | No. |
| In the band £60,001 - £70,000 | 2 | 2 |
| In the band £70,001 - £80,000 | 2 | 2 |
| In the band £100,001 - £110,000 | 0 | 1 |
| In the band £110,001 - £120,000 | 1 | 0 |

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2015: £29,000). All of the three prior year non-statutory/non-contractual payments exceeded £5,000

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individually, and these were for £10,000, £10,000 and £9,000. The current year payments were funded by grants received from EFA.

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees), the Headteachers of each school and the Director of Business & Finance. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £395,260 (2015: £302,289).

14. CENTRAL SERVICES

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

- Financial services including audit
- Clerking services
- Legal retainer

The Trust charges for these services on the following basis:

A flat percentage of income of 1.2%.

The actual amounts charged during the year were as follows:

| | 2016 | 2015 |
|---------------------------------|-------------|-------------|
| | £000 | £000 |
| Bridgwater College Academy | 70 | 70 |
| Brymore Academy | 20 | 25 |
| Hamp Academy | 11 | 11 |
| West Somerset Community College | 70 | - |
| | <hr/> | <hr/> |
| Total | 171 | 106 |
| | <hr/> <hr/> | <hr/> <hr/> |

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15. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands: P Elliott: Remuneration £115,000-£120,000 (2015: £105,000-£110,000), Employer's pension contributions £NIL (2015: £NIL).

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, expenses totalling £1,000 (2015: £1,000) were reimbursed to Trustees.

Other related party transactions involving the trustees are set out in note 32.

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,500,000 on any one claim and the cost for the year ended 31 August 2016 was £3,546 (2015: £3,242).

17. TANGIBLE FIXED ASSETS

| GROUP | Freehold property £000 | Long term leasehold property £000 | Motor vehicles £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|---------------------------|-----------------------------------|--|--------------------------------|---------------------------------------|------------------------------------|-----------------------|
| COST | | | | | | |
| At 1 September 2015 | 13,552 | 5,170 | 31 | 842 | 633 | 20,228 |
| Additions | 405 | 298 | - | 894 | 56 | 1,653 |
| On acquisition of academy | 14,388 | - | - | 136 | 214 | 14,738 |
| At 31 August 2016 | 28,345 | 5,468 | 31 | 1,872 | 903 | 36,619 |
| DEPRECIATION | | | | | | |
| At 1 September 2015 | 553 | 269 | 27 | 356 | 382 | 1,587 |
| Charge for the year | 583 | 130 | 1 | 207 | 206 | 1,127 |
| At 31 August 2016 | 1,136 | 399 | 28 | 563 | 588 | 2,714 |
| NET BOOK VALUE | | | | | | |
| At 31 August 2016 | 27,209 | 5,069 | 3 | 1,309 | 315 | 33,905 |
| At 31 August 2015 | 12,999 | 4,901 | 4 | 486 | 251 | 18,641 |

Included in land and buildings is freehold land at valuation of £3,615,000 (2015: £1,551,000) which is not depreciated.

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| TRUST | Freehold property £000 | Long term leasehold property £000 | Motor vehicles £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|---------------------------|-----------------------------------|--|--------------------------------|---------------------------------------|------------------------------------|-----------------------|
| COST | | | | | | |
| At 1 September 2015 | 13,552 | 5,170 | 31 | 842 | 633 | 20,228 |
| Additions | 405 | 298 | - | 894 | 56 | 1,653 |
| On acquisition of academy | 14,388 | - | - | 136 | 214 | 14,738 |
| At 31 August 2016 | <u>28,345</u> | <u>5,468</u> | <u>31</u> | <u>1,872</u> | <u>903</u> | <u>36,619</u> |
| DEPRECIATION | | | | | | |
| At 1 September 2015 | 553 | 269 | 27 | 356 | 382 | 1,587 |
| Charge for the year | 583 | 130 | 1 | 207 | 206 | 1,127 |
| At 31 August 2016 | <u>1,136</u> | <u>399</u> | <u>28</u> | <u>563</u> | <u>588</u> | <u>2,714</u> |
| NET BOOK VALUE | | | | | | |
| At 31 August 2016 | <u>27,209</u> | <u>5,069</u> | <u>3</u> | <u>1,309</u> | <u>315</u> | <u>33,905</u> |
| At 31 August 2015 | <u>12,999</u> | <u>4,901</u> | <u>4</u> | <u>486</u> | <u>251</u> | <u>18,641</u> |

Included in land and buildings is freehold land at valuation of £3,615,000 (2015: £1,551,000) which is not depreciated.

