

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 2019**

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Members**

James Crowhurst  
David Brooks  
Nigel Grimshaw  
Sally Collins

**Trustees**

Joanna Shephard – Headteacher/Accounting Officer\*  
Sally Collins – Co-chair of Trustees\*  
Anna Shutt – Co – Chair of Trustees (Resigned 7 January 2019)  
Rose Noon – Deputy Headteacher/ Staff Trustee  
Carla Davies – Staff Trustee  
Polly Farley – Staff Trustee (Resigned 18 June 2019)  
Harvey Singh – Parent Trustee\*  
Clare Thompson – Parent Trustee  
Tracy Jesson – Parent Trustee (Resigned in 19 March 2019)  
David Sprason – Co-opted Trustee (Resigned in 8 October 2018)  
Andy Jones – Co-opted Trustee (Resigned in 8 July 2019)  
Carl Mee – Co-opted Trustee (Resigned in 4 September 2019)  
Clifton Kendall – Co-opted Trustee (Resigned 21 October 2019)

\* Finance and General Purposes Committee

**Senior Leadership Team**

Joanna Shephard – Headteacher  
Rose Noon – Deputy Headteacher  
Lindsay Weatherill – English Coordinator  
Natasha Cluelow – English Coordinator  
Donna Jewitt – Maths Coordinator  
Jane Severn – EYFS  
Laura Kasler – SENCO  
Lynn Knox – Business Manager (Resigned March 2019)  
Nicki Bedder – Business Manager (Appointed April 2019)

**Company Name**

Mercenfeld Primary School

**Principal and Registered Office**

Mercenfeld Primary School  
Oakfield Avenue  
Markfield  
LE67 9WG

**Company Registered Number**

08423518 (England & Wales)

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**MERCENFELD PRIMARY SCHOOL  
(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Independent Auditor**

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  
LE19 1DX

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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates a non-selective Academy for pupils aged 4 to 11 serving a catchment area in Markfield, Leicestershire. It has a pupil capacity of 324 and had a roll of 330 in the school census on January 2018.

### **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 of the charitable company for the purposes of company law. The charitable company operates as Mercenfeld Primary School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 1 and 2.

#### **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 £281 (2018 - £276).

#### **Method of Recruitment and Appointment or Election of Trustees**

Trustees were appointed through nomination and election (Staff and Parent Trustee positions) and Community Trustees were appointed at the inception of the Academy Trust. 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 Trust buys into the Local Authority Governor Development Service who across the Board of Trustees offers further Trustee Training. A skills matrix is being developed to identify areas of strengths and weakness.

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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Organisational Structure**

A unified management structure is utilised to ensure the Academy Trust is run effectively. The structure consists of two levels; the Trustees and Headteacher, Deputy Headteacher, Senior Leadership Team and 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 Trust by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

**Arrangements for setting pay and remuneration of key management personnel**

The Academy operates a single pay policy and for teachers adheres to the recommended Local Authority policy - (LEA) All staff who work within the Academy receive the annual cost of living increase. All are subject to the same rigorous performance management process and the Chair of the Board along with two other Trustees form a pay committee who oversees the process. The Trustees consider the Headteacher, the Deputy Head and the SLT as the key management personnel of the school in charge of directing, controlling and operating the academy on a day to day basis. The Headteacher reports to the Trustees who give their time freely.

The pay of the key management personnel is reviewed annually and increases to wages fall in line with Local Authority recommendations.

**Related Parties and other Connected Charities and Organisations**

The Academy Trust is an independent company in all aspects.

The Academy Trust 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 Trust works in collaboration with a group of primary schools within the Bradgate Education Partnership through the STEP CPD membership in order to share knowledge, expertise and experience at all levels of school organisation and monitoring within each others schools. This group offers member support, challenge and educational networks previously provided by the local authority, 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.

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 Trust 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.

**Objectives, Strategies and Activities**

The Academy Trust'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 their full potential by;

- Working as an efficient, dynamic team comprising of children, staff, parents, the Board of Trustees 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.

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Teaching and Learning**

- **LONG TERM AIM** - to become 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 in 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; and
- 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 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/Trustees/Friends of Mercenfeld;
- To continue to improve our links with the community; and
- Food for Life, International School Award, Eco Schools, School Games - research, maintain and or achieve these awards.



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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Leadership and Management**

- **LONG TERM AIM** - To have established a fair and transparent monitoring system across the school that impacts on standards;
- 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; and
- 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 Trust 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; and
- The needs of the children about to enter the school.

