
MONTACUTE SCHOOL
(A company limited by guarantee)

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



MONTACUTE SCHOOL
(A company limited by guarantee)

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

Members

Sid Carter
Stephen Butterworth
Pamela Henderson

Trustees

Sid Carter, Co Chair of Trustees¹
Stephen Butterworth¹
Pamela Henderson¹
Alison Dalton, Co Chair of Trustees (appointed 1 October 2015)¹
Linda Creswell, Staff Trustee¹
Virginia Jewell (resigned 31 August 2016)¹
Jean Joyce (resigned 31 August 2016)¹
Karon Nougher (resigned 30 September 2015)
Marcia Osborn, Staff Trustee¹
Jill Owen, Headteacher and Accounting Officer¹
Nicola Keynes¹
Avril Jackson¹
Jane Shaw¹
Paul Collins (appointed 18 July 2016)

¹ Members of the standards or resources committee

Company registered number

07724780

Company name

Montacute School

Principal and registered office

3 Canford Heath Road, Poole, Dorset, BH17 9NG

Senior management team

Jill Owen, Head Teacher
Paula Kirk, Deputy Head
Ruth Payne, Assistant Head Pupil Progress
Marcia Osborn, School Leader in Education
Rachel Holland, Leadership Support Coordinator
Tracey Smith, Parent Partner/Safeguarding

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Advisers (continued)

Independent auditors

Clifford Fry & Co LLP, St Mary's House, Netherhampton, Salisbury, Wiltshire, SP2 8PU

Bankers

Lloyds Bank plc, Broadstone, Dorset, BH18 8DL

Solicitors

Browne Jacobson LLP, Victoria Square House, Victoria Square, Birmingham, B2 4BU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 2 to 19 serving a catchment area in Poole, Bournemouth and East Dorset. It has a pupil capacity of 75 and had a roll of 75 in the school census on 21st January 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Montacute School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Montacute School.

Details of the trustees who served during the year are included in the Reference and Administrative Details on pages 1-2.

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

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

The Members may appoint one Governor save that no more than one third of the total number of individuals appointed as Governors shall be employees of the Academy Trust (including the Headteacher).

The Headteacher shall be treated for all purposes as being an ex officio Governor.

Parent Governor(s) shall be elected by parents of registered pupils at the Special Academy. A Parent Governor must be a parent of a pupil at the Special Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Special Academy. Any election of Parent Governors, which is contested, shall be held by secret ballot.

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

The arrangements made for the election of a Parent Governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Special Academy.

Further appointments may be made to the position of Trustee/Governor as the Trustees decide is necessary. This may be for the duration of a project or for a fixed term. None were appointed on this basis during this accounting period.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the period, some courses delivered in the Academy, primarily for staff, were attended by some of the Trustees, as well as governors attendance at courses bought from the Local Authority's Governor Services, to which we subscribe. Governors also attended an Away Day where a full day of training on our structures and functions was provided and tailored to our needs by the same service.

Organisational Structure

The Management Structure in place for the period consisted of a Headteacher, Deputy Headteacher, and an Assistant Head until Easter and we now have one Assistant Head. The Leadership team also included Special Educational Needs School Leader in Education (and Outreach Service Leader), Leadership Support Officer and Parent Partner. The aim of the structure was to increase accountability and to encourage involvement in decision making at all levels. The Headteacher of the Academy is the Chief Accounting Officer.

The Leadership Team of the School is responsible for delivering the approved strategic actions of the middle term plan by the Trustees while setting up and managing the annual development priorities.

The governors have 2 main committees:-

The Standards Committee concentrates on the standard of education, health and safety and safeguarding and monitors the delivery of the curriculum and that children are making progress.

The Resources Committee takes responsibility for ensuring the school's finances are well managed, that we have sufficient staff, and as the Governors employ the staff, that all legal obligations of being an employer are carried out. We also carry a responsibility to make sure the building is maintained well and fit for our students to use.

Arrangements for setting pay and remuneration of key management personnel

The academy has a Pay Policy, which describes its intention to work to the STPCD as far as is practical and affordable. Appointments of the school's leadership team and senior staff are currently made in accordance with STPCD and with the advice on national pay scales.

The academy currently employs the following Trustees, Jill Owen, Headteacher, Marcia Osborn Inclusion/Outreach Manager and Linda Creswell Medical Support.