18. DEBTORS

| | GROUP | | TRUST | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 £000 | 2015 £000 | 2016 £000 | 2015 £000 |
| Trade debtors | 133 | 152 | 73 | 149 |
| Other debtors | 148 | 150 | 178 | 152 |
| Prepayments and accrued income | 1,850 | 345 | 1,841 | 345 |
| | <u>2,131</u> | <u>647</u> | <u>2,092</u> | <u>646</u> |

**19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | GROUP | | TRUST | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 £000 | 2015 £000 | 2016 £000 | 2015 £000 |
| Other loans | 93 | 75 | 93 | 75 |
| Trade creditors | 17 | 30 | 12 | 18 |
| Other creditors | 740 | 391 | 740 | 389 |
| Accruals and deferred income | 941 | 714 | 931 | 711 |
| | <u>1,791</u> | <u>1,210</u> | <u>1,776</u> | <u>1,193</u> |

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19. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

| | GROUP | | TRUST | |
|--------------------------------------|--------------|-------------|--------------|-------------|
| | £000 | £000 | £000 | £000 |
| DEFERRED INCOME | | | | |
| Deferred income at 1 September 2015 | 254 | 94 | 254 | 94 |
| Resources deferred during the year | 162 | 254 | 162 | 254 |
| Amounts released from previous years | (254) | (94) | (254) | (94) |
| Deferred income at 31 August 2016 | 162 | 254 | 162 | 254 |

At the balance sheet date the academy trust was holding funds received in advance for free school meals to be provided for key stage 1 pupils as of 1 September 2016 and boarding fees in respect of the next financial year.

20. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | GROUP | | TRUST | |
|-------------|--------------|-------------|--------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £000 | £000 | £000 | £000 |
| Other loans | 495 | 426 | 495 | 426 |

Included in other loans is a loan provided to Brymore Academy by Somerset County Council prior to conversion. The loan capital is repaid at £50,000 per annum along with a £2,500 interest payment.

21. FINANCIAL INSTRUMENTS

| | 2016 | 2015 |
|--|----------------|----------------|
| | £000 | £000 |
| Financial assets measured at amortised cost | 6,488 | 3,109 |
| Financial liabilities measured at amortised cost | (1,271) | (1,107) |

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22. STATEMENT OF FUNDS

| | Brought Forward £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Carried Forward £000 |
|---|----------------------------|----------------|---------------------|-----------------------------|----------------------------|----------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | 781 | 2,575 | (745) | (420) | - | 2,191 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 772 | 11,402 | (11,012) | (203) | - | 959 |
| High Needs | - | 322 | (322) | - | - | - |
| Pupil premium | 129 | 1,000 | (1,129) | - | - | - |
| Start up grant | - | 147 | (147) | - | - | - |
| Boarding | 139 | 1,234 | (1,211) | (50) | - | 112 |
| Other DfE/EFA funding | 43 | 397 | (432) | - | - | 8 |
| Other Government grants | - | 244 | (244) | - | - | - |
| Free School Meals | - | 71 | (71) | - | - | - |
| Pension reserve | (4,071) | (3,239) | (603) | - | (5,346) | (13,259) |
| | (2,988) | 11,578 | (15,171) | (253) | (5,346) | (12,180) |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Fixed assets transferred on conversion/acquisition of academies | 13,367 | 14,738 | (709) | 452 | - | 27,848 |
| Fixed assets purchased from GAG and other restricted funds | 1,211 | - | (212) | 206 | - | 1,205 |
| DfE/EFA Capital grants | 2,208 | 1,904 | (180) | 15 | - | 3,947 |
| Other capital donations | 2,074 | 128 | (27) | - | - | 2,175 |
| | 18,860 | 16,770 | (1,128) | 673 | - | 35,175 |
| Total restricted funds | 15,872 | 28,348 | (16,299) | 420 | (5,346) | 22,995 |
| Total of funds | 16,653 | 30,923 | (17,044) | - | (5,346) | 25,186 |

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS (continued)

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

Start up grant - This represents one off funding received from the EFA to contribute to the cost of converting from a school to an academy.

Boarding - This represents the financial position of the boarding operation currently run by the Trust at Brymore Academy.

