

Company Registration Number: 07724780 (England)

MONTACUTE SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



MONTACUTE SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Sid Carter (resigned 18 July 2018)
Stephen Butterworth
Pamela Henderson
Alison Dalton

Trustees

Sid Carter, Community Governor (resigned 18 July 2018)²
Stephen Butterworth, Chair of Governors¹
Pamela Henderson, Vice Chair of Governors (resigned 30 September 2018)²
Alison Dalton, Parent Governor¹
Marcia Osborn, Staff Governor²
Jill Owen, Headteacher and Accounting Officer^{1,2}
Nicola Keynes, Community Governor¹
Avril Jackson, Community Governor²
Jane Shaw, Community Governor²
Paul Collins, Community Governor¹
Agnete Hansen, Staff Governor (resigned 31 October 2018)²
Lucy Parr, Parent Governor (resigned 8 October 2017)²
Janice Foster, Community Governor (appointed 11 December 2017)²
Beverley Gowman, Community Governor (appointed 19 March 2018)²
Susan Watts, Community Governor (appointed 19 March 2018)¹
Tracey Smith (appointed 10 December 2018)
Wendy Byers (appointed 10 December 2018)

¹ Members of the Resources Committee

² Members of the Standards 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 (resigned 31/08/2018)
Ruth Payne, Assistant Head Pupil Progress (resigned 31/08/2018)
Marcia Osborn, Inclusion Coordinator
Rachel Holland, Leadership Support Coordinator
Tracey Smith, Parent Partner/Safeguarding
Ruth Drewett, Deputy Head (appointed 01/09/2018)

Independent auditors

James Cowper Kreston, 9th Floor, The White Building, 1-4 Cumberland Place, Southampton, Hampshire, SO15 2NP

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Bankers

Lloyds Bank Plc, 25 Gresham Street, London, EC2V 7HN

Solicitors

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

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy trust operates an academy for pupils aged 2 to 19 serving a catchment area in north Poole, Bournemouth and East Dorset. It has a pupil capacity of 75 and had a roll of 81 in the school census on 18 January 2018.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association is the primary governing document of the Academy trust.

The Trustees of Montacute School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Montacute School Academy.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. 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 £10,000,000 on any one claim.

d. 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 questions 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.

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 decided is necessary. This may be for the duration of a project or for a fixed term. None were appointed on this basis during this period.

e. Policies and procedures adopted for the induction and training of Trustees

Trustees are inducted by having a mentor from among the governing body to support and guide them. The Governing Body commissions Dorset Governor Services to provide training. It has also commissioned some bespoke training on the governor competency framework within the last year.

During the year some courses carried out in the Academy, primarily for staff, were attended by some of the Trustees, as well as governors' attendance at courses run by the Local Authority's Governor Services to which we subscribe. Governors also attended two Away Days in order to appraise themselves of new systems of assessment and recording devised by the school. This enabled them to more effectively monitor the school's performance and evidence their findings.

f. Organisational structure

The Strategic Leadership Team in place for the period consisted of a Headteacher, Deputy Headteacher, and two Assistant Heads. The Leadership and Management Team also included a 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 and Management 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 is a sub-committee of the main board of trustees. The 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 setting where students work.

The Resources Committee is also a sub-committee of the main board of trustees. Its purpose is to take 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.

g. Pay policy for 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, Assistant Headteacher and Tracey Smith

h. Trade union facility time

There were no members of staff who were relevant union officials during the year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

a. 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.

b. Objectives, strategies and activities

- All groups of pupils to make good or better progress.
- Maintain strong monitoring systems to enable leaders to have an accurate awareness of the quality of teaching and how well individual pupils are progressing. Ensure effective action is taken quickly when improvements are needed.
- Continue to strengthen the curriculum in order to meet the specific special educational needs of all pupils.
- Ensure pupils work towards achieving their own targets, based on a full assessment of current needs. Therapists and the school nurse support class staff to help pupils meet these targets.
- Maintain and strengthen the existing good links with local schools. This enables pupils to work and play regularly alongside their mainstream peers and gives staff opportunities to train with other teachers.
- Continue the work that has significantly decreased the frequency of challenging behaviour.
- Ensure pupils enjoy school and feel safe.
- Governors to continue to play a valuable part in the running of the school, regularly checking that safeguarding procedures are effective.
- Continue to ensure that the early years is well managed. Children benefit from a carefully planned start to school which helps them quickly settle in and make progress.
- Post-16 students to take part in a good range of studies which prepare them well for adulthood.
- Improve and further develop the School's approach to assessment to ensure that judgements for the most able pupils are always accurate.
- Leaders to further develop the support of pupils' mental health needs.

c. 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 everyday.

