

Registered number: 08423518 (England and Wales)

Mercenfeld Primary School
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

Mercenfeld Primary School
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 10
Governance Statement	11 - 13
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditors' Report on the Financial Statements	16 - 18
Independent Reporting Accountant's Assurance Report on Regularity	19 - 20
Statement of Financial Activities incorporating Income & Expenditure Account	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements, incorporating Statement of Accounting Policies and Other Notes to the Financial Statements	24 – 46

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Alan May (Resigned 29 September 2016)
Jacqui Williams Resigned 29 September 2016)
Rose Noon (Resigned 31 August 2017)
James Crowhurst (Appointed 29 September 2016)
Sally Collins (Appointed 29 September 2016)
Nigel Grimshaw (Appointed 9 November 2017)
David Brooks (Appointed 22 November 2017)

Trustees

Jacqui Williams, Chair* (Resigned 1 September 2017)
Alan May, Vice Chair* (Resigned 30 September 2016)
Joanna Shephard, Headteacher/Accounting Officer*
Carla Davies, Staff Trustee
Polly Farley, Staff Trustee
James Crowhurst, Chair of Finance* (Resigned 17 October 2017)
Sally Collins, Parent*
Tracy Jesson, Parent
David Brooks, Co-opted (Resigned 1 September 2016)
David Sprason, Co-opted
Michele Brown, Parent (Resigned 31 August 2017)
Rose Noon, Staff trustee, Acting Headteacher/Accounting Officer (Appointed 9 May 2017)
Anna Shutt, Co-opted (Appointed 1 September 2017)
Harvey Singh, Parent (Appointed 1 September 2017)
Clare Thompson, Parent (Appointed 1 September 2017)

*Finance and General Purpose Committee

Senior Management Team

Joanna Shephard (Headteacher)
Rose Noon (Deputy Headteacher)
Stuart Adey (English Coordinator)
Donna Jewitt (Maths Coordinator)
Jane Severn (EYFS)
Jane Williams (SENCO)

Company Name

Mercenfeld Primary School

Principal and registered office

Mercenfeld Primary School
Oakfield Avenue
Markfield
LE67 9WG

Company registration number

08423518

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Independent Auditors

MHA MacIntyre Hudson, 11 Merus Court, Meridian Business Park, Leicester, LE19 1RJ

Bankers

National Westminster Bank Plc, Market Place, Leicester, LE11 3NZ

Solicitors

Howes Percival, 3 The Osiers Business Centre, Leicester, Leicestershire, LE19 1DX

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and Auditors' Reports of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Markfield. It has a pupil capacity of 350 and had a roll of 334 in the school census on October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Mercenfeld Primary School are also the directors and Governors of the charitable company for the purposes of company law. The charitable company is known as Mercenfeld Primary School.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

Members Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance 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 Academy Trust. The cost of this insurance in the year was £415.

Method of Recruitment and Appointment or Election of Trustees

Trustees were appointed through nomination and election (Staff, Parent Trustee positions) and Community Trustees were appointed at the inception of the Academy. Terms of office for a Trustee are based upon four years. Members may appoint up to 12 Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustee induction training alongside a menu of extensive specialised training is available through the local network of schools to support all new Trustees. The Academy buys into the Local Authority Governor Development Service who across the Governing Body offers further Governor Training. A skills matrix is being developed to identify areas of strength and weakness.

Organisational Structure

A unified management structure is utilised to ensure the Academy is run effectively. The structure consists of two levels; the Trustees and Head/Deputy/Senior Leaders/Middle Leaders. 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 general policy, adopting an annual plan and approving the annual budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Related parties and other connected charities and organisations.

The Academy is an independent company in all aspects. The Oaks Umbrella Trust (Registered Company Number 8407770) is an 'umbrella' Trust within which members of Mercenfeld Primary School, Stanton under Bardon Primary School and South Charnwood High School each contribute and account for one quarter of the Trust. The primary aim of The Oaks Umbrella Trust is to support all the schools within the group. The Oaks Umbrella Trust holds no funds.

The Academy, Mercenfeld Primary School is involved in a partnership with ENRICH, whose members are the local college, local high schools and primary schools. The Trust works together to provide enriching experiences across all schools and ages to provide quality transition arrangements. Headteachers share experiences and expertise on the issues raised from within the group.