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

**STRATEGIC REPORT**

**Achievements and Performance**

Our Sport Premium grant is used to provide a high-quality PE provision with an aim to include a wide range of pupils. We have achieved our Gold Sport award for the second year running.

We continue to work on our Silver award for 'Food for Life', ensuring that the children gain a good quality meal at lunchtime with a deep understanding of the food groups and the food cycle.

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Key Performance Indicators**

The school was inspected by Ofsted in October 2018 and was rated Inadequate with Serious Weaknesses. The school has been supported by the Bradgate Education Partnership and assigned a link school with an Exec Headteacher and the CEO of the Trust to support the action planning and accountability process after the inspection.

Attendance for 2018-19 was 96%.

Mercenfeld Primary School Results 2019

EYFS Outcomes

	National	Mercenfeld
GLD	72%	76%
Reading	77%	81.5%
Writing	74%	76%
Maths	80%	81.5%

Phonics Screening

National	Mercenfeld
82%	70%

KS1

	National EXP+ (Greater Depth)	Mercenfeld EXP+ (Greater Depth)
Reading	75% (25%)	70% (5%)
Writing	62% (15%)	49% (0%)
Maths	76% (22%)	70% (14%)
Combined	65% (11%)	46.5% (0%)

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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

KS2

	National (Greater Depth)	Mercenfeld (Greater Depth)	Mercenfeld Average Point Score	National Average Point Score	Progress KS1 – KS2
Reading	73% (27%)	69% (42%)	106	104	3.9
GAPS	78% (36%)	78% (36%)	107	106	/
Writing	78% (20%)	80% (13%)	/	/	1.46
Maths	79% (27%)	80% (31%)	106	106	2.57
Combined	65% (25%)	67% (7%)	/	/	/

**Going Concern**

On 1 September 2019 all of the assets and liabilities of the Academy Trust were donated to the Bradgate Education Partnership, see note 29. As such the company will be wound up in due course, and for this reason the Board of Trustees have decided not to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the non-going concern basis can be found in the Statement of Accounting Policies note 1.2.

**FINANCIAL REVIEW**

Most of the Academy Trust'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 2019 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 of Trustees, 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 23. 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 Trust, 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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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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At 31 August 2019 the total funds comprised:

	£000's
Unrestricted	-
Restricted:	
Fixed asset fund	2,491
Pension reserve	(728)
Other	-
	<u>1,763</u>

During the year the school restructured and made a number of changes to the Support Staff structure, this resulted in a redundancy payment cost to the school but will overall support the school moving forwards. This has enabled us to balance our budget and support our move into the Bradgate Education Partnership.

### **Investment Policy**

Due to the nature of the funding, the Academy Trust may at times wish to hold cash balances surplus to its short term requirements. The Academy Trust 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 Trust does not hold significant funding to warrant additional investment. The Academy Trust's current investment policy is only to invest in risk free deposits accounts as set out in the Financial Management Handbook.

### **Principal Risks and Uncertainties**

The Trustees have assessed the major risks to which the Academy Trust 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 Governing Body and Finance and General Purpose Committee Meetings.

The Academy Trust practices through its Board of Trustees, namely the Governing Body and the constituted sub-committees, 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 Board of Trustees with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees' accept 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 Trust are as follows:

### **Financial**

The Academy Trust 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.

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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Fraud**

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

**Performance**

The Academy has lost the 'Good' rating from Ofsted. Support is in place with the Bradgate Education Partnership and the risk is mitigated by ensuring CPD is planned carefully throughout the school and recruitment is a competitive process. The School Improvement Plan focuses on raising standards.

**Staffing**

The success of the Academy Trust is reliant on the quality of staff. Trustees review policies and oversee CPD to ensure that the staff is 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.

**Fundraising**

The school takes part in a number of fundraising events over the year. The school has raised money for Comic Relief, LOROS and Alzheimer's Society. The school consults with Senior Leadership Team and Board of Trustees to ensure that there is a fair number of charities considered over the year. The Trustees monitor all fundraising.

**PLANS FOR FUTURE PERIODS**

The Academy Trust will continue to strive to provide good 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 has officially joined the Bradgate Education Partnership on September 2019.

The Academy Trust will strive to provide better facilities for the pupils, both indoor and outdoor to benefit pupils in the Academy and impact on the wider community.

The Academy Trust 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 ESFA, 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.

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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 prepared by the Friend's of Mercenfeld, a copy of which are requested each year by Mercenfeld Primary School and available to view on the school website.