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

Related Parties and other Connected Charities and Organisations

Montacute School is represented in the Poole Teaching School Alliance by our School Leader in Education, who also runs our Outreach Service commissioned by Poole Local Authority. The Head Teacher represents the school in the Linwood Teaching School Alliance. The school is a member of the Poole Schools Association.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust was set up in 2011 to advance, for public benefit, education in the UK by establishing, maintaining and developing the Montacute Special School Academy. The Academy offers a broad, balanced and relevant curriculum, designed and delivered around the specific needs of the children and young people who attend. The Academy also supports the needs of families where possible and congruent with the education and wellbeing of the children and young people on roll.

Objectives, Strategies and Activities

- Leadership have evidence through planning, observations and pupil work that teachers are consistently and effectively applying agreed approaches in lessons that are 100% good or outstanding.
- 80% or more of pupils whose progress is measured against Montacute Bands 3-5, are making good or better progress in reading, writing and number in relation to the school's agreed definition.
- 90% of pupil work seen clearly shows progress and 100% is marked according to the school's new marking policy
- In observations, 100% of lessons demonstrate staff are using appropriate access modes for writing
- At least 80% of cross curricular literacy and numeracy targets on IEPs across the school are achieved
- 100% of teacher planning demonstrates that opportunities to support pupil learning in literacy and numeracy are considered and exploited wherever possible. This is also carried through into learning observations.
- 100% of teacher planning demonstrates accurate use of pupil assessment data
- The learning environment is noted to support the quality of teaching in 100% classrooms in a dedicated learning walk
- At accountability meetings, teachers are clearly seen to be assessing pupils accurately and good or better progress (in relation to the school's agreed definition) is resulting from it for at least 80% of pupils
- There has been at least one moderation meeting within school which has concluded that pupils are being assessed consistently across the school
- Technology is seen to be used effectively in 80% of learning observations that are good or better.
- 70% of pupils in semi-formal social collaborative classes know 5 key rights under UNCRC
- 100% pupils are able to express views and are involved in decisions that affect their lives (by their involvement in PCP meetings).
- 100% Pupils take action to improve the lives of children locally/globally as active citizens
- 100% Pupils in the school council take responsibility for defining acceptable and required behaviours within our school/community (by participating in creating charters)
- 80% of learning observations identify good practice in pupil choice making

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

- 80% pupils achieve very well against the school's identified measures of good and better progress including the most able.
- 100% of bands 3-5 students in post 14 are on track to achieve accredited courses appropriate to their needs
- 100% Teachers feel confident in analysing pupil progress data
- In learning observations, at least 4 teachers are seen to have benefitted from the support and advice of a subject / aspect leader to ensure their lesson is good or better.
- Learning Observations demonstrate that TAs are carrying out all aspects of their role to a high standard in 100% of classrooms. This is further evidenced by 95% TA appraisals successful
- All learning observations are graded as good or outstanding by July 2016. 40% are outstanding.
- 100% governor meeting minutes evidence challenging questioning
- 75% records of school visits show they improve the governor's knowledge of key information

Public Benefit

The Trust has considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Trust is the provision of a high quality of education to its students. Additionally, since the opening of the swimming pool, which is part of the new school building, the school welcomes swim groups including disabled clubs onto its site every day.

Montacute Academy has planned places for 75 pupils all of whom have Complex Learning Difficulties and Disabilities. The school has a good working atmosphere, and all in school are committed to this as the foundation for the learning and pastoral partnership. The school is family-friendly within a context of hard and focused work, dedicated to meeting the pupils' and parents' needs. A personalized approach is the core to the pedagogy at Montacute.

At Montacute, pupils are educated in a very inclusive way, both within their own school and using opportunities created in partner schools. Our host local authority, Poole, relies upon the Academy for extensive training and outreach work with mainstream schools.

A person-centered planning approach is used for pupil review meetings. The Academy works with partner agencies to ensure pupils' needs are met holistically, both at school and when young people finally move on to their destinations as young adults.

STRATEGIC REPORT

Achievements and Performance

At the end of the summer term 97% (73) of our pupils (75) have made 'expected' or 'better than expected progress' in a minimum of 2 of the 4 core curriculum strands (Cognition/Learning, Communication, Physical/Sensory, Personal, Social and Emotional Development) compared to 89% in the Spring term and 84% in the Autumn term.

A high proportion of these pupils, 74% (56), achieved 'better than expected progress'.

The new assessment system highlights students who are steadily maintaining 'expected progress' and who could be challenged further. This year 18% of our students achieved 'better than expected' progress in all 4 core curriculum areas.