The Academy, Mercenfeld Primary School, works collaboratively with a group of primary schools to share knowledge, expertise and experience at all levels of school organisation. G7 (Group 7) consists of Mercenfeld Primary School, Kirby Muxloe Primary School, Desford Primary School, Stafford Leys Primary School, Martinshaw Primary School, Stanton under Bardon Primary School and Huncote Primary School. Headteachers meet once every half term for development matters, including data scrutiny and monitoring within each others' schools. This group offers member support, challenge and educational networks previously provided by the LA, including subject leader networks, Trustee and Business Manager Networks and teacher training opportunities. Professional development to secure high standards is a priority for this group through self determined projects of sharing good practice, devising a common standards assessment system, joint monitoring and evaluation.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The objects of the charitable company are the operation of Mercenfeld Primary School to provide education for pupils of different abilities between the ages of 4 and 11.

The main objectives of the Academy are summarised below;

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement for all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements; and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Objects and Aims

The Academy's main strategy is encompassed in its mission statement which is 'Love to Learn, Have Fun and Make a Difference'.

At Mercenfeld Primary School we aim for an inclusive, creative, stimulating learning environment which enables each child to reach his/her full potential by;

- Working as an efficient, dynamic team comprising of children, staff, parents, the Governing Body and other external stakeholders.
- Providing a stimulating, broad range of teaching experiences tailored to the individual needs of the child, promoting good standards of behaviour, health and wellbeing.
- Promoting an emotionally intelligent environment where all members of the school community model a high standard of respect and tolerance.
- Promoting equality for all.
- Promoting links with other schools, recognising our needs and nurturing strengths.

As a result of such an environment we hope that our children will become independent, resilient learners who demonstrate respect and ambition for their future.

Objectives, Strategies and Activities

Teaching and Learning

- **LONG TERM AIM** - To be a research engaged school.
- Teaching to be at a consistently high standard across the school.
- To further develop strategies to assess against the new curriculum, including depth of learning in order that pupils meet age related expectations.
- To increase the percentage of pupils meeting expected standards at the end of KS2 by ensuring our staff and pupils are considerably well prepared and supported for the test expectations.
- To develop learning centred classrooms that supports pupil involvement to enable them to reach their full potential.
- High quality questioning will have an impact on progress.
- To ensure the best possible start for our learners – EYFS.
- To raise phonics standards in KS1 - phonics check target setting.
- To increase spelling ability and confidence in KS2.
- To further develop our school curriculum ensuring that it is creative, connected, innovative and children centred.
- To improve induction of new children into whole school to impact on progress and achievement.

Enabling Environments

- **LONG TERM AIM** - To have created high quality child centred environments that promote independence, resilience, a sense of belonging and creativity.
- To create an emotionally literate environment.
- To continue to develop the integrated use of technology to support teaching and learning.
- To maintain and further develop the school website.
- To further develop and strengthen safeguarding procedures - policy development.
- To improve the outdoor play and PE space to incorporate risk, challenge and adventure.
- To raise the profile of sustainable living and environmental awareness.
- To further develop parental involvement in whole school life - Parent Forum/Govs/FOM.
- To continue to improve our links with the community.
- Artsmark, Food for Life, International School Award, Eco Schools, School Games - research, maintain and or achieve these awards.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Leadership and Management

- **LONG TERM AIM** - To have established a fair, transparent monitoring system across the school that impacts on standards.
- To develop and maintain organisational trust to restore an efficient and effective working environment.
- To move from a directed leadership model to an enabling structure.
- To create and implement focused improvement plans and procedures that connect all areas/phases.
- To sustain high quality governance to provide appropriate support and challenge.
- To effectively review key policies to build a robust system of accountability and support.
- To build leadership capacity within the school.
- To create a clear monitoring cycle to enable all staff to prepare and contribute to whole school development.
- To develop the whole school capacity to measure impact of actions through effective evaluation.
- To ensure that the new changes to our curriculum/assessment improve our education.

These actions will be achieved through a wide range of CPD strategies; revised performance management structure, direct instruction – access to courses, collaboration with other schools, directed time, membership to leadership programmes, setting high expectations and standards.

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit. Public Benefit entities are reporting entities whose primary objective is to provide goods or services for the general benefit and where any equity has been provided with a view to supporting that primary objective rather than with a view to providing financial return.

The Trustees have invested in resources, including staffing, technology and support services to facilitate the education of the children of Mercenfeld Primary School.

The aims of the Academy are outlined above to ensure the school focuses upon these aims the following has been considered by the Trustees of Mercenfeld Primary School.

- The needs of the children currently attending the school.
- The needs of the children about to enter the school.

The Academy's catchment area is mixed with children from private and social housing, as well as those from the travelling community. The Academy takes pupils from outside the catchment area where places exist. We have adopted LCC's Admissions policy and support.

STRATEGIC REPORT

Achievements and Performance

Standards in the school vary from year to year depending on cohorts. Some pupils make outstanding progress, whereas for others this is slower – in all cases, support is put in place where pupils are not progressing as expected.