**AUDITOR**

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 26 November 2019 and signed on the Board's behalf by:

.....  
**S Collins**  
Chair of Trustees

26 November 2019

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**MERCENFELD PRIMARY SCHOOL  
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**GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 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 6 times during the year.

Attendance during the year at meetings of the Board of Trustees, and Finance and General Purpose were as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Sally Collins (Chair of Trustees)	9	9
Joanna Shephard (Headteacher/Accounting Officer)	9	9
Rose Noon	8	8
Carla Davies	8	8
Anna Shutt (resigned 7 January 2019)	4	4
Harvey Singh	9	9
Clare Thompson	3	9
Andy Jones (resigned 8 July 2019)	6	9
Carl Mee (resigned 4 September 2019)	2	6
Tracy Jesson (resigned 19 March 2019)	6	9
David Sprason (resigned 8 October 2018)	0	1
Polly Farley (resigned 18 June 2019)	0	0
Clifton Kendall (resigned 21 October 2019)	8	9

It should be noted that towards the end of the year, both the Board of Trustees and the Finance and General Purpose meetings were open to all Trustees to attend.

The Board of Trustees met regularly during the year to oversee and discuss the following issues:

- The joining of the Bradgate Education Partnership (Multi Academy Trust);
- Redundancy procedure and the restructure of the support staff structure;
- The intention to put the school back to 14 discreet group classes;
- Post Ofsted parent review meetings;
- The Post Ofsted Action planning reviews; and
- The financial action plan that was put together to support the recovery of the deficit budget.

The Board of Trustees consists of 12 Trustees (at the beginning of the academic year):

- 4 Staff Trustees
- 4 Parent Trustees
- 4 Co-Opted Trustees

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**GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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The data that is used by the Board of Trustees, this is obtained in a variety of ways, so we are confident in the quality and validity.

**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 provide the children with an enriched curriculum;
- 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; and
- 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 1 September 2018 to 31 August 2019 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 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.



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**MERCENFELD PRIMARY SCHOOL  
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**GOVERNANCE STATEMENT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 Audit, Finance and Personnel 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; and
- 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 as part of the internal audit performed by the LEA.

On an annual basis, the internal auditor reports to the Board of Trustees, through the Finance and General Purpose 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; and
- the work of the Senior Leadership Team 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 and General Purpose 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 26 November 2019 and signed on its behalf by:

.....  
**J Shephard**  
Accounting Officer

.....  
**S Collins**  
Chair of Trustees

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**MERCENFELD PRIMARY SCHOOL  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2019**

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As Accounting Officer of Mercenfild 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 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 2018.

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 2018.

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.

.....  
**J Shephard**  
Accounting Officer

26 November 2019

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees (who 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 Academies 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 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 on 26 November 2019 and signed on its behalf by:

.....  
**S Collins**  
Chair of Trustees

Date: 26 November 2019

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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**OPINION**

We have audited the financial statements of Mercenfeld Primary School (the 'Academy') for the year ended 31 August 2019 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education and Skills Funding Agency.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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.

**EMPHASIS OF MATTER - FINANCIAL STATEMENTS PREPARED ON A NON GOING CONCERN BASIS -  
TRUST CLOSING**

We draw attention to the Note 1.2 to the financial statements which explains that the Trustees intend to liquidate the company in due course, following the transfer of the Academy to the Bradgate Education Partnership on 1 September 2019. The Trustees therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1.2. Our opinion is not modified in respect of this matter.

**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 Auditors' Report thereon. Other information includes Reference and Administrative details, Trustees' Report, incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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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 (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements, and;
- the Strategic Report and the Directors' Report have 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 Trustees' Report and Director's 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17 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.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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**AUDITORS' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**USE OF OUR REPORT**

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 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 Trust and its members, as a body for our audit work, for this report, or for the opinions we have formed.

Helen Blundell LLB FCA FCIE 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

Date: 19 December 2019

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter dated 27 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2019 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2019 to 31 August 2019 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 2018 to 2019 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.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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

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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;
- making appropriate enquiries of the Accounting Officer;
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity; and
- considerations of governance issues.