Other DfE/EFA funding - This represents other smaller funding pools received for the DfE/EFA for use on specified purposes.

Other restricted funds - This represents other funding received by the Trust for use on specified purposes.

Pension reserve - This represents the Trust's share of the assets and liabilities in the Local Government Pension Scheme. In 2015 the actuarial gains of £636,000 were recognised in the pension reserve in restricted funds.

Fixed assets transferred on conversion/acquisition of academies - This represents the buildings and equipment donated to the Trust from the Local Authority on conversion or the acquisition of existing academies.

Fixed asset purchased from GAG and other restricted funds - This represents the assets purchased out of restricted funds for the ongoing operation of the Academies.

DfE/EFA Capital grants - These funds are received from the DfE/EFA for direct expenditure on fixed asset projects.

Other capital donations - These funds are received for direct expenditure on fixed asset projects.

TRANSFERS BETWEEN FUNDS

During the year £673,000 was transferred from Restricted Funds to Restricted Fixed Asset Funds, representing the cost of fixed assets purchased from restricted revenue funds. £420,000 was transferred from Unrestricted Funds to Restricted Funds to cover a deficit on GAG income and expenditure in one school.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

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NOTES TO THE FINANCIAL STATEMENTS
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22. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

| | Total 2016 £000 | Total 2015 £000 |
|---|--------------------------------|-----------------------|
| Bridgwater College Academy | 1,293 | 1,417 |
| Brymore Academy | 292 | 192 |
| Hamp Academy | 301 | 204 |
| Central funds | 69 | 60 |
| West Somerset Community College | 1,315 | - |
| | <hr/> | <hr/> |
| Total before fixed asset fund and pension reserve | 3,270 | 1,873 |
| Restricted fixed asset fund | 35,175 | 18,860 |
| Pension reserve | (13,259) | (4,071) |
| | <hr/> | <hr/> |
| Total | <u>25,186</u> | <u>16,662</u> |

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciat- ion £000 | Total 2016 £000 | Total 2015 £000 |
|---------------------------------|--|---|--|--|--------------------------------|-----------------------|
| Bridgwater College Academy | 4,412 | 1,095 | 266 | 954 | 6,727 | 6,723 |
| Brymore Academy | 1,374 | 945 | 161 | 799 | 3,279 | 2,985 |
| Hamp Academy | 849 | 229 | 68 | 236 | 1,382 | 1,171 |
| Central | - | - | - | 159 | 159 | 594 |
| West Somerset Community College | 2,507 | 999 | 180 | 683 | 4,369 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | <u>9,142</u> | <u>3,268</u> | <u>675</u> | <u>2,831</u> | <u>15,916</u> | <u>11,473</u> |

BRIDGWATER COLLEGE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £000 | Restricted funds 2016 £000 | Restricted fixed asset funds 2016 £000 | Total funds 2016 £000 | Total funds 2015 £000 |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--------------------------------|
| Intangible fixed assets | - | - | 3 | 3 | 3 |
| Tangible fixed assets | - | - | 33,904 | 33,904 | 18,643 |
| Fixed asset investments | - | - | 4 | 4 | 4 |
| Current assets | 2,191 | 2,871 | 1,759 | 6,821 | 3,693 |
| Creditors due within one year | - | (1,792) | - | (1,792) | (1,193) |
| Creditors due in more than one year | - | - | (495) | (495) | (426) |
| Provisions for liabilities and charges | - | (13,259) | - | (13,259) | (4,071) |
| | <u>2,191</u> | <u>(12,180)</u> | <u>35,175</u> | <u>25,186</u> | <u>16,653</u> |

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

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Net income for the year (as per Statement of financial activities) | 13,879 | 441 |
| Adjustment for: | | |
| Depreciation charges | 1,127 | 626 |
| Interest receivable | (8) | (10) |
| Interest payable | - | 6 |
| (Increase)/decrease in stocks | (11) | 7 |
| (Increase)/decrease in debtors | (1,289) | 186 |
| Increase/(decrease) in creditors | 90 | (26) |
| Capital grants from DfE and other capital income | (732) | (766) |
| Other capital grants | - | (22) |
| Defined benefit pension scheme cost less contributions payable | 374 | 142 |
| Defined benefit pension scheme finance cost | 229 | 347 |
| Transfer assets from other academy trust | (13,164) | - |
| Net cash provided by operating activities | <u>495</u> | <u>931</u> |

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £000 | 2015 £000 |
|--------------|--------------|--------------|
| Cash in hand | 4,575 | 3,001 |
| Total | <u>4,575</u> | <u>3,001</u> |

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26. 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.