At the beginning of 2016/2017 Mercenfeld Primary School was using the Symphony Assessment System for end of year assessments. However, they moved away from this assessment system during the academic year 2016/2017 and towards the end of 2017 Target Tracker Assessment System was introduced. Statutory Assessment Tests are used to assess the children in Year 2 and 6.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

For the year 2016/2017 the school met the Floor Standards in Year 6.

Floor Standards

Schools need to meet the attainment % OR all three progress measures	Attainment	Progress		
		Reading	Writing	Maths
National Floor Standards	65% in reading writing and maths	-5	-7	-5
Mercenfeld Primary School	46.4% in reading writing and maths	1	-4	0.2

The school achieved the following awards:

Food for life – Bronze

School Sports award – Gold

Key Financial Performance Indicators

The school is a 'Good' school as rated by Ofsted in March 2015 and continues to perform well. There was an increase in the number of pupils achieving a 'Good Level of Development' at the end of EYFS and a significant increase in the number of pupils passing the Phonics Screening Check. There was also a significant increase in the percentage of pupils meeting expectations at the end of KS1 and although the results for end of KS2 tests were not as positive, the progress that the children made from KS1 – KS2 was good.

Groups	EYFS Outcomes			
	GLD 2015/2016		GLD 2016/2017	
Whole cohort	54% School	69% National	62% School	71% National

Phonics Screening

2015/2016		2016/2017	
Mercenfeld	National	Mercenfeld	National
58%	81%	76%	82%

KS1 Reading

2015/2016 (EXP+)		2016/2017 (EXP+)	
Mercenfeld	National	Mercenfeld	National
56%	74%	59%	75.5%

KS1 Writing

2015/2016 (EXP+)		2016/2017 (EXP+)	
Mercenfeld	National	Mercenfeld	National
26%	65%	64.5%	68.2%

KS1 Maths

2015/2016 (EXP+)		2016/2017 (EXP+)	
Mercenfeld	National	Mercenfeld	National
51%	73%	72.5%	75.1%

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

KS2 Results

	2015/2016		2016/2017	
	School	National	School	National
Reading	67%	66%	71%	71.5%
GAPS	76%	72%	70%	77%
Writing	56.5%	74%	50%	76.3%
Maths	72%	70%	62.5%	75%
Combined	48%	53%	46%	61%

Going Concern

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

FINANCIAL REVIEW

Most of the Academy's income is obtained from the DfE via the EFSA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFSA during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

Key financial policies adopted or reviewed during the year, include the Finance Policy, which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, School Finance Manager, budget holders and other staff, as well as delegated authority spending.

Trustees use the LEA for their independent internal auditor.

Reserves Policy

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 20. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees. The aim of the Trustees is to ensure funding is managed prudently and spent for the benefit of the pupils, both present and future to provide them with the best possible education in a safe, stimulating environment.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015) capital grants received and expended 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 expected useful life of assets concerned.

At 31 August 2017 the total funds comprised:

Unrestricted		£20,000
Restricted:	Fixed asset funds	£2,585,000
	CIF	£2,000
	Pension reserve	£(495,000)
		<u>£2,112,000</u>

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Investment Policy

Due to the nature of the funding, the Academy may at times wish to hold cash balances surplus to its short term requirements. The Academy aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. The Trustees will monitor this situation closely and will make short term investments where appropriate. At present, the Academy does not hold significant funding to warrant additional investment. The Academy's current investment policy is only to invest in risk free deposit accounts as set out in the Financial Management Handbook.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk remains, they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustee and Audit, Finance and Personnel meetings.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Internal control systems and the exposure to risks are matters that are considered on a regular basis by management and the Trustees. Any major risks highlighted at any sub committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable risk in any area.

The principle risks and uncertainties facing the Academy are as follows:

Financial

The Academy had considerable reliance on continued Government funding and whilst this level is expected to continue, there is no assurance that government policy or practice will remain the same.

The principal financial risks are a reduction in pupil numbers, a reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by careful and regular monitoring of cash flow, budget projections, focus on priorities and value for money.

Fraud

The Academy has appointed the LEA for internal audit purposes to carry out checks on financial records as required by the Academies Financial Handbook

Reputational

The continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that pupil success and achievement is closely monitored.

Performance

The school could lose the 'Good' Ofsted rating. Performance is mitigated by ensuring CPD is planned carefully throughout the school and recruitment is a competitive process. The SIP focuses on raising standards.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Staffing

The success of the Academy is reliant on the quality of staff. Trustees review policies and oversee CPD to ensure that staff are well directed and that there is succession planning.