The Montacute Academy has planned places for 75 pupils and currently educates 81, all of whom have Complex Learning Difficulties & 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 personalised 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-centred 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and performance

Strategic report

a. Achievements and performance

In July 2018 79% (65) of our pupils (82) made an average (across curriculum areas) of expected or above expected progress over the year. Of the 17 students who fell into the below expected category, 13 had achieved expected or above expected progress in all but one curriculum area.

We have continued to implement our rigorous monitoring and recording systems that we have developed over the last 3 years. These systems were verbally described as "forensic" in nature by an Ofsted Inspector during our most recent inspection. Triangulation of information gathered about students' progress from Pupil Progress meetings, monitoring, Learning Walks and data has continued to keep us informed of where individuals are achieving or under achieving. This system highlights those pupils who are under achieving early on in the school year, enabling us to apply suitable strategies and interventions to support and provide our students with the best opportunities to make Expected or Above Expected progress.

1. Destinations for Montacute Leavers
 - Further Education College
 - Bespoke Package – Holton Lee and Purbeck Centre
 - Bespoke Package – Tricuro College
2. Accreditations
 - 12 students gained module(s) from ASDAN
 - 15 students gained an award from OCR
 - 8 students gained module(s) from City and Guilds
 - 6 students gained a Duke of Edinburgh Gold Award

b. Key performance indicators

During the year ended 31 August 2018 the total resources expended of £2,793,855 (2017: £2,685,721) was largely covered by grants from the DFE and other income, such as voluntary income, other trading activities and a small amount of investment income. The surplus of income over expenditure for the year was £163,570 (2017: surplus - £8,074).

c. 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 next three years. 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 on page 24.

Financial review

a. Financial review

During the financial year ended 31 August 2018 the Academy received Grant Income of £2,317,170 from the Education and Skills Funding Agency and the Local Authorities from which we draw our students and non-grant Income of £172,670. Expenditure for the period totalled £2,793,855. The Academy will be carrying forward restricted funds of £463,065 and unrestricted funds of £183,935.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

b. Reserves policy

The Trustees have reserves amounting to £649,001 (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 £6,888,889 and reserves available (excluding fixed assets and the pension deficit) of £649,001 of which £63,982 is Amenity Account, £4,283 is PE Grant to be carried forward to 18/19, £66,817 is Monty's Appeal and £30,134 is for Swimming Pool, leaving an unallocated balance of £483,785.

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.

c. Investment policy

The Academy holds 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 maximise our returns without risk.

d. 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 and develop its staffing structure. 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 it 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 are actively looking at opportunities to forge closer links with other schools by looking at models of association that will result in stability in the current economic climate and positive outcomes for our pupils now and into the future.

Fundraising

The approach to fundraising is as follows:

- A fundraiser is employed to organise and co-ordinate all such activity initiated by the Academy trust.
- Not to use commercial participators / professional fundraisers.
- Ensure fundraising conforms to recognised standards.
- Wherever possible be aware of, approve and monitor fundraising carried out on its behalf.
- Fundraising complaints are handled by the Head Teacher in the first instance, with governor involvement if no satisfactory resolution.
- To ensure the protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

a. Future developments

Montacute wants to be an outstanding resource for its children and young people and work to improve their life outcomes by being a SEND centre of excellence with a high level of personalisation for its learners and an aspiration of supporting them well into their adult lives. It will do this by developing the expertise of staff and providing an enriching curriculum underpinned by secure assessment processes. It will seek to continue to develop its links into the surrounding community through relationships with employers and classrooms situated in mainstream schools. It will work with its partner special schools to ensure sharing and innovation for the benefit of all learners with SEND.