**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 2019 to 31 August 2019 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  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

Date: 19 December 2019



**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>INCOME FROM:</b>						
Donations and capital grants Funding for the Academy	2	-	5	-	5	1
Trust's educational activities	3	6	1,397	21	1,424	1,390
Other trading activities	4	39	-	-	39	43
<b>TOTAL INCOME</b>		<b>45</b>	<b>1,402</b>	<b>21</b>	<b>1,468</b>	<b>1,434</b>
<b>EXPENDITURE ON:</b>						
Raising funds	5	14	-	-	14	19
Academy Trust's educational operations	6	-	1,527	61	1,588	1,542
<b>TOTAL EXPENDITURE</b>	9	<b>14</b>	<b>1,527</b>	<b>61</b>	<b>1,602</b>	<b>1,561</b>
<b>NET INCOME/(EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	18	31 (31)	(125) 45	(40) (14)	(134) -	(127) -
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		-	(80)	(54)	(134)	(127)
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(233)	-	(233)	145
<b>NET MOVEMENT IN FUNDS</b>		<b>-</b>	<b>(313)</b>	<b>(54)</b>	<b>(367)</b>	<b>18</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		-	(415)	2,545	2,130	2,112
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>(728)</b>	<b>2,491</b>	<b>1,763</b>	<b>2,130</b>

The notes on pages 26 to 50 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	£000	2019 £000	£000	2018 £000
<b>FIXED ASSETS</b>					
Tangible assets	15		2,485		2,545
<b>CURRENT ASSETS</b>					
Debtors	16	48		37	
Cash at bank and in hand	21	77		90	
		125		127	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	17	(119)		(124)	
<b>NET CURRENT ASSETS</b>					
			6		3
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	23		2,491		2,548
			(728)		(418)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>					
			1,763		2,130
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	18	-		3	
Restricted fixed asset funds	18	2,491		2,545	
Restricted income funds excluding pension liability		2,491		2,548	
Pension reserve	18	(728)		(418)	
Total restricted income funds			1,763		2,130
<b>TOTAL FUNDS</b>					
			1,763		2,130

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue, on 26 November 2019 and are signed on their behalf, by:

.....  
**S Collins**  
Chair of Trustees

.....  
**J Shephard**  
Accounting Officer

The notes on 26 to 50 form part of these financial statements.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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	<b>Note</b>	<b>2019</b> <b>£000</b>	<i>2018</i> <i>£000</i>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	<u>(33)</u>	<u>40</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(1)	(13)
Capital grants from DfE Group		<u>21</u>	<u>8</u>
<b>Net cash provided by/(used in) investing activities</b>	22	<u>20</u>	<u>(5)</u>
<b>Change in cash and cash equivalents in the year</b>		(13)	35
Cash and cash equivalents brought forward		<u>90</u>	<u>55</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>77</u></u>	<u><u>90</u></u>

The notes on 26 to 50 form part of these financial statements.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Mercenfeld Primary School constitutes a public benefit entity as defined by FRS 102.

Mercenfeld Primary School is a Company limited by guarantee incorporated in England and Wales. The address of the registered office, principal place of operation and registered number 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 British Pound 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The Trustee's have concluded that, as the charitable company ceased activity on 1 September 2019 and assets were transferred to the Bradgate Education Partnership, they intend to liquidate the company in due course, thus they will not adopt the going concern basis of accounting in preparation of the financial statements.

From 1 September 2019 the operations of the Academy Trust will be in the context of the Bradgate Education Partnership, with the transfer of the assets and liabilities of the Academy Trust at book value from that date (see note 29). The Bradgate Education Partnership has assumed the responsibilities for the Academy Trust and its debts, liabilities and obligations. The Trustees therefore consider that there is no requirement to restate the value of the assets and liabilities at 31 August 2019 for the purposes of the accounts as all activities will continue in within the Bradgate Education Partnership and no fair value adjustments are required on the transfer.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All incoming resources are recognised once the Academy has entitlement to the income, the receipt is probable 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where receipt is probable and it can be measured reliably.

Donations are recognised on a receivable basis (where there are no performance-related conditions) 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.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Expenditure**

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

Expenditure on raising funds includes all expenditure incurred by the Academy 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.

**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.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**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 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 16. 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 17. 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.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**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 23, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 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 funders where the asset acquired or created is held for a specific purpose.

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

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



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**1. ACCOUNTING POLICIES (continued)**

**1.12 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 15 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 23, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerned with the choice of depreciation policies and asset lives.