Safeguarding

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

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the standards of performance of its pupils at all levels, whilst maintaining breadth and depth of wider education to develop the whole person.

The Academy will strive to provide better facilities for the children, both inside and out to benefit pupils in school and impact on the wider community.

The Academy will set challenging targets taking into account new curriculum expectations and developing our assessment system.

Future plans are financed from the income direct from the DfE, based on pupil numbers and other factors. Trustees will ensure funding is invested appropriately for the next generations of pupils as has been the case in the past.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Transactions and balances undertaken in connection with the school fund (Friend's of Mercenfeld PTA) are included with the company's financial statements.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, 4 December 2017 and signed on the Board's behalf by:

.....
S Collins
Chair of Trustees

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017**

SCOPE OF RESPONSIBILITY

As Trustees we acknowledge we have overall responsibility for ensuring that Mercenfeld Primary School 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 Headteacher, Joanna Shephard, 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 Mercenfeld Primary School and the Secretary of State for Education. She is 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 5 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
Jacqui Williams	5	5
Michele Brown	5	5
Joanna Shephard	5	5
Carla Davies	5	5
Polly Farley	5	5
James Crowhurst	5	5
Sally Collins	5	5
Tracy Jesson	3	5
David Sprason	2	5
Rose Noon	2	2

The Trustees have considered the quality of the data they receive and consider it to be adequate for the purposes of overseeing the work of the Academy. Their assessment has been made having regard to externally validated data which is consistent with that received from within the Academy and data provided by the work of the internal and external auditors.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees.

The committee dealt with a number of key actions that were raised in both the management letter from accountants and on the SIP created by the Headteacher.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

During the year the school Bursar's Alistair Keates (1/1) and Jay Vaghela (2/3) attended the finance meetings. Attendance at finance meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
James Crowhurst	5	5
Jacqui Williams	3	5
Sally Collins	5	5
Alan May	1	1
Joanna Shephard	5	5
Rose Noon	2	2

REVIEW OF VALUE FOR MONEY

As Accounting Officer the Headteacher 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 appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- To ensure the children benefit from a wide range of additional opportunities both within the school day and extra curricular opportunities.
- To ensure that the standards of pupil's achievement is good.
- Regular monitoring of the cash flow and clear communication with budget holders.
- Looking at payment structures and leases regularly – to renegotiate better deals.
- To review policies to ensure they reflect good practice.
- To action plan spending to ensure that it directly impacts on the Teaching and Learning.
- To hold budget holders to account.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mercenfeld Primary School for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

THE RISK AND CONTROL FRAMEWORK

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees.
- 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 Board of Trustees has considered the need for a specific internal audit function and has decided to appoint the Leicestershire County Council as internal auditor.

The Leicestershire County Council role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Review of Academy's financial systems and procedures.
- Review of internal controls.

On an annual basis, the internal auditor reports to the Board of Trustees, through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- The work of the internal auditor.
- The work of the external auditor.
- The financial management and governance self-assessment process.
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 4 December 2017 and signed on its behalf by:

.....
S Collins
Chair of Trustees

.....
R Noon
Accounting Officer

**Mercenfeld Primary School
(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2017**

As Accounting Officer of Mercenfeld Primary School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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

.....
R Noon
Accounting Officer

4 December 2017

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as Governors of Mercenfeld Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

.....
S Collins
Chair of Trustees

Date: 4 December 2017

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
MERCENFELD PRIMARY SCHOOL**

OPINION

We have audited the financial statements of Mercenfeld Primary School for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating the Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
MERCENFELD PRIMARY SCHOOL**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and Strategic Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees Report.

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

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

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
MERCENFELD PRIMARY SCHOOL**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustee's Responsibilities Statement set out on page 15, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ
18 December 2017

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
MERCENFELD PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercenfeld Primary School during the year 1 September 2016 to 31 August 2017 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 Mercenfeld Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mercenfeld Primary School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mercenfeld Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF MERCENFELD PRIMARY SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Mercenfeld Primary School's funding agreement with the Secretary of State for Education dated 27 February 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
MERCENFELD PRIMARY SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

18 December 2017

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:						
Donations and capital grants	2	1	99	-	100	12
Funding for the Academy						
Trust's educational activities	3	-	1,329	8	1,337	1,273
Other trading activities	4	35	13	-	48	58
TOTAL INCOME		36	1,441	8	1,485	1,343
EXPENDITURE ON:						
Raising funds	5	12	-	-	12	15
Academy Trust's educational operations	6	-	1,498	56	1,554	1,360
TOTAL EXPENDITURE	7	12	1,498	56	1,566	1,375
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	24 (6)	(57) 6	(48) -	(81) -	(32) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	46	-	46	(109)
NET MOVEMENT IN FUNDS		18	(5)	(48)	(35)	(141)
RECONCILIATION OF FUNDS:						
Total funds brought forward		2	(488)	2,633	2,147	2,288
TOTAL FUNDS CARRIED FORWARD		20	(493)	2,585	2,112	2,147