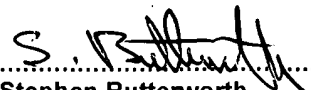
Although the current financial climate calls for prudent development, the School has a history of looking outwards and looking forwards in order to remain ambitious for its pupils, and it will continue to watch the local scene, with merging local authorities, closely so that it can be sure to remain very relevant in supporting the needs of local children and young people. It will remain open to exploring opportunities with partners and believes strongly in the importance of partnership working.

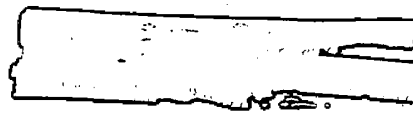
Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are 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 _____ and signed on its behalf by:


.....
Stephen Butterworth
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 4 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, Community Governor | 4 | 4 |
| Stephen Butterworth, Chair of Governors | 4 | 4 |
| Pamela Henderson, Vice Chair of Governors | 4 | 4 |
| Alison Dalton, Parent Governor | 4 | 4 |
| Marcia Osborn, Staff Governor | 4 | 4 |
| Jill Owen, Headteacher and Accounting Officer | 4 | 4 |
| Nicola Keynes, Community Governor | 2 | 4 |
| Avril Jackson, Community Governor | 3 | 4 |
| Jane Shaw, Community Governor | 4 | 4 |
| Paul Collins, Community Governor | 3 | 4 |
| Agnete Hansen, Staff Governor | 1 | 4 |
| Lucy Parr, Parent Governor | 0 | 4 |
| Janice Foster, Community Governor | 3 | 4 |
| Beverley Gowman, Community Governor | 3 | 4 |
| Susan Watts, Community Governor | 2 | 4 |
| Tracey Smith | 0 | 0 |
| Wendy Byers | 0 | 0 |

During the year, Staff Governor Agnete Hansen resigned on 31.08.2018. Parent Governor Lucy Parr resigned on 08.10.2017. Community Governor Sid Carter resigned on 25.07.2018. Community Governor Pamela Henderson resigned on 30.09.2018.

Janice Foster was appointed as Community Governor on 11.12.2017. Susan Watts Community Governor and Beverley Gowman Community Governor were appointed on 19.03.2018. Staff Governor Tracey Smith was appointed on 10.12.2018. Community Governor Wendy Byers was appointed on 10.12.2018.

The governors have 2 main committees:

The Standards Committee is a sub-committee of the main board of trustees. The 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 setting 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, Community Governor | 2 | 2 |
| Avril Jackson, Community Governor | 1 | 2 |
| Marcia Osborn, Staff Governor | 2 | 2 |
| Jill Owen, Headteacher and Accounting Officer | 1 | 2 |
| Jane Shaw, Community Governor | 2 | 2 |
| Beverley Gowman, Community Governor | 1 | 2 |
| Agnete Hansen, Staff Governor | 2 | 2 |
| Janice Foster, Community Governor | 2 | 2 |

The Resources Committee is also a sub-committee of the main board of trustees. Its purpose is to take 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.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Stephen Butterworth, Chair of Governors | 2 | 5 |
| Paul Collins, Community Governor | 5 | 5 |
| Nicola Keynes, Community Governor | 2 | 5 |
| Alison Dalton, Parent Governor | 5 | 5 |
| Jill Owen, Headteacher and Accounting Officer | 5 | 5 |
| Susan Watts, Community Governor | 1 | 5 |

Governance reviews:

- The board of governors participated in a one day workshop, facilitated by the Clerk to the Governors, to evaluate the effectiveness of scheduled meetings with the output being a revised annual agenda planner.
- It was agreed a governor skills audit should take place in early 2019.
- The next governance self-evaluation will take place during the summer term 2019.

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:

- Maintaining tight control of costs with continued focus on the deployment of TAs.
- Focusing on a long term approach to delivering value for money and excellence of teaching and learning by setting up a working party to conduct a strategic review of the staffing structure of the School. The output of the review being a detailed, fully costed recommendation for the consideration of the governing body.
- Gaining agreement to implement the recommendations of the strategic review for all classroom-based from the start of the 18-19 academic year.

