

Registered number: 08423518 (England and Wales)

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

MERCENFELD PRIMARY SCHOOL

(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

Alan May
Jacqui Williams
James Crowhurst
Rose Noon
Sally Collins

Trustees / Governors

Jacqui Williams, Chair*
Alan May, Vice Chair*
Joanna Shephard, Headteacher/Accounting Officer*
Carla Davies, Staff Trustee
Polly Farley, Staff Trustee
James Crowhurst, Chair of Finance*
Sally Collins, Parent*
Tracy Jesson, Parent
David Sprason*
David Brooks, (resigned 1 September 2016)*
Michele Brown, Parent
Rose Noon (appointed 3 January 2016)

*Finance and General Purpose Committee

Senior Management Team

SLT 1 Joanna Shephard
SLT 2 Rose Noon (Appointed November 2016)

Company Name

Mercenfeld Primary School

Registered office

Mercenfeld Primary School
Oakfield Avenue
Markfield
LE67 9WG

Company registered number

08423518

Independent Auditors

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

Bankers

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

**MERCENFELD PRIMARY SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Solicitors

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

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

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2016. 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 300 and had a roll of 314 in the school census on October 2016.

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 Academy.

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.

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. Trustees may co opt up to 2 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 strengths and weakness.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider that they, together with the Headteacher and the Deputy Headteacher comprise the Key Management Personnel. The Trustees give of their time freely and the pay and remuneration of the Headteacher and Deputy is set by the Finance Committee and is kept under annual review through Performance Management cycle. A number of criteria are used in setting pay. The pay policy is reviewed each year and clearly outlines the review structure, the agreed bands for the school and the need for an external body to oversee the reviews.

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

Organisational Structure

A unified management structure is utilised to ensure the Academy is run effectively. The structure consists of two levels; the Trustees and Headteacher/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.

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, Thornton 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 each post age range change of the local schools. The Oaks Umbrella Trust holds no funds.

The Academy, Mercenfeld Primary School is involved in 2 main partnerships;

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.

SYMPHONY PRIMARY PARTNERSHIP, a group of thirteen primary schools working together to share knowledge, expertise and experience at all levels of school organisation. 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 objects of the Academy are summarised below;

- To ensure that every children 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 .

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

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; and
 - 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 maintain and exceed achievement at 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

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

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. The Academy takes pupils from outside the catchment area where places exist. We have adopted LCC Admissions policy and support.

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

STRATEGIC REPORT

Achievements and Performance

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

However, with the introduction of the new 2014 Curriculum, teacher used the Symphony Assessment System for the end of year assessments, in these year groups there are no national comparators available. The new curriculum has high expectations and should not be compared to levels. New Statutory Assessment Tests were used to assess the children in Year 2 and 6. However, this has been classed as an interim year and may be subject to change, the school met the Floor Standards in Year 6.

The school achieved the following awards:

Food for life – Bronze

School Sports award – Silver

Key Financial Performance Indicators

The school is performing well and is showing progress against the New Curriculum measures.

	National				School			
Phonics screening check	81%				58%			
End KS1 (Interim year)	Reading	Writing	Maths		Reading	Writing	Maths	
	-	-	-		56.4%	25.6%	51.3%	
End KS2	Reading	Writing GAPS	Maths	R/W/M	Reading	Writing GAPS	Maths	R/W/M
	66%	74% 72%	70%	53%	67.4%	56.5% 76%	71.7%	47.8%
✓ Floor standards met	Reading -1.86		Writing -3.96		Maths -1.15			

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

EYFS Outcomes 2015/2016										
GLD	COM	PHY	PSE	Prime Goals	LIT	MAT	UTW	EXP	Specific Goals	Exp+ All Goals
53.9	67.3	80.8	84.6	59.6	57.7	57.7	84.6	92.3	57.7	53.8

The school is a 'Good' school as rated by Ofsted in the March 2014.

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

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.

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

Reserves Policy (continued)

The Trust must also review the balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016. In the statements that follow this would be a net surplus of £2,000. At 31 August 2016 the total funds comprised:

Unrestricted		£2,000
Restricted:	Fixed asset funds	£2,633,000
	GAG	£NIL
	Pension reserve	£(488,000)
		<u>£2,147,000</u>

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 principal risks and uncertainties facing the Academy are as follows:

Financial

The Academy has 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.