The notes on pages 24 to 46 form part of these financial statements.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08423518

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Tangible assets	13		2,585		2,633
CURRENT ASSETS					
Debtors	14	70		41	
Cash at bank and in hand		55		52	
		125		93	
CREDITORS: amounts falling due within one year	15	(103)		(91)	
			22		2
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			2,607		2,635
Defined benefit pension scheme liability	20		(495)		(488)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			2,112	2,147	
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	2		-	
Restricted fixed asset funds	16	2,585		2,633	
Restricted income funds excluding pension liability		2,587		2,633	
Pension reserve		(495)		(488)	
			2,092		2,145
Total restricted income funds					
Unrestricted income funds	16		20		2
TOTAL FUNDS			2,112	2,147	

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:

.....
S Collins
Chair of Trustees

.....
R Noon
Accounting Officer

The notes on pages 24 to 46 form part of these financial statements.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	<i>2016</i> <i>£000</i>
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>3</u>	<u>33</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(8)	<i>(22)</i>
Capital grants from DfE/ESFA		8	<i>7</i>
Net cash used in investing activities		<u>-</u>	<u><i>(15)</i></u>
Change in cash and cash equivalents in the year		3	<i>18</i>
Cash and cash equivalents brought forward		<u>52</u>	<u><i>34</i></u>
Cash and cash equivalents carried forward	19	<u>55</u>	<u><i>52</i></u>

The notes on pages 24 to 46 form part of these financial statements.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Mercenfeld Primary School constitutes a public benefit entity as defined by FRS102.

Mercenfeld Primary School is a company limited by guarantee incorporated in England. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees' Report.

The Financial Statements are prepared in £ Sterling, the functional currency, rounded to the nearest £1,000.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the funds, 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 meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until performance related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised 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 receipt is probable 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.

1.4 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 to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold land	-	125 years life of lease
Long leasehold property	-	2% straight line per annum
Fixtures and fittings	-	10% straight line per annum

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.

1.6 Operating leases

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

1.7 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 20, 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.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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.

1.11 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 13 for the carrying amount of fixed assets, and note 1.5 for the useful economic lives for each class of assets.

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funder and include grants from the Department for Education / the Education and Skills Funding Agency 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 / the Education and Skills Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	<i>Total funds 2016 £000</i>
Donations	1	-	-	1	12
Capital improvement fund	-	99	-	99	-
	<u>1</u>	<u>99</u>	<u>-</u>	<u>100</u>	<u>12</u>
<i>Total 2016</i>	<u>-</u>	<u>5</u>	<u>7</u>	<u>12</u>	

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,124	1,124	1,092
Pupil Premium	-	54	54	56
Devolved Formula Capital	-	8	8	7
Other ESFA/DfE Grants	-	66	66	59
	-	1,252	1,252	1,214
Other government grants				
Local Authority grants	-	47	47	31
	-	47	47	31
Other funding				
Trips and parental contributions	-	29	29	26
Swimming income	-	1	1	1
Teachers insurance claims	-	6	6	-
Other income	-	2	2	1
	-	38	38	28
	-	1,337	1,337	1,273
<i>Total 2016</i>	-	1,273	1,273	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Hire of facilities	1	-	1	1
Afterschool activities income	-	13	13	13
Other income	6	-	6	15
Catering income	28	-	28	29
	35	13	48	58
<i>Total 2016</i>	39	19	58	

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	<i>Total funds 2016 £000</i>
Catering costs	12	-	12	15
<i>Total 2016</i>	15	-	15	

6. ACADEMY TRUST EDUCATIONAL OPERATIONS

	Total funds 2017 £000	<i>Total funds 2016 £000</i>
DIRECT COSTS		
Wages and salaries	833	797
National insurance	61	49
Pension costs	179	136
Depreciation	56	63
Educational supplies	26	20
Staff development	5	3
Other direct costs	125	27
	1,285	1,095
SUPPORT COSTS		
Wages and salaries	84	89
National insurance	5	4
Pension costs	12	11
Pension finance cost (note 12)	11	13
Governor training	1	-
Maintenance of premises and equipment	37	35
Cleaning	5	7
Rates	6	5
Energy costs	11	12
Insurance	20	20
Catering	11	11
Other support costs	43	37
Bank charges and interest	13	12
Governance costs	10	9
	269	265
	1,554	1,360