**2. DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds 2019 £000</b>	<b>Restricted funds 2019 £000</b>	<b>Restricted fixed asset funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<i>Total funds 2018 £000</i>
Donations	-	5	-	5	1
<i>Total 2018</i>	-	1	-	1	

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**3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,159	1,159	1,128
Pupil Premium	-	57	57	53
Devolved Formula Capital	-	21	21	8
Other ESFA/DfE Grants	-	84	84	80
	-	1,321	1,321	1,269
<b>Other government grants</b>				
Local Authority grants	-	54	54	73
	-	54	54	73
<b>Other funding</b>				
Trips and parental contributions	-	36	36	26
Swimming income	-	2	2	2
Teachers insurance claims	6	-	6	18
Other income	-	5	5	2
	6	43	49	48
	6	1,418	1,424	1,390
<i>Total 2018</i>	18	1,372	1,390	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Hire of facilities	-	-	-	1
Afterschool activities income	9	-	9	10
Other income	7	-	7	5
Catering income	23	-	23	27
	<u>39</u>	<u>-</u>	<u>39</u>	<u>43</u>
<i>Total 2018</i>	<u>43</u>	<u>-</u>	<u>43</u>	

**5. RAISING FUNDS**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Catering costs	14	-	14	19
	<u>14</u>	<u>-</u>	<u>14</u>	<u>19</u>
<i>Total 2018</i>	<u>19</u>	<u>-</u>	<u>19</u>	

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Direct costs	-	1,265	1,265	1,258
Support costs	-	323	323	284
	<u>-</u>	<u>1,588</u>	<u>1,588</u>	<u>1,542</u>

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**6. EXPENDITURE BY CHARITABLE ACTIVITY (continued)**

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2019 £000	Depreciation 2019 £000	Other costs 2019 £000	Total 2019 £000	<i>Total</i> 2018 £000
Direct costs	1,120	61	84	1,265	1,258
Support costs	113	-	210	323	284
	<u>1,233</u>	<u>61</u>	<u>294</u>	<u>1,588</u>	<u>1,542</u>

**7. DIRECT COSTS**

	Educational operations £000	Total 2019 £000	<i>Total</i> 2018 £000
Educational supplies	37	37	25
Staff development	7	7	8
Other direct costs	40	40	36
Wages and salaries	853	853	869
National insurance	61	61	65
Pension cost	206	206	202
Depreciation	61	61	53
Total direct costs	<u>1,265</u>	<u>1,265</u>	<u>1,258</u>

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**8. SUPPORT COSTS**

	<b>Educational operations £000</b>	<b>Total 2019 £000</b>	<i>Total 2018 £000</i>
Pension finance cost (note 14)	12	12	13
Governor training	1	1	1
Maintenance of premises and equipment	20	20	37
Cleaning	26	26	20
Rates and water	7	7	9
Energy costs	14	14	13
Insurance	17	17	23
Catering	8	8	5
Legal and professional	10	10	4
Other support costs	89	89	44
Bank charges and interest	4	4	7
Governance costs	14	14	12
Wages and salaries	81	81	78
National insurance	5	5	5
Pension cost	15	15	13
<b>Total support costs</b>	<b>323</b>	<b>323</b>	<b>284</b>

**9. TOTAL EXPENDITURE**

	<b>Staff costs 2019 £000</b>	<b>Premises 2019 £000</b>	<b>Other costs 2019 £000</b>	<b>Total 2019 £000</b>	<i>Total 2018 £000</i>
Expenditure on raising voluntary income	-	-	14	14	19
Charitable activities:					
Direct costs	1,120	61	84	1,265	1,258
Support costs	113	67	143	323	284
	<b>1,233</b>	<b>128</b>	<b>241</b>	<b>1,602</b>	<b>1,561</b>
<i>Total 2018</i>	<i>1,245</i>	<i>115</i>	<i>201</i>	<i>1,561</i>	

In 2018, of the total expenditure on charitable educational activities of £1,561,000, £19,000 was from unrestricted funds, £1,489,000 was from restricted funds and £53,000 from restricted fixed asset funds

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**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>61</b>	<i>53</i>
Auditor's remuneration - audit services	<b>10</b>	<i>8</i>
Auditor's remuneration - non-audit services	<b>4</b>	<i>3</i>
Internal audit costs	<b>-</b>	<i>1</i>
Operating lease rentals	<b>16</b>	<i>16</i>
	<b>=====</b>	<i>=====</i>

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**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>912</b>	<i>935</i>
Social security costs	<b>66</b>	<i>70</i>
Pension costs	<b>221</b>	<i>215</i>
	<b>1,199</b>	<i>1,220</i>
Agency staff costs	<b>2</b>	<i>12</i>
Staff restructuring costs	<b>20</b>	<i>-</i>
Pension finance cost (note 14)	<b>12</b>	<i>13</i>
	<b>1,233</b>	<i>1,245</i>