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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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 finance and general purpose committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to continue to use the services of Alan Reed, a qualified and practising accountant, as Responsible Officer (RO). Alan carries out the role with efficiency and professionalism, reporting to the governing body after each visit, making observations and recommendations as appropriate.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- petty cash
- income
- unofficial fund

On an annual basis, the auditor reports to the board of trustees through the Resources committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Trustees are pleased to report that there were no major problems uncovered by the RO and any minor queries were easily explained by the school's finance officer and rectified if necessary.

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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 RO;
- the work of the external auditors;
- the work of the executive managers within the Academy 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 Resources 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

and signed on their behalf, by:


.....
Stephen Butterworth
Chair of Trustees


.....
Jill Owen
Accounting Officer

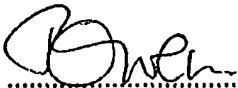
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Montacute School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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.



.....
Jill Owen
Accounting Officer

19/12/18

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued by the Education & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable 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

and signed on its behalf by:


.....
Stephen Butterworth
Chair of Trustees

19/12/18

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

Opinion

We have audited the financial statements of Montacute School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating 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 2017 to 2018 issued by the Education & 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 2018 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 2017 to 2018 issued by the Education & 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.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. 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.

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

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

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic 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 including the Strategic 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, 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.

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.

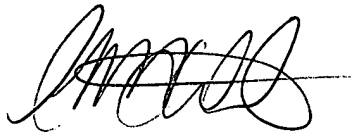
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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

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



Louise Hallsworth FCA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date: 20.12.2018

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

In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Montacute 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 Montacute School and the ESFA, 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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.

MONTACUTE SCHOOL
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
MONTACUTE SCHOOL AND THE EDUCATION & SKILLS 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Louise Hallsworth FCA

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date: 20.12.2018

MONTACUTE SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

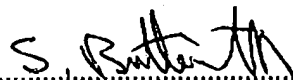
| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 2 | - | 70,747 | 6,585 | 77,332 | 40,362 |
| Charitable activities | 3 | - | 2,317,170 | - | 2,317,170 | 2,171,249 |
| Other trading activities | 4 | 82,648 | 17,985 | - | 100,633 | 92,708 |
| Investments | 5 | 1,290 | - | - | 1,290 | 476 |
| Total income | | 83,938 | 2,405,902 | 6,585 | 2,496,425 | 2,304,795 |
| Expenditure on: | | | | | | |
| Raising funds | | 50,597 | - | - | 50,597 | 52,790 |
| Charitable activities | | (2,575) | 2,558,210 | 187,623 | 2,743,258 | 2,632,931 |
| Total expenditure | 6 | 48,022 | 2,558,210 | 187,623 | 2,793,855 | 2,685,721 |
| Net before transfers | | 35,916 | (152,308) | (181,038) | (297,430) | (380,926) |
| Transfers between Funds | 16 | - | (34,441) | 34,441 | - | - |
| Net income / (expenditure) before other recognised gains and losses | | 35,916 | (186,749) | (146,597) | (297,430) | (380,926) |
| Actuarial gains on defined benefit pension schemes | 20 | - | 461,000 | - | 461,000 | 389,000 |
| Net movement in funds | | 35,916 | 274,251 | (146,597) | 163,570 | 8,074 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 148,019 | (2,056,185) | 7,035,496 | 5,127,330 | 5,119,256 |
| Total funds carried forward | | 183,935 | (1,781,934) | 6,888,899 | 5,290,900 | 5,127,330 |

MONTACUTE SCHOOL
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REGISTERED NUMBER: 07724780