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	<i>Total</i>
	2017	2017	2017	2017	<i>2016</i>
	£000	£000	£000	£000	<i>£000</i>
Expenditure on raising voluntary income	-	-	12	12	15
Activities:					
Direct costs	1,073	50	162	1,285	1,095
Support costs	112	59	98	269	265
	<u>1,185</u>	<u>109</u>	<u>272</u>	<u>1,566</u>	<u>1,375</u>
<i>Total 2016</i>	<u>1,099</u>	<u>113</u>	<u>163</u>	<u>1,375</u>	

In 2016, of the total expenditure on charitable educational activities of £1,375,000, £15,000 was from unrestricted funds, £1,297,000 was from restricted funds and £63,000 from restricted fixed asset funds.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	<i>2016</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	56	63
Auditor's remuneration - audit	8	8
Auditor's remuneration - other services	1	1
Internal audit costs	1	1
Operating lease rentals	17	3
	<u> </u>	<u> </u>

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS

Staff costs were as follows:

	2017	<i>2016</i>
	£000	<i>£000</i>
Wages and salaries	912	<i>886</i>
Social security costs	65	<i>53</i>
Operating costs of defined benefit pension schemes	191	<i>146</i>
	1,168	<i>1,085</i>
Supply teacher costs	6	<i>1</i>
Pension finance cost (note 12)	11	<i>13</i>
	1,185	<i>1,099</i>

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

	2017	<i>2016</i>
	No.	<i>No.</i>
Teaching staff	22	<i>20</i>
Support staff	35	<i>34</i>
Management	2	<i>2</i>
	59	<i>56</i>

Average headcount expressed as a full time equivalent:

	2017	<i>2016</i>
	No.	<i>No.</i>
Teaching staff	17	<i>15</i>
Support staff	21	<i>21</i>
Management	2	<i>2</i>
	40	<i>38</i>

No employee received remuneration amounting to more than £60,000 in either year.

The Key Management Personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employer benefits (including employer pension contributions) received by Key Management Personnel for their services to the Academy Trust was £280,862 (2016 - £302,147).

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. 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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	<i>2016</i>
		£000	<i>£000</i>
J Shephard, Headteacher	Remuneration	50-55	<i>50-55</i>
	Pension contributions paid	5-10	<i>5-10</i>
R Noon, Staff Trustee	Remuneration	40-45	<i>-</i>
	Pension contributions paid	5-10	<i>-</i>
C Davies, Staff Trustee	Remuneration	15-20	<i>15-20</i>
	Pension contributions paid	0-5	<i>0-5</i>
P Farley, Staff Trustee	Remuneration	5-10	<i>30-35</i>
	Pension contributions paid	0-5	<i>5-10</i>

During the year ended 31 August 2017, 3 Trustees received reimbursement of expenses of £126 (2016 - 4 Trustees received £310).

Other related party transactions involving the Trustees are set out in note 22.

11. 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 £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £415 (2016 - £372).

12. PENSION FINANCE COST

	2017	<i>2016</i>
	£000	<i>£000</i>
Interest income on pension scheme assets	12	<i>16</i>
Interest on pension scheme liabilities	(23)	<i>(29)</i>
	(11)	<i>(13)</i>

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. TANGIBLE FIXED ASSETS

	Long leasehold property £000	Fixtures and fittings £000	Total £000
Cost			
At 1 September 2016	2,751	61	2,812
Additions	-	8	8
At 31 August 2017	<u>2,751</u>	<u>69</u>	<u>2,820</u>
Depreciation			
At 1 September 2016	170	9	179
Charge for the year	50	6	56
At 31 August 2017	<u>220</u>	<u>15</u>	<u>235</u>
Net book value			
At 31 August 2017	<u>2,531</u>	<u>54</u>	<u>2,585</u>
<i>At 31 August 2016</i>	<u>2,581</u>	<u>52</u>	<u>2,633</u>

Included in long leasehold property is land valued at £435,100 (2016 - £435,100) on conversion in 2013 by Andrea Hopkins MRICS, Leicestershire County Council, using the depreciation replacement cost method. The Trustees consider that the valuation remains appropriate for the purpose of these financial statements.

The freehold of this land and buildings is owned by Leicestershire County Council. The Academy holds a 125 year lease on a peppercorn rent from 2013.