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

Pupil Premium and LAC students progress at the same rate as their peers with 73% of PP achieving good or better progress in at least 2 areas of the curriculum.

This year our leavers moved on to the following post school provisions:

• Bournemouth & Poole College STEPS programme	18% (2)
• Independent Specialist College	18% (2)
• Seaview	23% (2.5)
• Barnabas	14% (1.5)
• Out & About	9% (1)
• Sturts Farm	9% (1)
• Bespoke Package (SENSE)	9% (1)

Key Performance Indicators

During the year ended 31 August 2016 the total resources expended of £2,553,594 (2015 £5,857,026) was largely covered by grants from the DFE and other income, such as donations and capital grants, other trading activities and a small amount of investment income. The deficit of expenditure over income for the year was £1,243,357 (2015 surplus - £3,063,457 due to valuation of new building and land) of which £1,042,000 related to the actuarial loss on the Local Government Pension Scheme.

A piece of work has been completed to review all maintenance contracts, guarantees and warranties in relation to the new building.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future, including a review of the 3 year forecast position. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

During the financial year ended 31 August 2016 the Academy received Grant Income of £2,154,349 from the Education Funding Agency and the Local Authorities from which we draw our students and Non Grant Income of £197,888. Expenditure for the period totalled £2,553,594 which after the actuarial loss on the pension fund of £1,042,000, gives an in year deficit of £1,243,357. The Academy will be carrying forward restricted funds of £423,736 and unrestricted funds of £125,533. Of which £11,660 of restricted funds are committed.

Reduced band funding for all but our most complex students from our local authorities has had an impact on the income stream and we are focused this year on economies in the 3 year forecast.

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

Reserves Policy

The Trustees have reserves amounting to £549,269 (excluding fixed assets and the pension deficit) to mitigate against unforeseen financial occurrences. This amount is limited by the current economic climate where our income is subject to reduction and the turbulence in our income caused by the fluctuation in pupil numbers now that funding follows the student. It is the intention of the Trustees to review this annually and to increase reserves whenever possible in line with the review of risk by our Audit Committee.

The Academy Trust has fixed asset funds of £7,202,987 and reserves available (excluding pension deficit) of £549,269 of which £63,996 is Amenity Account, £1,720 is PE Grant to be carried forward to 16/17, £41,755 is Monty's Appeal and £18,147 is for Swimming Pool, leaving an unallocated balance of £423,651.

This level of reserves is deliberately maintained and considered appropriate, in order to ensure healthy 3 year budget planning. The level of reserves is reviewed on an annual basis.

The deficit position of the pension scheme could result in an increase or decrease in employers' contributions over a period of years. Therefore the Academy Trust aims to revisit current business plans and budgets to ascertain how pension costs might affect budgets in the future. Any changes to pension contributions for the Local Government Scheme are unlikely to be known until early 2017.

Investment Policy

The Academy holds its reserves and accounts at Lloyds Bank and incurs no current account charges. The Academy has placed daily balances on Treasury Deposit overnight in order to maximize our returns without risk.

Principal Risks and Uncertainties

The Governors have an Audit Committee, which regularly reviews and considers the risks to which the Academy is exposed. The main risk remains the Government's current funding mechanism and the prevailing economic climate. It recommends actions accordingly to the Headteacher.

The Academy has continued to monitor its staffing structure and over the next few years the school plans to further invest in its new middle leaders and give those staff who wish to move forward in their career, clear pathways for how to progress, whether formally through promotion or informally by taking on a specialised role. This is part of an on-going strategy to ensure that staff have the necessary skills and knowledge that would enable them to step up into Senior Leadership roles if needed.

Governors have instigated conversations around staffing roles and other risks related to staffing with the head teacher, they are ongoing. There will be further staffing structure discussions.

We continue to forge close links with our community partners and promote the school through television, local press and social media.

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

Plans for Future Periods

- To continue and extend work on moving towards being an "Outstanding School "and centre of excellence.
- To continue to develop the school grounds to maximize learning and play opportunities for every pupil through effective fundraising and research.
- To continue to work with the Local Authority regarding the housing project adjacent to the site to ensure the best outcomes for the school, with particular regard to the proposed facility for people with learning disabilities.
- To explore different models of working in partnership with other schools.

Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on *23 November 2016* and signed on the board's behalf by:



Sid Carter
Co Chair of Trustees



Alison Dalton
Co Chair of Trustees

MONTACUTE SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Montacute 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 Head teacher, 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 Montacute School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sid Carter (Member & Co Chair of Trustees)	5	5
Stephen Butterworth (Member)	1	5
Pamela Henderson (Member)	5	5
Alison Dalton (Co Chair of Trustees)	5	5
Linda Creswell	4	5
Virginia Jewell	2	3
Jean Joyce	3	4
Marcia Osborn	4	5
Jill Owen (Headteacher and Accounting Officer)	5	5
Avril Jackson	4	5
Jane Shaw	4	5
Paul Collins	3	5

During the year we appointed an additional Trustee, Alison Dalton.

Following the external review of Governance in June 2015, the new committee structures were established (Autumn Term 2015) and new terms of reference written. New co-chairs were elected and chairs for the 2 new committees were established.

The governors have 2 main committees:-

Standards Committee

This committee is responsible for ensuring that the governors monitor the quality of education provided by the school (by monitoring the delivery of the curriculum and that children are making good progress), that the health and wellbeing of students and staff has a prominent place in governor considerations, and that safeguarding measures are in place and effective across the school and other settings where students work.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Sid Carter	2	3
Nicola Keynes	1	3
Avril Jackson	3	3
Virginia Jewell	1	3
Marcia Osborn	1	3
Jill Owen	2	3
Jane Shaw (Chair)	2	3
Jean Joyce	3	3

Resources Committee

This committee takes responsibility for ensuring the school's finances are well managed, that we have sufficient staff, and as the Governors employ the staff that all legal obligations of being an employer are carried out. We also carry a responsibility to make sure the building is maintained well and fit for our students to use. The audit committee is drawn from this committee and has separate meetings.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Pamela Henderson	5	5
Stephen Butterworth (Chair)	5	5
Linda Creswell	5	5
Nicola Keynes	5	5
Alison Dalton	4	5
Jill Owen	5	5

Initial evaluation is that these committees are working very effectively, a formal review will take place at the end of the Autumn term 2016.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head teacher has responsibility for ensuring that the academy 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 academy'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 has delivered improved value for money during the year by:

- Reorganising classes to optimize staffing
- Renegotiating premises maintenance contracts to ensure best value

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Montacute School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The academy'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 resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Alan Reed as their Responsible Officer (RO) to carry out a programme of internal checks which includes:-

- Testing of payroll systems
- Testing of purchase systems
- Review of bank reconciliations
- Review of financial systems
- Petty cash
- Income
- Unofficial fund

He reports to the Resources Committee termly and attends meetings as required. He made two visits during the year.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

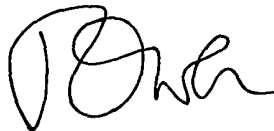
- the work of the Responsible Officer;
- the work of the External Auditor;
- the work of an External Accountancy Advisor.

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

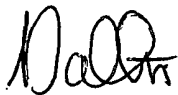
Approved by order of the members of the board of trustees on *23 November 2016* and signed on their behalf, by:



Sid Carter
Co Chair of Trustees



Jill Owen
Accounting Officer



Alison Dalton
Co Chair of Trustees

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Montacute School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Jill Owen
Accounting Officer

23 November 2016

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

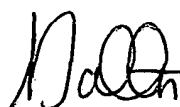
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have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

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

Approved by order of the members of the board of trustees on 23 November 2016 and signed on its behalf by:



Sid Carter
Co Chair of Trustees



Alison Dalton
Co Chair of Trustees

MONTACUTE SCHOOL
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MONTACUTE SCHOOL

We have audited the financial statements of Montacute School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

MONTACUTE SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MONTACUTE SCHOOL

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

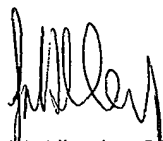
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



S M Allenby FCA (Senior statutory auditor)

for and on behalf of

Clifford Fry & Co LLP

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

Date: 29 November 2016

MONTACUTE SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MONTACUTE SCHOOL
AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Montacute School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF MONTACUTE SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Montacute School's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

MONTACUTE SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MONTACUTE SCHOOL
AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Clifford Fry & Co LLP