27. GENERAL INFORMATION

Bridgwater College Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is c/o Bridgwater College, Bath Road, Bridgwater, Somerset, TA6 4PZ.

28. ACQUISITION OF AN ACADEMY TRUST

On 1 February 2016 West Somerset Community College was acquired by the Trust and all the operations and assets and liabilities were transferred to Bridgwater College Trust from West Somerset Community College (an existing academy) for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities as Donations - transfer on acquisition of academy

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

| | Unrestricted funds £000 | Restricted funds £000 | Restricted fixed asset funds £000 | Total funds £000 |
|---|--|--------------------------------------|--|---------------------------------|
| Tangible fixed assets | | | | |
| - Freehold land and buildings | - | - | 14,388 | 14,388 |
| - Other tangible fixed assets | - | - | 349 | 349 |
| LGPS pension deficit | - | (3,239) | - | (3,239) |
| Other identified assets and liabilities | 1,666 | - | - | 1,666 |
| | <u>1,666</u> | <u>(3,239)</u> | <u>14,737</u> | <u>13,164</u> |
| Net assets/(liabilities) | <u>1,666</u> | <u>(3,239)</u> | <u>14,737</u> | <u>13,164</u> |

The above net assets include £1,699,000 that were transferred as cash.

29. CAPITAL COMMITMENTS

At 31 August 2016 the Trust had capital commitments as follows:

| | 2016 £000 | 2015 £000 |
|---|----------------------|----------------------|
| Contracted for but not provided in these financial statements | <u>117</u> | <u>509</u> |

30. PENSION COMMITMENTS

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Somerset County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous 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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £815,087 (2015: £472,583).

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

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

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30. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £861,000 (2015: £540,000, of which employer's contributions totalled £634,000 (2015: £395,000) and employees' contributions totalled £227,000 (2015: £145,000). The agreed contribution rates for future years are 18.1% for employers and 5.5-7.5% for employees.

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

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|---------------|--------|
| Discount rate for scheme liabilities | 2.20 % | 4.00 % |
| Rate of increase in salaries | 4.10 % | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.70 % |
| Inflation assumption (CPI) | 2.30 % | 2.70 % |

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

| | 2016 | 2015 |
|----------------------|-------------|------|
| Retiring today | | |
| Males | 23.8 | 23.7 |
| Females | 26.2 | 26.1 |
| Retiring in 20 years | | |
| Males | 26.1 | 26 |
| Females | 28.5 | 28.4 |

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30. PENSION COMMITMENTS (continued)

The group's share of the assets in the scheme was:

| | Fair value at 31 August 2016 £000 | Fair value at 31 August 2015 £000 |
|------------------------------|--|--|
| Equities | 4,982 | 2,202 |
| Gilts | 481 | 210 |
| Bonds | 813 | 326 |
| Property | 733 | 314 |
| Cash | 203 | 55 |
| | <u>7,212</u> | <u>3,107</u> |
| Total market value of assets | <u><u>7,212</u></u> | <u><u>3,107</u></u> |

The actual return on scheme assets was £959,000 (2015: £81,000).

The amounts recognised in the Statement of financial activities are as follows:

| | 2016 £000 | 2015 £000 |
|--|-----------------------|---------------------|
| Current service cost (net of employee contributions) | (1,008) | (795) |
| Net interest cost | (229) | (176) |
| Gains on curtailments and settlements | - | (19) |
| | <u>(1,237)</u> | <u>(990)</u> |
| Total | <u><u>(1,237)</u></u> | <u><u>(990)</u></u> |

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

| | 2016 £000 | 2015 £000 |
|---|----------------------|---------------------|
| Opening defined benefit obligation | 7,178 | 6,645 |
| Current service cost | 1,008 | 795 |
| Interest cost | 417 | 282 |
| Contributions by employees | 227 | 175 |
| Actuarial losses/(gains) | 6,114 | (714) |
| Past service costs | - | 19 |
| Liabilities assumed on acquisition of Academy | 5,702 | - |
| Benefits paid | (175) | (24) |
| | <u>20,471</u> | <u>7,178</u> |
| Closing defined benefit obligation | <u><u>20,471</u></u> | <u><u>7,178</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
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30. PENSION COMMITMENTS (continued)