14. DEBTORS

	2017 £000	2016 £000
VAT recoverable	23	7
Prepayments and accrued income	47	34
	<u>70</u>	<u>41</u>

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. CREDITORS: Amounts falling due within one year

	2017	<i>2016</i>
	£000	<i>£000</i>
Taxation and social security	17	16
Other creditors	18	16
Accruals and deferred income	68	59
	<u>103</u>	<u>91</u>
	<u><u>103</u></u>	<u><u>91</u></u>
	2017	<i>2016</i>
	£000	<i>£000</i>
Deferred income		
Deferred income at 1 September 2016	49	35
Resources deferred during the year	46	49
Amounts released from previous years	(49)	(35)
	<u>46</u>	<u>49</u>
Deferred income at 31 August 2017	<u><u>46</u></u>	<u><u>49</u></u>

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals, rates reimbursement and trips in relation to funding for the next academic year.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS

	Brought forward £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
Unrestricted funds	2	36	(12)	(6)	-	20
Restricted funds						
General Annual Grant (GAG)	-	1,124	(1,130)	6	-	-
Other DfE/ESFA Grants	-	66	(66)	-	-	-
Pupil Premium	-	54	(54)	-	-	-
Local Authority	-	47	(47)	-	-	-
Other income	-	51	(51)	-	-	-
CIF Grant	-	99	(97)	-	-	2
Pension reserve	(488)	-	(53)	-	46	(495)
	(488)	1,441	(1,498)	6	46	(493)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	2,633	-	(56)	8	-	2,585
Capital grants	-	8	-	(8)	-	-
	2,633	8	(56)	-	-	2,585
Total restricted funds	2,145	1,449	(1,554)	6	46	2,092
Total of funds	2,147	1,485	(1,566)	-	46	2,112

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Brought forward £000</i>	<i>Income £000</i>	<i>Resources expended £000</i>	<i>Transfers in/(out) £000</i>	<i>Gains/ (losses) £000</i>	<i>Balance at 31 August 2016 £000</i>
Unrestricted funds						
Unrestricted funds	-	39	(15)	(22)	-	2
	<u>-</u>	<u>39</u>	<u>(15)</u>	<u>(22)</u>	<u>-</u>	<u>2</u>
Restricted funds						
General Annual Grant (GAG)	(32)	1,092	(1,074)	14	-	-
Other DfE/ESFA Grants	-	59	(59)	-	-	-
Pupil Premium	-	56	(56)	-	-	-
Local Authority	-	31	(31)	-	-	-
Other income	-	52	(52)	-	-	-
Pension reserve	(354)	-	(25)	-	(109)	(488)
	<u>(386)</u>	<u>1,290</u>	<u>(1,297)</u>	<u>14</u>	<u>(109)</u>	<u>(488)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	2,674	-	(63)	22	-	2,633
Capital grants	-	14	-	(14)	-	-
	<u>2,674</u>	<u>14</u>	<u>(63)</u>	<u>8</u>	<u>-</u>	<u>2,633</u>
Total restricted funds	<u>2,288</u>	<u>1,304</u>	<u>(1,360)</u>	<u>22</u>	<u>(109)</u>	<u>2,145</u>
Total of funds	<u>2,288</u>	<u>1,343</u>	<u>(1,375)</u>	<u>-</u>	<u>(109)</u>	<u>2,147</u>

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

General Annual Grant (GAG)

Funds from the Education and Skills Funding Agency for the provision of education, in line with the funding agreement.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. There has been a transfer of £6,000 from unrestricted funds to restricted funds to subsidise the overspend on GAG funding.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. STATEMENT OF FUNDS (continued)

Other DfE/ESFA grants

Other funds provided by the DfE/ESFA for particular purposes within the Academy's educational operations.

Pupil premium

Additional funds from the Education and Skills Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Other income

These consist of restricted income from all other sources to be used primarily for the Academy's educational operations.

CIF Grant

This consists of a grant used for fire risk assessments, the carried forward represents amounts unspent in respect of this grant.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the Balance Sheet. The fund is in deficit. Given the nature of the liability, however, this is not payable immediately. Plans are in place to address the deficit.

Restricted fixed asset funds

The net book value of fixed asset fund has been set up to recognise the tangible assets held by the Academy Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education and Skills Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	2,585	2,585
Current assets	22	103	-	125
Creditors due within one year	-	(103)	-	(103)
Pension scheme liability	-	(495)	-	(495)
Difference	(2)	2	-	-
	<u>20</u>	<u>(493)</u>	<u>2,585</u>	<u>2,112</u>

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2016 £000</i>	<i>2016 £000</i>	<i>2016 £000</i>	<i>2016 £000</i>
Tangible fixed assets	-	-	2,633	2,633
Current assets	2	91	-	93
Creditors due within one year	-	(91)	-	(91)
Pension scheme liability	-	(488)	-	(488)
	<u>2</u>	<u>(488)</u>	<u>2,633</u>	<u>2,147</u>

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

	2017 £000	2016 £000
Net expenditure for the year	(81)	(32)
Adjustment for:		
Depreciation charges	56	63
Increase in debtors	(29)	(12)
Increase/(decrease) in creditors	12	(4)
Capital grants from DfE and other capital income	(8)	(7)
Defined benefit pension scheme cost less contributions payable	42	12
Defined benefit pension scheme finance cost	11	13
Net cash provided by operating activities	<u>3</u>	<u>33</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash in hand	55	52
Total	<u>55</u>	<u>52</u>

20. PENSION COMMITMENTS

The Academy'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 Leicestershire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

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

Contributions amounting to £18,308 were payable to the schemes at 31 August 2017 (2016 - £16,105) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases).