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

Date: 29 November 2016

MONTACUTE SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	57,343	44,269	101,612	6,740,437
Charitable activities: Funding for the academy trust's educational operations	5	-	2,148,080	-	2,148,080	2,048,174
Other trading activities	3	84,833	16,728	-	101,561	61,000
Investments	4	984	-	-	984	872
TOTAL INCOME		85,817	2,222,151	44,269	2,352,237	8,850,483
EXPENDITURE ON:						
Raising funds	6	64,623	-	-	64,623	38,292
Charitable activities: Academy trust educational operations	7,8	-	2,304,541	184,430	2,488,971	5,818,734
TOTAL EXPENDITURE	6	64,623	2,304,541	184,430	2,553,594	5,857,026
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		21,194	(82,390)	(140,161)	(201,357)	2,993,457
Transfers between Funds	16	-	(54,684)	54,684	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		21,194	(137,074)	(85,477)	(201,357)	2,993,457
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(1,042,000)	-	(1,042,000)	70,000
NET MOVEMENT IN FUNDS		21,194	(1,179,074)	(85,477)	(1,243,357)	3,063,457
RECONCILIATION OF FUNDS:						
Total funds brought forward		104,339	(1,030,190)	7,288,464	6,362,613	3,299,156
TOTAL FUNDS CARRIED FORWARD		125,533	(2,209,264)	7,202,987	5,119,256	6,362,613

The notes on pages 23 to 46 form part of these financial statements.

MONTACUTE SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07724780

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	13		7,196,229	7,279,250
CURRENT ASSETS				
Debtors	14	103,670		55,323
Cash at bank and in hand		534,858		615,354
		<u>638,528</u>		<u>670,677</u>
CREDITORS: amounts falling due within one year	15	(82,501)		(138,314)
NET CURRENT ASSETS			556,027	532,363
TOTAL ASSETS LESS CURRENT LIABILITIES			7,752,256	7,811,613
Defined benefit pension scheme liability	21	(2,633,000)		(1,449,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>5,119,256</u>	<u>6,362,613</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	16	423,736		418,810
Restricted fixed asset funds	16	7,202,987		7,288,464
Restricted income funds excluding pension liability		7,626,723		7,707,274
Pension reserve		<u>(2,633,000)</u>		<u>(1,449,000)</u>
Total restricted income funds			4,993,723	6,258,274
Unrestricted income funds	16		125,533	104,339
TOTAL FUNDS			<u>5,119,256</u>	<u>6,362,613</u>

The financial statements were approved by the Trustees, and authorised for issue, on 23 November 2016 and are signed on their behalf, by:



Sid Carter
Co Chair of Trustees



Alison Dalton
Co Chair of Trustees

The notes on pages 23 to 45 form part of these financial statements.

MONTACUTE SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	As restated 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>19,929</u>	<u>3,276,474</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		984	872
Proceeds from the sale of tangible fixed assets		-	3,599,756
Purchase of tangible fixed assets		<u>(101,409)</u>	<u>(6,739,817)</u>
Net cash used in investing activities		<u>(100,425)</u>	<u>(3,139,189)</u>
Change in cash and cash equivalents in the year		(80,496)	137,285
Cash and cash equivalents brought forward		<u>615,354</u>	<u>478,069</u>
Cash and cash equivalents carried forward		<u><u>534,858</u></u>	<u><u>615,354</u></u>

MONTACUTE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

MONTACUTE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.2 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

1.3 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

MONTACUTE SCHOOL
(A company limited by guarantee)

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

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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

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

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

MONTACUTE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

Freehold property	-	Straight line over 50 years (buildings only)
Motor vehicles	-	25% Straight line
Fixtures and fittings	-	15% Straight line
Computer equipment	-	20% Straight line

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 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.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

MONTACUTE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

MONTACUTE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 31.

MONTACUTE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Donations	57,343	38,000	95,343	6,733,921
EFA Capital grants	-	6,269	6,269	6,516
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	57,343	44,269	101,612	6,740,437
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £6,740,437 was to restricted funds

MONTACUTE SCHOOL
(A company limited by guarantee)

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other income	23,166	16,728	39,894	31,773
Catering income	7,064	-	7,064	9,994
Reimbursements and facilities income	-	-	-	3,750
Swimming pool income	54,603	-	54,603	15,483
	<u>84,833</u>	<u>16,728</u>	<u>101,561</u>	<u>61,000</u>

In 2015, of the total income from other trading activities, £61,000 was to unrestricted funds and £ nil was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	984	984	872
	<u>984</u>	<u>984</u>	<u>872</u>

In 2015, of the total investment income, £ 872 was to unrestricted funds and £ NIL was to restricted funds.