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|--------------------|-------------------------|--------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 6,871,819 | | 7,025,001 |
| Current assets | | | | | |
| Debtors | 14 | 109,340 | | 20,202 | |
| Cash at bank and in hand | | 752,204 | | 661,513 | |
| | | <u>861,544</u> | | <u>681,715</u> | |
| Creditors: amounts falling due within one year | 15 | (195,463) | | (125,386) | |
| Net current assets | | | <u>666,081</u> | | <u>556,329</u> |
| Total assets less current liabilities | | | <u>7,537,900</u> | | <u>7,581,330</u> |
| Defined benefit pension scheme liability | 20 | (2,247,000) | | (2,454,000) | |
| Net assets including pension scheme liabilities | | | <u><u>5,290,900</u></u> | | <u><u>5,127,330</u></u> |
| Funds of the academy | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 16 | 465,066 | | 397,815 | |
| Restricted fixed asset funds | 16 | 6,888,899 | | 7,035,496 | |
| Restricted income funds excluding pension liability | | <u>7,353,965</u> | | <u>7,433,311</u> | |
| Pension reserve | | <u>(2,247,000)</u> | | <u>(2,454,000)</u> | |
| Total restricted income funds | | | <u>5,106,965</u> | | <u>4,979,311</u> |
| Unrestricted income funds | 16 | | <u>183,935</u> | | <u>148,019</u> |
| Total funds | | | <u><u>5,290,900</u></u> | | <u><u>5,127,330</u></u> |

The financial statements on pages 20 to 41 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:



Stephen Butterworth
Chair of Trustees

19/12/18

MONTACUTE SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-----------|-----------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 18 | 123,842 | 138,247 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 1,290 | 476 |
| Purchase of tangible fixed assets | | (34,441) | (12,068) |
| Net cash used in investing activities | | (33,151) | (11,592) |
| Change in cash and cash equivalents in the year | | 90,691 | 126,655 |
| Cash and cash equivalents brought forward | | 661,513 | 534,858 |
| Cash and cash equivalents carried forward | 19 | 752,204 | 661,513 |

MONTACUTE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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.

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.

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 receipt is probable and the amount can be reliably measured.

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

MONTACUTE SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 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 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 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.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, 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:

MONTACUTE SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

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

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 incorporating income and expenditure account.

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 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.

1.9 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.

MONTACUTE SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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.

MONTACUTE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA 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 23.

1.13 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 present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 70,747 | - | 70,747 | 33,931 |
| ESFA Capital grants | - | 6,585 | 6,585 | 6,431 |
| | 70,747 | 6,585 | 77,332 | 40,362 |
| Total 2017 | 33,931 | 6,431 | 40,362 | |

MONTACUTE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. Funding for Academy's educational operations

| | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | |
| General annual grants | 768,445 | 768,445 | 776,893 |
| Other Dfe/ESFA grants | 42,147 | 42,147 | 38,705 |
| Local authority grants | 1,506,578 | 1,506,578 | 1,355,651 |
| | <u>2,317,170</u> | <u>2,317,170</u> | <u>2,171,249</u> |
| Total 2017 | <u>2,171,249</u> | <u>2,171,249</u> | |

4. Other trading activities

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Catering income | 9,111 | - | 9,111 | 8,112 |
| Swimming pool income | 61,221 | - | 61,221 | 52,186 |
| Other income | 12,316 | 17,985 | 30,301 | 32,410 |
| | <u>82,648</u> | <u>17,985</u> | <u>100,633</u> | <u>92,708</u> |
| Total 2017 | <u>74,800</u> | <u>17,908</u> | <u>92,708</u> | |

5. Investment income

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--------------------------|------------------------------------|-----------------------------|-----------------------------|
| Bank interest receivable | 1,290 | 1,290 | 476 |
| Total 2017 | <u>476</u> | <u>476</u> | |

MONTACUTE SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. Expenditure

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Restated 2017 £ |
|---|--------------------------|-----------------------|--------------------------|--------------------|-----------------------|
| Expenditure on raising voluntary income | 16,124 | | | | 52,790 |
| Direct costs | - | - | 50,597 | 50,597 | - |
| Support costs | - | - | - | - | - |
| Educational operations -: | | | | | |
| Direct costs | 1,911,302 | 131,419 | 238,486 | 2,281,207 | 2,165,428 |
| Support costs | 276,830 | 100,972 | 84,249 | 462,051 | 467,503 |
| | <u>2,204,256</u> | <u>232,391</u> | <u>373,332</u> | <u>2,793,855</u> | <u>2,685,721</u> |
| Total 2017 | <u>2,110,303</u> | <u>281,445</u> | <u>293,973</u> | <u>2,685,721</u> | |