Staff restructuring costs comprise:

Redundancy payments	<b>20</b>	<i>-</i>
	<b>20</b>	<i>-</i>

**b. Staff numbers**

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

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Teaching staff	<b>20</b>	<i>20</i>
Support staff	<b>29</b>	<i>38</i>
Management	<b>2</b>	<i>2</i>
	<b>51</b>	<i>60</i>
	<b>51</b>	<i>60</i>

Average headcount expressed as a full time equivalent:

	<b>2019</b>	<i>2018</i>
	<b>No.</b>	<i>No.</i>
Teaching staff	<b>14</b>	<i>15</i>
Support staff	<b>17</b>	<i>22</i>
Management	<b>2</b>	<i>2</i>
	<b>33</b>	<i>39</i>
	<b>33</b>	<i>39</i>

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

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**11. STAFF COSTS (continued)**

**c. Key management personnel**

The Key Management Personnel of the Academy Trust comprise the Staff Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by Key Management Personnel for their services to the Academy Trust was £324,859 (2018 - £264,455).

**12. 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 principal 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:

		<b>2019</b>	<i>2018</i>
		<b>£000</b>	<i>£000</i>
J Shephard, Headteacher	Remuneration	<b>50-55</b>	<i>15-20</i>
	Pension contributions paid	<b>5-10</b>	<i>0-5</i>
R Noon, Staff Trustee	Remuneration	<b>35-40</b>	<i>50-55</i>
	Pension contributions paid	<b>5-10</b>	<i>5-10</i>
C Davies, Staff Trustee	Remuneration	<b>15-20</b>	<i>15-20</i>
	Pension contributions paid	<b>0-5</b>	<i>0-5</i>
P Farley, Staff Trustee	Remuneration	<b>5-10</b>	<i>15-20</i>
	Pension contributions paid	<b>0-5</b>	<i>0-5</i>

During the year ended 31 August 2019, 2 Trustees received reimbursement of expenses of £136 (2018 - 2 Trustees received £142)

Other related party transactions involving the Trustees are set out in note 25.

**13. 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 2019 was £281 (2018 - £276).

**14. PENSION FINANCE COST**

		<b>2019</b>	<i>2018</i>
		<b>£000</b>	<i>£000</i>
Interest income on pension scheme assets		<b>22</b>	<i>17</i>
Interest on pension scheme liabilities		<b>(34)</b>	<i>(30)</i>
		<b>(12)</b>	<i>(13)</i>



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**15. TANGIBLE FIXED ASSETS**

	Long leasehold land and property £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At 1 September 2018	2,761	72	2,833
Additions	-	1	1
At 31 August 2019	<u>2,761</u>	<u>73</u>	<u>2,834</u>
<b>Depreciation</b>			
At 1 September 2018	266	22	288
Charge for the year	53	8	61
At 31 August 2019	<u>319</u>	<u>30</u>	<u>349</u>
<b>Net book value</b>			
At 31 August 2019	<u>2,442</u>	<u>43</u>	<u>2,485</u>
<i>At 31 August 2018</i>	<u>2,495</u>	<u>50</u>	<u>2,545</u>

Included in long leasehold property is land valued at £435,100 (2018 - £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.

**16. DEBTORS**

	2019 £000	2018 £000
General debtors	7	-
VAT recoverable	12	7
Prepayments and accrued income	29	30
	<u>48</u>	<u>37</u>

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**17. CREDITORS: Amounts falling due within one year**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Taxation and social security	15	17
Other creditors	20	20
Accruals and deferred income	84	87
	<u>119</u>	<u>124</u>
	<u><u>119</u></u>	<u><u>124</u></u>
	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Deferred income</b>		
Deferred income at 1 September 2018	51	46
Resources deferred during the year	41	51
Amounts released from previous years	(51)	(46)
	<u>41</u>	<u>51</u>
Deferred income at 31 August 2019	<u><u>41</u></u>	<u><u>51</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.