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
DfE/EFA grants			
General annual grants	786,679	786,679	796,518
Other Dfe/EFA grants	33,642	33,642	51,100
	<u>820,321</u>	<u>820,321</u>	<u>847,618</u>
Other government grants			
Local authority grants	1,327,759	1,327,759	1,200,556
	<u>1,327,759</u>	<u>1,327,759</u>	<u>1,200,556</u>
	<u><u>2,148,080</u></u>	<u><u>2,148,080</u></u>	<u><u>2,048,174</u></u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £2,048,174 was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Expenditure on raising voluntary income	14,078	-	50,545	64,623	38,292
Educational Operations:					
Direct costs	1,642,373	184,430	185,182	2,011,985	5,328,598
Support costs	322,733	103,138	51,115	476,986	490,136
	<u>1,979,184</u>	<u>287,568</u>	<u>286,842</u>	<u>2,553,594</u>	<u>5,857,026</u>

In 2016, of the total expenditure, £64,623 (2015 - £38,292) was to unrestricted funds and £2,488,971 (2015 - £5,818,734) was to restricted funds.

MONTACUTE SCHOOL
(A company limited by guarantee)

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

7. DIRECT COSTS

	Educational Operations £	Total 2016 £	As restated Total 2015 £
Pension finance costs	55,000	55,000	55,000
Technology costs	✓ 8,970	8,970	7,888
Educational supplies	✓ 35,723	35,723	34,232
Staff development	✓ 14,628	14,628	19,140
Educational consultancy	✓ 48,822	48,822	20,265
Other direct costs	✓ 22,039	22,039	19,838
Loss on disposal of fixed assets	-	-	3,599,756
Wages and salaries	1,365,431	1,365,431	1,284,519
National insurance	84,613	84,613	72,880
Pension cost	192,329	192,329	175,695
Depreciation	✓ 184,430	184,430	39,385
	<u>2,011,985</u>	<u>2,011,985</u>	<u>5,328,598</u>

In 2015, the academy incurred the following Direct costs:

£5,328,598 in respect of Educational Operations

8. SUPPORT COSTS

	Educational Operations £	Total 2016 £	As restated Total 2015 £
Technology costs	✓ 4,002	4,002	4,484
Other support costs	✓ 25,029	25,029	27,813
Recruitment and support	✓ 11,954	11,954	7,433
Maintenance of premises and equipment	✓ 35,348	35,348	51,441
Cleaning	✓ 10,387	10,387	8,273
Rent & Rates	✓ 10,291	10,291	9,444
Energy costs	✓ 34,111	34,111	25,415
Insurance	✓ 2,799	2,799	10,823
Security and transport	✓ 9,254	9,254	8,142
Auditors remuneration	✓ 5,050	5,050	5,615
Accountancy fees	✓ 5,610	5,610	5,166
Bank charges	✓ 48	48	94
Governors training and expenses	✓ 370	370	-
Wages and salaries	189,165	189,165	195,842
National insurance	12,690	12,690	10,586
Pension cost	120,878	120,878	119,565
	<u>476,986</u>	<u>476,986</u>	<u>490,136</u>

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

8. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£11,078 (2015 - £10,875) included within the table above in respect of Educational Operations.

In 2015, the academy incurred the following Support costs:
£479,261 in respect of Educational Operations

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	184,430	39,385
Auditors' remuneration - audit	3,950	3,750
Auditors' remuneration - other services	1,100	1,865
	<u>189,480</u>	<u>45,000</u>

MONTACUTE SCHOOL
(A company limited by guarantee)

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

10. STAFF COSTS

Staff costs were as follows:

	2016 £	As restated 2015 £
Wages and salaries	1,543,177	1,454,401
Social security costs	95,314	83,453
Operating costs of defined benefit pension schemes	315,194	297,408
	<u>1,953,685</u>	<u>1,835,262</u>
Supply teacher costs	22,999	38,303
Staff restructuring costs	2,500	-
	<u>1,979,184</u>	<u>1,873,565</u>

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

	2016 No.	2015 No.
Teaching Staff	13	13
Admin & Support Staff	79	78
Management	6	7
	<u>98</u>	<u>98</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's contributions for this member of staff amounted to £12,534 (2015: £10,723).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £2,500 (2015: £nil). This was made up of one individual payment.

The key management personnel of the academy trust comprise of trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £330,000 (2015: £310,000).

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11. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 3 Trustees (2015 - 3) in respect of defined benefit pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2016 £	2015 £
Jill Owen	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Marcia Osborn	Remuneration	35,000-40,000	25,000-30,000
	Pension contributions paid	5,000-10,000	0-5,000
Linda Creswell	Remuneration	15,000-20,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2016, expenses totalling £148 (2015 - £NIL) were reimbursed to 1 Trustee (2015 - 0).

12. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	7,121,391	31,935	171,057	28,708	7,353,091
Additions	-	53,000	39,729	8,680	101,409
Disposals	-	(445)	-	-	(445)
At 31 August 2016	7,121,391	84,490	210,786	37,388	7,454,055
Depreciation					
At 1 September 2015	-	31,270	31,991	10,580	73,841
Charge for the year	131,419	13,915	31,618	7,478	184,430
On disposals	-	(445)	-	-	(445)
At 31 August 2016	131,419	44,740	63,609	18,058	257,826
Net book value					
At 31 August 2016	6,989,972	39,750	147,177	19,330	7,196,229
At 31 August 2015	7,121,391	665	139,066	18,128	7,279,250

The academy moved into a new building during 2015. The building was funded directly by the EFA. The value of the building was included in the accounts on 31st August 2015 based on cost (£6,570,926). The residual part of the freehold property cost relates to land, which was valued by independent valuers, on the 19th September 2012. The land was valued at £550,465 and is not depreciated.

14. DEBTORS

	2016 £	2015 £
Trade debtors	75,741	15,324
VAT recoverable	2,268	5,807
Prepayments and accrued income	25,661	34,192
	<u>103,670</u>	<u>55,323</u>

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15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	16,506	36,091
Other taxation and social security	27,264	22,200
Other creditors	200	26,309
Accruals and deferred income	38,531	53,714
	<u>82,501</u>	<u>138,314</u>
	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	3,575	19,205
Resources deferred during the year	11,271	3,575
Amounts released from previous years	(3,575)	(19,205)
Deferred income at 31 August 2016	<u>11,271</u>	<u>3,575</u>

At the balance sheet date the academy was holding funds received in advance for Infants Free School Meals Grant and EFA student bursaries.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	40,343	84,158	(62,964)	-	-	61,537
Amenity	63,996	1,659	(1,659)	-	-	63,996
	<u>104,339</u>	<u>85,817</u>	<u>(64,623)</u>	<u>-</u>	<u>-</u>	<u>125,533</u>
Restricted funds						
General Annual Grant (GAG)	369,657	786,679	(770,815)	(5,260)	-	380,261
Other Dfe/EFA Grants	4,718	33,642	(36,640)	-	-	1,720
Other government grants	-	1,327,759	(1,327,759)	-	-	-
Monty's Appeal	44,435	55,105	(8,361)	(49,424)	-	41,755
Other restricted income	-	18,966	(18,966)	-	-	-
Pension reserve	(1,449,000)	-	(142,000)	-	(1,042,000)	(2,633,000)
	<u>(1,030,190)</u>	<u>2,222,151</u>	<u>(2,304,541)</u>	<u>(54,684)</u>	<u>(1,042,000)</u>	<u>(2,209,264)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	7,279,252	38,000	(184,430)	63,407	-	7,196,229
Devolved Formula Capital	9,212	6,269	-	(8,723)	-	6,758
	<u>7,288,464</u>	<u>44,269</u>	<u>(184,430)</u>	<u>54,684</u>	<u>-</u>	<u>7,202,987</u>
Total restricted funds	<u>6,258,274</u>	<u>2,266,420</u>	<u>(2,488,971)</u>	<u>-</u>	<u>(1,042,000)</u>	<u>4,993,723</u>
Total of funds	<u>6,362,613</u>	<u>2,352,237</u>	<u>(2,553,594)</u>	<u>-</u>	<u>(1,042,000)</u>	<u>5,119,256</u>

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

Unrestricted funds

These funds are for the general use of the academy and may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Restricted funds

The General Annual Grant (GAG) represents funding received from the EFA during the year in order to fund the continuing activities of the academy.

Other Dfe/EFA Grants includes Pupil Premium for disadvantaged pupils.

Local authority grants includes top up funding from the local authorities.

Fixed Asset Funds

These funds are used for the purpose of buying or constructing fixed assets and include unspent capital grants of £6,758. These include the new building of £6,570,926 which was constructed by the EFA and the Borough of Poole for Montacute School during 2015.