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

| | 2016 | 2015 |
|---|---------------------|--------------|
| | £000 | £000 |
| Opening fair value of scheme assets | 3,107 | 2,374 |
| Interest income | 191 | 107 |
| Actuarial gains and (losses) | 768 | (25) |
| Contributions by employer | 634 | 501 |
| Contributions by employees | 227 | 175 |
| Assets acquired on acquisition of Academy | 2,463 | - |
| Benefits paid | (175) | (24) |
| Administration expenses | (3) | (1) |
| | <u>7,212</u> | <u>3,107</u> |
| Closing fair value of scheme assets | <u>7,212</u> | <u>3,107</u> |

31. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the group's future minimum lease payments under non-cancellable operating leases was:

| GROUP | 2016 | 2015 |
|-------------------------|------------------|------------|
| | £000 | £000 |
| AMOUNTS PAYABLE: | | |
| Within 1 year | 27 | 49 |
| Between 1 and 5 years | 28 | 80 |
| Total | <u>55</u> | <u>129</u> |

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32. RELATED PARTY TRANSACTIONS

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

During the year an amount of £83,000 (2015 £82,000) was paid to the sponsor, Bridgwater College for the following:

| | 2016 | 2015 |
|---|-----------------------|----------------|
| | £000 | £000 |
| Curriculum courses | 35 | 34 |
| Careers service | 15 | 14 |
| Exams service | 31 | 32 |
| Free school meals pupils on college courses | - | 1 |
| Stationery and printing services | 1 | 1 |
| Academy conversion support | 1 | - |
| | <hr/> 83 <hr/> | <hr/> 82 <hr/> |

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33. ACADEMY BOARDING TRADING ACCOUNT

| | 2016 £000 | 2015 £000 |
|--|-------------------|------------------|
| INCOME | | |
| Other Dfe/EFA Grants | 1 | - |
| Internal catering income | 41 | 41 |
| Boarding letting | - | 21 |
| Boarding income | 1,224 | 1,081 |
| Boarding Donation | 3 | 8 |
| | <u>1,269</u> | <u>1,151</u> |
| DIRECT COSTS | | |
| Educational supplies | 8 | 7 |
| Other costs | 2 | 1 |
| Wages and salaries | 194 | 214 |
| National insurance | 19 | 17 |
| Pension costs | 33 | 29 |
| Depreciation | 21 | 10 |
| | <u>277</u> | <u>278</u> |
| SUPPORT COSTS | | |
| Maintenance of premises and equipment | 54 | 46 |
| Cleaning | 12 | 7 |
| Rent and rates | 24 | 23 |
| Energy costs | 53 | 41 |
| Insurance | 17 | 11 |
| Security and transport | 8 | 7 |
| Catering | 187 | 140 |
| Office overheads | 48 | 65 |
| Wages and salaries | 328 | 410 |
| National insurance | 14 | 15 |
| Pension costs | 57 | 61 |
| | <u>802</u> | <u>826</u> |
| SURPLUS / (DEFICIT) CARRY FORWARD | <u><u>190</u></u> | <u><u>47</u></u> |

34. PRINCIPAL SUBSIDIARIES

| Company name | Country | Percentage Shareholding |
|--|----------------|--------------------------------|
| Brymore Trading Limited | United Kingdom | 100 |
| Bridgwater College Academy Trading Limited | United Kingdom | 100 |

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35. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2016 the Academy Trust received £68,372 and disbursed £58,071 from the fund. An amount of £10,301 is included in other creditors relating to the undistributed funds payable to the EFA.

36. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

| RECONCILIATION OF TOTAL FUNDS | Notes | 1 September 2014 £000 | 31 August 2015 £000 |
|--------------------------------------|--------------|--------------------------|------------------------|
| Total funds under previous UK GAAP | | 15,523 | 16,653 |
| Total funds reported under FRS 102 | | <u>15,523</u> | <u>16,653</u> |

| Reconciliation of net income/ (expenditure) | Notes | 31 August 2015 £000 |
|--|--------------|------------------------|
| Net income previously reported under UK GAAP | | 494 |
| Change in recognition of LGPS interest cost | | (53) |
| Net movement in funds reported under FRS 102 | | <u>441</u> |

Explanation of changes to previously reported funds and net income/expenditure:

| | |
|---|--|
| Change in recognition of LGPS interest cost | Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £53,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount. |
|---|--|