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**18. STATEMENT OF FUNDS**

	Balance at 1 September 2018 £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
Unrestricted funds	-	45	(14)	(31)	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	(6)	1,159	(1,198)	45	-	-
Other DfE/ESFA Grants	9	84	(93)	-	-	-
Pupil Premium	-	57	(57)	-	-	-
Local Authority	-	54	(54)	-	-	-
Other income	-	48	(48)	-	-	-
Pension reserve	(418)	-	(77)	-	(233)	(728)
	<b>(415)</b>	<b>1,402</b>	<b>(1,527)</b>	<b>45</b>	<b>(233)</b>	<b>(728)</b>
<b>Restricted fixed asset funds</b>						
Net book value of fixed assets	2,545	-	(61)	1	-	2,485
Capital grants (DFC)	-	21	-	(15)	-	6
	<b>2,545</b>	<b>21</b>	<b>(61)</b>	<b>(14)</b>	<b>-</b>	<b>2,491</b>
Total restricted funds	<b>2,130</b>	<b>1,423</b>	<b>(1,588)</b>	<b>31</b>	<b>(233)</b>	<b>1,763</b>
Total of funds	<b>2,130</b>	<b>1,468</b>	<b>(1,602)</b>	<b>-</b>	<b>(233)</b>	<b>1,763</b>

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

**Unrestricted funds**

Unrestricted funds are to be used towards meeting any of the charitable objectives of the Academy at the discretion of the Trustees.

**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 2019. There has been a transfer of £31,000 from unrestricted funds to restricted funds to subsidise the overspend on GAG funding and a transfer of £14,000 from restricted fixed asset funds for costs in relation to costs for repairs and maintenance.

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**18. 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.

**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 capital 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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**18. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2017 £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 2018 £000</i>
<b>Unrestricted funds</b>						
Unrestricted funds	20	61	(19)	(62)	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	1,128	(1,191)	57	-	(6)
Other DfE/ESFA Grants	-	80	(71)	-	-	9
Pupil Premium	-	53	(53)	-	-	-
Local Authority	-	73	(73)	-	-	-
Other income	-	31	(31)	-	-	-
CIF Grant	2	-	(2)	-	-	-
Pension reserve	(495)	-	(68)	-	145	(418)
	<u>(493)</u>	<u>1,365</u>	<u>(1,489)</u>	<u>57</u>	<u>145</u>	<u>(415)</u>
<b>Restricted fixed asset funds</b>						
Net book value of fixed assets	2,585	-	(53)	13	-	2,545
Capital grants (DFC)	-	8	-	(8)	-	-
Total restricted funds	<u>2,092</u>	<u>1,373</u>	<u>(1,542)</u>	<u>62</u>	<u>145</u>	<u>2,130</u>
Total of funds	<u><u>2,112</u></u>	<u><u>1,434</u></u>	<u><u>(1,561)</u></u>	<u><u>-</u></u>	<u><u>145</u></u>	<u><u>2,130</u></u>

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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	2,485	2,485
Current assets	-	119	6	125
Current Liabilities	-	(119)	-	(119)
Pension scheme liability	-	(728)	-	(728)
	<u>-</u>	<u>(728)</u>	<u>2,491</u>	<u>1,763</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	2,545	2,545
Current assets	-	127	-	127
Current Liabilities	-	(124)	-	(124)
Pension scheme liability	-	(418)	-	(418)
	<u>-</u>	<u>(415)</u>	<u>2,545</u>	<u>2,130</u>

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

	2019 £000	2018 £000
Net expenditure for the year	(134)	(127)
<b>Adjustment for:</b>		
Depreciation charges	61	53
(Increase)/decrease in debtors	(11)	33
(Decrease)/increase in creditors	(5)	21
Capital grants from DfE and other capital income	(21)	(8)
Defined benefit pension scheme cost less contributions payable	65	55
Defined benefit pension scheme finance cost (note 14)	12	13
<b>Net cash (used in)/provided by operating activities</b>	<u>(33)</u>	<u>40</u>

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**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Cash in hand	77	90
Total	77	90

**22. CASH FLOWS FROM INVESTING ACTIVITIES**

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Purchase of tangible fixed assets	(1)	(13)
Capital grants from DfE Group	21	8
	20	(5)

**23. 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 2016 and of the LGPS 31 March 2016.

Contributions amounting to £18,000 were payable to the schemes at 31 August 2019 (*2018 - £19,172*) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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.

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**23. PENSION COMMITMENTS (continued)**

**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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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.

**Valuation of the Teachers' Pension Scheme**

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the period amounted to £84,000 (2018 - £98,000).

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website [www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx).

**Scheme Changes**

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.