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

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 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.

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 SFE, 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.

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

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, on 29 November 2016 and signed on the Board's behalf by:

.....
J Williams
Chair of Trustees

**MERCENFELD PRIMARY SCHOOL
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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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
Alan May	3	5
Joanna Shephard	5	5
Carla Davies	5	5
Polly Farley	3	5
James Crowhurst	4	5
Sally Collins	3	5
Tracy Jesson	5	5
David Sprason	4	5
David Brooks	4	5
Michele Brown	5	5

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 auditors and on the SIP created by the Headteacher.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

During the year both Yvonne Stotesbury (attendance 1/1) and Alistair Keates (4/5) attended the meetings. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
James Crowhurst	5	6
Jacqui Williams	6	6
Alan May	6	6
Carla Davies	6	6
Tracey Jesson	2	6
Sally Collins	4	6
David Sprason	3	6
David Brooks	5	6
Joanna Shephard	6	6

Also in attendance for one meeting:
Mr Mawhinney Premises Officer 1/1, Mrs Noon 1/1

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 of 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 children 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.

**MERCENFELD PRIMARY SCHOOL
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**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 2016 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 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The 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.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 a annual basis, the internal auditor reports to the Board of Trustees, through the Finance 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 29 November 2016 and signed on its behalf by:

.....
J Williams
Chair of Trustees

.....
J Shephard
Accounting Officer

**MERCENFELD PRIMARY SCHOOL
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

As Accounting Officer of Mercenfeld Primary Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 2015.

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 2015.

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 EFA.

.....
Joanna Shephard

Accounting Officer

29 November 2016

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

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 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 2015 to 2016;
- 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 the EFA/DfE have been applied for the purposes intended.

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

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

.....
J Williams
Chair of Trustees

29 November 2016

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

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

This report is made solely to the Academy's Board of Trustees, 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy's Board of Trustees for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustee's Responsibilities Statement, 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic 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

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 20 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercenfeld Primary School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Mercenfeld Primary School and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mercenfeld Primary School and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants

11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	2	-	5	7	12	3
Funding for the Academy						
Trust's educational activities	3	-	1,266	7	1,273	1,199
Other trading activities	4	39	19	-	58	55
TOTAL INCOME		39	1,290	14	1,343	1,257
EXPENDITURE ON:						
Raising funds	5	15	-	-	15	26
Academy Trust's educational operations	6	-	1,297	63	1,360	1,364
TOTAL EXPENDITURE	7	15	1,297	63	1,375	1,390
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	24 (22)	(7) 14	(49) 8	(32) -	(133) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(109)	-	(109)	11
NET MOVEMENT IN FUNDS		2	(102)	(41)	(141)	(122)
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(386)	2,674	2,288	2,410
TOTAL FUNDS CARRIED FORWARD		2	(488)	2,633	2,147	2,288

The notes on pages 25 to 45 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	£000	2015 £000
FIXED ASSETS					
Tangible assets	13		2,633		2,674
CURRENT ASSETS					
Debtors	14	41		29	
Cash at bank and in hand		52		34	
		<u>93</u>		<u>63</u>	
CREDITORS: amounts falling due within one year	15	(91)		(95)	
NET CURRENT ASSETS/(LIABILITIES)			<u>2</u>		<u>(32)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,635</u>		<u>2,642</u>
Defined benefit pension scheme liability	20		(488)		(354)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>2,147</u>		<u>2,288</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	-		(32)	
Restricted fixed asset funds	16	2,633		2,674	
Restricted income funds excluding pension liability		<u>2,633</u>		<u>2,642</u>	
Pension reserve		(488)		(354)	
Total restricted income funds			<u>2,145</u>		<u>2,288</u>
Unrestricted income funds	16		<u>2</u>		<u>-</u>
TOTAL FUNDS			<u>2,147</u>		<u>2,288</u>

The financial statements were approved by the Trustees, and authorised for issue, on 29 November 2016 and are signed on their behalf, by:

.....
J Williams
Chair of Trustees

.....
J Shephard
Accounting Officer

The notes on pages 25 to 45 form part of these financial statements.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	<u>33</u>	<u>(10)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(22)	(31)
Capital grants from DfE/EFA		<u>7</u>	<u>7</u>
Net cash used in investing activities		<u>(15)</u>	<u>(24)</u>
Change in cash and cash equivalents in the year		18	(34)
Cash and cash equivalents brought forward		<u>34</u>	<u>68</u>
Cash and cash equivalents carried forward	19	<u><u>52</u></u>	<u><u>34</u></u>

The notes on pages 25 to 45 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 2016

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

The registered office of the Academy is Mercenfeld Primary School, Oakfield Avenue, Markfield, LE67 9WG. The Company is registered in England and Wales.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

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 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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 the receipt is probable, there are no performance-related conditions 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 are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

MERCENFELD PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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, depreciation on such assets is charged to the unrestricted fund.

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

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

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.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

MERCENFELD PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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 recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

1.11 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 Pensions

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

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

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account 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.

1.13 Critical accounting estimates and areas of judgement

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

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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

MERCENFELD PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.14 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 Department for Education 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.

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	<i>Total funds 2015 £000</i>
Donations	-	5	7	12	3

In 2015, of the total income from donations and capital grants, £3,000 was by way of unrestricted income.

MERCENFELD PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	<i>Total funds 2015 £000</i>
DfE/EFA grants				
General Annual Grant (GAG)	-	1,092	1,092	985
Pupil Premium	-	56	56	58
Devolved Formula Capital	-	7	7	7
Other EFA/DfE Grants	-	59	59	106
	-	1,214	1,214	1,156
Other government grants				
Local Authority grants	-	31	31	6
	-	31	31	6
Other funding				
Trips and parental contributions	-	26	26	14
Swimming income	-	1	1	1
Insurance claims	-	-	-	9
Other income	-	1	1	13
	-	28	28	37
	-	1,273	1,273	1,199

In 2015, total income from educational operations, was restricted income.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	<i>Total funds 2015 £000</i>
Hire of facilities	1	-	1	7
Afterschool activities income	-	13	13	18
Other income	9	6	15	2
Catering income	29	-	29	28
	39	19	58	55

In 2015, of the total income from other trading activities, £37,000 was by way of unrestricted income and £18,000 was by way restricted income.

MERCENFELD PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. COSTS OF ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	<i>Total funds 2015 £000</i>
Catering costs	15	-	15	26

In 2015, of the total voluntary income, £26,000 was by way of unrestricted funds.

6. ACADEMY TRUST EDUCATIONAL OPERATIONS

	Total funds 2016 £000	<i>Total funds 2015 £000</i>
DIRECT COSTS		
Wages and salaries	797	770
National insurance	49	44
Pension costs	136	124
Depreciation	63	49
Educational supplies	20	28
Staff development	3	7
Other direct costs	27	10
Insurance	-	3
	1,095	1,035
SUPPORT COSTS		
Wages and salaries	89	101
National insurance	4	4
Pension costs	11	13
Pension finance costs (note 12)	13	12
Maintenance of premises and equipment	35	52
Cleaning	7	5
Rates	5	6
Energy costs	12	13
Insurance	20	30
Catering	11	11
Legal and professional	-	18
Other support costs	37	41
Bank charges and interest	12	13
Governance costs	9	10
	265	329
	1,360	1,364

MERCENFELD PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	<i>Total</i>
	2016	2016	2016	2016	<i>2015</i>
	£000	£000	£000	£000	<i>£000</i>
Expenditure on raising voluntary income	-	-	15	15	26
Activities:					
Direct costs	982	58	55	1,095	1,035
Support costs	117	55	93	265	329
	<u>1,099</u>	<u>113</u>	<u>163</u>	<u>1,375</u>	<u>1,390</u>

In 2016, of the total expenditure, £26,000 (2015 - £26,000) was out of unrestricted funds and £1,349,000 (2015 - £1,364,000) was out of restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	<i>2015</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	63	49
Auditor's remuneration for audit services	9	9
Internal audit costs	1	1
Operating lease rentals	3	1
	<u>76</u>	<u>60</u>

MERCENFELD PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. STAFF COSTS

Staff costs were as follows:

	2016	<i>2015</i>
	£000	<i>£000</i>
Wages and salaries	886	<i>870</i>
Social security costs	53	<i>48</i>
Operating costs of defined benefit pension schemes	146	<i>137</i>
	1,085	<i>1,055</i>
Supply teacher costs	1	<i>1</i>
Pension finance costs (note 12)	13	<i>12</i>
	1,099	<i>1,068</i>

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

	2016	<i>2015</i>
	No.	<i>No.</i>
Teaching staff	20	<i>18</i>
Support staff	34	<i>32</i>
Management	2	<i>2</i>
	56	<i>52</i>

Average number expressed as a full time equivalent:

	2016	<i>2015</i>
	No.	<i>No.</i>
Teaching staff	15	<i>14</i>
Support staff	21	<i>17</i>
Management	2	<i>2</i>
	38	<i>33</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 £302,147 (2015 - £303,857).

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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:

		2016	<i>2015</i>
		£000	<i>£000</i>
A Kitchen (Headteacher resigned 31 August 2015)	Remuneration	-	<i>55-60</i>
	Pension contributions paid	-	<i>5-10</i>
J Shephard (Headteacher)	Remuneration	50-55	<i>40-45</i>
	Pension contributions paid	5-10	<i>5-10</i>
C Davies	Remuneration	15-20	<i>15-20</i>
	Pension contributions paid	0-5	<i>0-5</i>
P Farley	Remuneration	30-35	-
	Pension contributions paid	5-10	-

During the year, 4 Trustees received reimbursement of expenses of £310 (2015 - 3 Trustees received £323).

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 2016 was £372 (2015 - £1,543).

12. PENSION FINANCE COST

	2016	<i>2015</i>
	£000	<i>£000</i>
Interest income on pension scheme assets	16	<i>13</i>
Interest on pension scheme liabilities	(29)	<i>(25)</i>
	(13)	<i>(12)</i>

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13. TANGIBLE FIXED ASSETS

	Long leasehold property £000	Fixtures and fittings £000	Total £000
Cost			
At 1 September 2015	2,751	39	2,790
Additions	-	22	22
At 31 August 2016	<u>2,751</u>	<u>61</u>	<u>2,812</u>
Depreciation			
At 1 September 2015	112	4	116
Charge for the year	58	5	63
At 31 August 2016	<u>170</u>	<u>9</u>	<u>179</u>
Net book value			
At 31 August 2016	<u>2,581</u>	<u>52</u>	<u>2,633</u>
<i>At 31 August 2015</i>	<u>2,639</u>	<u>35</u>	<u>2,674</u>

Included in long leasehold property is land valued at £435,100 on conversion in 2013 by Andrea Hopkins MRICS, Leicestershire County Council, using the depreciation replacement method. The freehold of this land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2013.

14. DEBTORS

	2016 £000	2015 £000
General debtors	-	2
VAT recoverable	7	2
Prepayments and accrued income	34	25
	<u>41</u>	<u>29</u>

15. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Taxation and social security	16	14
Other creditors	16	16
Accruals and deferred income	59	65
	<u>91</u>	<u>95</u>

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15. CREDITORS: Amounts falling due within one year (continued)

	2016 £000	2015 £000
Deferred income		
Deferred income at 1 September 2015	35	27
Resources deferred during the year	49	35
Amounts released from previous years	(35)	(27)
	49	35
Deferred income at 31 August 2016	49	35

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

16. STATEMENT OF FUNDS

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

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16. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG)

Funds from the Education 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 2016. Transfers of £8,000 from restricted funds to the restricted fixed asset fund represents contributions towards the equipment additions during the year.

Other DfE/EFA grants

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

Pupil premium

Additional funds from the Education 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.

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.

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 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.

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17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	2,633	2,633	2,674
Current assets	2	91	-	93	63
Creditors due within one year	-	(91)	-	(91)	(95)
Pension scheme liability	-	(488)	-	(488)	(354)
	<u>2</u>	<u>(488)</u>	<u>2,633</u>	<u>2,147</u>	<u>2,288</u>

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

	2016 £000	2015 £000
Net expenditure for the year (as per Statement of Financial Activities)	(32)	(133)
Adjustment for:		
Depreciation charges	63	49
(Increase)/decrease in debtors	(12)	36
(Decrease)/increase in creditors	(4)	17
Capital grants from DfE and other capital income	(7)	(7)
Defined benefit pension scheme cost less contributions payable	12	16
Defined benefit pension scheme finance cost	13	12
Net cash provided by/(used in) operating activities	<u>33</u>	<u>(10)</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	52	34
Total	<u>52</u>	<u>34</u>

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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.