From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates set at 16.48% of pensionable pay, in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176.6 billion giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015

The employer's pension costs paid to TPS in the period amounted to £88,000 (2016 - £85,000).

A full 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).

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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 2017 was £75,000 (2016 - £63,000), of which employer's contributions totalled £59,000 (2016 - £49,000) and employees' contributions totalled £16,000 (2016 - £14,000). The agreed contribution rates for future years are 23.6% for employers and 5.5% and 12.5% 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:

	2017	<i>2016</i>
Discount rate for scheme liabilities	2.50 %	<i>2.10 %</i>
Rate of increase in salaries	3.40 %	<i>3.10 %</i>
Rate of increase for pensions in payment	2.40 %	<i>2.10 %</i>
Inflation assumption (CPI)	2.40 %	<i>2.10 %</i>
Commutation of pensions to lump sums	50.00 %	<i>50.00 %</i>

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

	2017	<i>2016</i>
Retiring today		
Males	22.1	<i>22.2</i>
Females	24.3	<i>24.3</i>
Retiring in 20 years		
Males	23.8	<i>24.2</i>
Females	26.2	<i>26.6</i>

	At 31 August	<i>At 31 August</i>
Sensitivity analysis	2017	<i>2016</i>
	£000	<i>£000</i>
Discount rate +0.1%	(31)	<i>(30)</i>
Discount rate -0.1%	31	<i>30</i>
Mortality assumption - 1 year increase	45	<i>31</i>
Mortality assumption - 1 year decrease	(45)	<i>(31)</i>
CPI rate +0.1%	22	<i>17</i>
CPI rate -0.1%	(22)	<i>(17)</i>

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £000	<i>Fair value at 31 August 2016 £000</i>
Equities	422	387
Bonds	126	97
Property	50	48
Cash	32	5
	<u>630</u>	<u>542</u>
Total market value of assets	<u><u>630</u></u>	<u><u>542</u></u>

The Academy expects to contribute £64,000 to its defined benefit pension scheme in 2018.

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

	2017 £000	<i>2016 £000</i>
Interest income	12	16
Interest cost	(23)	(29)
Current service cost	(101)	(61)
	<u>(112)</u>	<u>(74)</u>
Total	<u><u>(112)</u></u>	<u><u>(74)</u></u>
Actual return on scheme assets	<u><u>46</u></u>	<u><u>(109)</u></u>

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

	2017 £000	<i>2016 £000</i>
Opening defined benefit obligation	1,025	739
Interest cost	23	29
Contributions by employees	16	14
Actuarial (gains)/losses	(36)	182
Current service cost	101	61
Benefits paid	(4)	-
	<u>1,125</u>	<u>1,025</u>
Closing defined benefit obligation	<u><u>1,125</u></u>	<u><u>1,025</u></u>

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

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

	2017	<i>2016</i>
	£000	<i>£000</i>
Opening fair value of scheme assets	537	385
Interest income	12	16
Actuarial gains	10	73
Employer contributions	59	49
Employee contributions	16	14
Benefits paid	(4)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	630	537
	<hr/> <hr/>	<hr/> <hr/>

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017	<i>2016</i>
	£000	<i>£000</i>
Amounts payable:		
Within 1 year	16	17
Between 1 and 5 years	3	14
	<hr/>	<hr/>
Total	19	31
	<hr/> <hr/>	<hr/> <hr/>

22. RELATED PARTY TRANSACTIONS

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

The following related party transactions took place in the period of account:

ICT Techie Limited, is a company in which J Crowhurst (Trustee) has a majority interest. Transactions totalling £6,475 (2016 - £10,110) for the sourcing of ICT equipment for school took place during the year. The transactions with ICT Techie Limited were provided at cost and followed correct procurement procedures. J Crowhurst neither participated in nor influenced the decision for the procurement of these goods.

No other related party transactions took place in the period of account other than certain Trustees remuneration and expenses as disclosed in note 10.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. CONTROLLING PARTY

The Academy is ultimately controlled by the Governing Body, which includes the Headteacher and the Deputy Headteacher.

24. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.

25. 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.