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**23. PENSION COMMITMENTS (continued)**

**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 2019 was £90,000 (2018 - £77,000), of which employer's contributions totalled £72,000 (2018 - £61,000) and employees' contributions totalled £18,000 (2018 - £16,000). The agreed contribution rates for future years are 25.3% for employers and 5.5% - 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:

	<b>2019</b>	<i>2018</i>
Discount rate for scheme liabilities	<b>1.90 %</b>	<i>2.80 %</i>
Rate of increase in salaries	<b>3.30 %</b>	<i>3.30 %</i>
Rate of increase for pensions in payment	<b>2.30 %</b>	<i>2.30 %</i>
Inflation assumption (CPI)	<b>2.30 %</b>	<i>2.30 %</i>
Commutation of pensions to lump sums	<b>50.00 %</b>	<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:

	<b>2019</b>	<i>2018</i>
Retiring today		
Males	<b>21.2</b>	<i>22.1</i>
Females	<b>23.4</b>	<i>24.3</i>
Retiring in 20 years		
Males	<b>22.2</b>	<i>23.8</i>
Females	<b>24.7</b>	<i>26.2</i>

	<b>At 31 August</b>	<i>At 31 August</i>
	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Sensitivity analysis</b>		
Discount rate +0.1%	<b>(45)</b>	<i>(32)</i>
Discount rate -0.1%	<b>45</b>	<i>32</i>
Mortality assumption - 1 year increase	<b>64</b>	<i>46</i>
Mortality assumption - 1 year decrease	<b>(64)</b>	<i>(46)</i>
CPI rate +0.1%	<b>35</b>	<i>24</i>
CPI rate -0.1%	<b>(35)</b>	<i>(24)</i>

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**23. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2019 £000</b>	<i>Fair value at 31 August 2018 £000</i>
Equities	503	454
Bonds	269	198
Property	70	66
Cash and other liquid assets	26	15
	<hr/>	<hr/>
Total market value of assets	<b>868</b>	733
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2019 £000</b>	<i>2018 £000</i>
Interest income	22	17
Interest cost	(34)	(30)
Current service cost	(114)	(116)
Past service cost	(23)	-
	<hr/>	<hr/>
Total	<b>(149)</b>	(129)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	<b>50</b>	145
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The academy expects to contribute £77,000 to its defined benefit pension scheme in 2020.

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

	<b>2019 £000</b>	<i>2018 £000</i>
Opening defined benefit obligation	1,151	1,125
Interest cost	34	30
Employee contributions	18	16
Actuarial losses/(gains)	261	(130)
Benefits paid	(5)	(6)
Current service cost	114	116
Past service cost	23	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>1,596</b>	1,151
	<hr/> <hr/>	<hr/> <hr/>

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**23. PENSION COMMITMENTS (continued)**

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

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
Opening fair value of scheme assets	<b>733</b>	<i>630</i>
Interest income	<b>22</b>	<i>17</i>
Actuarial gains	<b>28</b>	<i>15</i>
Employer contributions	<b>72</b>	<i>61</i>
Employee contributions	<b>18</b>	<i>16</i>
Benefits paid	<b>(5)</b>	<i>(6)</i>
	<b>868</b>	<i>733</i>
Closing fair value of scheme assets	<b>868</b>	<i>733</i>

**24. OPERATING LEASE COMMITMENTS**

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2019</b>	<i>2018</i>
	<b>£000</b>	<i>£000</i>
<b>Amounts payable:</b>		
Within 1 year	<b>15</b>	<i>16</i>
Between 1 and 5 years	<b>17</b>	<i>32</i>
	<b>32</b>	<i>48</i>
Total	<b>32</b>	<i>48</i>

**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust 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 have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook 2018; including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period:

No related party transactions took place in the year, other than certain Trustees' remuneration and expenses already disclosed in note 12.

**26. CONTROLLING PARTY**

The Academy is ultimately controlled by the Board of Trustees, which includes the Headteacher and the Deputy Headteacher.

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**27. COMPANY LIMITED BY GUARANTEE**

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

**28. 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.

**29. TRANSFER OUT ON ACADEMIES LEAVING THE TRUST - POST BALANCE SHEET EVENT**

	<b>Transfer out on Academy leaving the Trust £000</b>
<b>Tangible fixed assets</b>	
Long leasehold property	2,442
Fixtures and fittings	43
<b>Other assets</b>	
Debtors due within one year	48
Cash at bank and in hand	77
<b>Liabilities</b>	
Creditors due within one year	(119)
<b>Pensions</b>	
Pensions - pension scheme assets	868
Pensions - pension scheme liabilities	(1,596)
 Net Assets	 <u>1,763</u>

The Academy ceased its charitable activities on 1 September 2019. Its activities and funds at 1 September 2019 were donated to the Bradgate Education Partnership, a Multi Academy Trust. No fair value adjustments were required in respect of the transfer of assets and liabilities to Bradgate Education Partnership.