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

Contributions amounting to £16,105 were payable to the schemes at 31 August 2016 (2015 - £14,830) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £85,000 (2015 - £70,000).

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20. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £63,000 (2015 - £63,000), of which employer's contributions totalled £49,000 (2015 - £49,000) and employees' contributions totalled £14,000 (2015 - £14,000). The agreed contribution rates for future years are 21.4% 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:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	4.60 %
Rate of increase for pensions in payment	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 August 2016	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	15%	152
1 year increase in member life expectancy	3%	31
0.5% increase in the Salary Increase Rate	6%	63
0.5% increase in the Pension Increase Rate	8%	84

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

	2016	<i>2015</i>
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £000	<i>Fair value at 31 August 2015 £000</i>
Equities	387	254
Bonds	97	81
Property	48	42
Cash	5	8
	<u>537</u>	<u>385</u>
Total market value of assets	<u><u>537</u></u>	<u><u>385</u></u>

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

	2016 £000	<i>2015 £000</i>
Net interest cost	(13)	(12)
Current service cost	(61)	(65)
	<u>(74)</u>	<u>(77)</u>
Total	<u><u>(74)</u></u>	<u><u>(77)</u></u>
Actual return on scheme assets	<u>109</u>	<u>24</u>

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

	2016 £000	<i>2015 £000</i>
Opening defined benefit obligation	739	646
Interest cost	29	25
Contributions by employees	14	14
Actuarial losses/(gains)	182	(11)
Current service cost	61	65
	<u>1,025</u>	<u>739</u>
Closing defined benefit obligation	<u><u>1,025</u></u>	<u><u>739</u></u>

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20. PENSION COMMITMENTS (continued)

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

	2016	<i>2015</i>
	£000	<i>£000</i>
Opening fair value of scheme assets	385	309
Interest income	16	13
Actuarial gains and (losses)	73	-
Contributions by employer	49	49
Contributions by employees	14	14
	537	385
Closing fair value of scheme assets	537	385

21. OPERATING LEASE COMMITMENTS

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

	2016	<i>2015</i>
	£000	<i>£000</i>
Amounts payable:		
Within 1 year	17	1
Between 1 and 5 years	14	1
	31	2
Total	31	2

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 trust 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 £10,110 (2015: £3,085) for the provision of ICT support took place during the year. The contract with ICT Techie was entered into after 7 November 2013, was provided at cost and followed correct procurement procedures. J Crowhurst neither participated in nor influenced the decision for the procurement of these goods. There was an amount of £NIL (2015: £2,940) owed to IT Techie at the year ended 31 August 2016.

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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.

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26. FIRST TIME ADOPTION OF FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

RECONCILIATION OF TOTAL FUNDS	<i>1 September 2014</i>	<i>31 August 2015</i>
	<i>£000</i>	<i>£000</i>
Total funds under previous UK GAAP	2,410	2,288
Total funds reported under FRS 102	<u>2,410</u>	<u>2,288</u>

Reconciliation of net income before gains and losses	Note	<i>31 August 2015</i>
		<i>£000</i>
Net (expenditure) previously reported under UK GAAP		(127)
Defined benefit pension scheme finance cost	A	(6)
Net (expenditure) reported under FRS 102		<u>(133)</u>

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

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the Academy Trust accounted for an expected return on plan assets. FRS102 requires the expected return on scheme assets to be analysed between two components; interest income on plan assets and other actuarial gains on plan assets.

Under FRS102 the latter component of the expected return on scheme assets, other actuarial gains, is reported within actuarial gains and losses in the Statement of Financial Activities rather than being accounted for in arriving at net income or expenditure for the year, as it was under previous UK GAAP.

The effect of the change has been to reduce reported net income for the year. Actuarial losses for the year have decreased correspondingly. Net movement in funds reported in the year is unchanged.