Transfers

The transfers between funds represent tangible fixed assets purchased during the year out of non capital grants and donations.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
	-	-	-	-	7,279,252
Tangible fixed assets	-	-	7,196,229	7,196,229	-
Current assets	125,533	506,238	6,758	638,529	670,674
Creditors due within one year	-	(82,502)	-	(82,502)	(138,313)
Provisions for liabilities and charges	-	(2,633,000)	-	(2,633,000)	(1,449,000)
	<u>125,533</u>	<u>(2,209,264)</u>	<u>7,202,987</u>	<u>5,119,256</u>	<u>6,362,613</u>

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

	2016	As restated 2015
	£	£
Net (expenditure)/income for the year (as per Statement of financial activities)	(201,357)	2,993,457
Adjustment for:		
Depreciation charges	184,430	39,385
Dividends, interest and rents from investments	(984)	(872)
(Increase)/decrease in debtors	(48,347)	69,718
(Decrease)/increase in creditors	(55,813)	33,786
Defined benefit pension scheme finance cost	142,000	141,000
Net cash provided by operating activities	19,929	3,276,474

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash at bank in hand	534,858	615,354
Total	534,858	615,354

20. CAPITAL COMMITMENTS

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

	2016	2015
	£	£
Contracted for but not provided in these financial statements	-	3,313

21. 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 Dorset County Pension Fund. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £nil were payable to the schemes at 31 August 2016 (2015 - 26,308) and are included within creditors.

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21. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £192,329 (2015 - £175,695).

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

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21. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £163,000 (2015 - £166,000), of which employer's contributions totalled £122,000 (2015 - £125,000) and employees' contributions totalled £41,000 (2015 - £41,000). The agreed contribution rates for future years are 17.4% for employers and 5.5% to 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. Dorset County Pension Fund

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.80 %	4.10 %
Rate of increase for pensions in payment / inflation	2.30 %	2.60 %
Inflation assumption (CPI)	2.30 %	2.60 %
Inflation assumption (RPI)	3.20 %	3.50 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	973,000	770,000
Gilts	185,000	165,000
Property	173,000	142,000
Other bonds	215,000	176,000
Cash	18,000	54,000
Other assets	123,000	86,000
Total market value of assets	<u>1,687,000</u>	<u>1,393,000</u>

The actual return on scheme assets was £152,000 (2015 - £61,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	As restated 2015 £
Current service cost (net of employee contributions)	(208,000)	(210,000)
Net interest cost	(55,000)	(55,000)
Administration expenses	(1,000)	(1,000)
Total	<u>(264,000)</u>	<u>(266,000)</u>
Actual return on scheme assets	<u>152,000</u>	<u>61,000</u>

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21. PENSION COMMITMENTS (continued)

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

	2016 £	As restated 2015 £
Opening defined benefit obligation	2,842,000	2,558,000
Current service cost	208,000	210,000
Interest cost	114,000	104,000
Contributions by employees	41,000	41,000
Actuarial losses/(gains)	1,135,000	(57,000)
Benefits paid	(20,000)	(14,000)
	<u>4,320,000</u>	<u>2,842,000</u>
Closing defined benefit obligation	<u>4,320,000</u>	<u>2,842,000</u>

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

	2016 £	As restated 2015 £
Opening fair value of scheme assets	1,393,000	1,180,000
Return on plan assets (excluding net interest on the net defined pension liability)	59,000	49,000
Actuarial gains and (losses)	93,000	13,000
Contributions by employer	122,000	125,000
Contributions by employees	41,000	41,000
Benefits paid	(20,000)	(14,000)
Administration expenses	(1,000)	(1,000)
	<u>1,687,000</u>	<u>1,393,000</u>
Closing fair value of scheme assets	<u>1,687,000</u>	<u>1,393,000</u>

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22. RELATED PARTY TRANSACTIONS

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

The following related party transaction took place in the period of account.

Mr Nigel Owen - the husband of Jill Owen, the headteacher and accounting officer, was employed by Montacute School on a casual basis to perform teaching assistant and cleaning duties. He was paid a gross salary of £1,182. There were no amounts outstanding at 31 August 2016. This transaction was made at arms' length.

23. 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.

24. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £7,931 and disbursed £nil from the fund. An amount of £7,931 is included in creditors relating to undistributed funds that is repayable to EFA.

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25. FIRST TIME ADOPTION OF FRS 102

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

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		3,299,156	6,362,613
Total funds reported under FRS 102		<u>3,299,156</u>	<u>6,362,613</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		3,016,457
Change in recognition of LGPS interest cost	A	(23,000)
Net movement in funds reported under FRS 102		<u>2,993,457</u>

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

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £23,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.