7. Direct costs

| | Total 2018 £ | Restated 2017 £ |
|-----------------------|--------------------|-----------------------|
| Pension finance costs | 46,367 | 40,506 |
| Technology costs | 15,701 | 6,653 |
| Educational supplies | 26,451 | 44,662 |
| Staff development | 88,580 | 86,197 |
| Other direct costs | 5,183 | 2,350 |
| Wages and salaries | 1,449,359 | 1,391,487 |
| National insurance | 97,889 | 102,323 |
| Pension cost | 364,054 | 307,954 |
| Depreciation | 187,623 | 183,296 |
| | <u>2,281,207</u> | <u>2,165,428</u> |
| Restated 2017 | <u>2,165,428</u> | |

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8. Support costs

| | Total 2018 £ | Restated 2017 £ |
|---------------------------------------|--------------------|-----------------------|
| Pension finance costs | 14,633 | 15,494 |
| Technology costs | 6,932 | 1,364 |
| Other support costs | 37,961 | 27,426 |
| Recruitment and support | 5,167 | 6,637 |
| Maintenance of premises and equipment | 23,045 | 36,333 |
| Cleaning | 13,218 | 11,027 |
| Rent & rates | 16,067 | 14,465 |
| Energy costs | 47,142 | 40,176 |
| Insurance | 1,659 | 1,655 |
| Security and transport | 7,088 | 7,840 |
| Auditors remuneration | 6,420 | 5,505 |
| Accountancy fees | 4,871 | 4,852 |
| Bank charges | 24 | 72 |
| Governors training and expenses | 994 | 1,434 |
| Wages and salaries | 184,211 | 201,938 |
| National insurance | 12,242 | 14,472 |
| Pension cost | 80,377 | 76,813 |
| | <u>462,051</u> | <u>467,503</u> |
| Restated 2017 | <u>467,503</u> | |

During the year ended 31 August 2018, the academy incurred the following Governance costs:
£994 (2017 - £1,434) included within the table above in respect of Educational Operations.

9. Net income/(expenditure)

This is stated after charging:

| | 2018 £ | 2017 £ |
|---|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 187,623 | 183,296 |
| Auditors' remuneration - audit | 4,500 | 3,950 |
| Auditors' remuneration - other services | <u>1,650</u> | <u>1,555</u> |

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10. Staff costs

a. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|--|-------------------------|-------------------------|
| Wages and salaries | 1,647,142 | 1,606,404 |
| Social security costs | 110,131 | 116,795 |
| Operating costs of defined benefit pension schemes | 446,983 | 387,104 |
| | <u>2,204,256</u> | <u>2,110,303</u> |
| Staff restructuring costs | - | 26,000 |
| | <u><u>2,204,256</u></u> | <u><u>2,136,303</u></u> |

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs in 2017 were non-statutory/non-contractual severance payments totalling £26,000. There are no staff restructuring costs in 2018:

c. Staff numbers

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

| | 2018 No. | 2017 No. |
|----------------------------|-------------|-------------|
| Teachers | 13 | 13 |
| Administration and support | 79 | 77 |
| Management | 6 | 6 |
| | <u>98</u> | <u>96</u> |

d. Higher paid staff

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

| | 2018 No. | 2017 No. |
|-------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £80,001 - £90,000 | 1 | 1 |

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 employer's contributions for these members of staff amounted to £24,008 (2017: £13,427).

e. Key management personnel

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 £363,638 (2017: £321,431).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. 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:

| | | 2018 £ | 2017 £ |
|-------------------------------|----------------------------|---------------|---------------|
| Jill Owen (Headteacher) | Remuneration | 80,000-85,000 | 80,000-85,000 |
| | Pension contributions paid | 10,000-15,000 | 10,000-15,000 |
| Marcia Osborn (Staff Trustee) | Remuneration | 40,000-45,000 | |
| | Pension contributions paid | 5,000-10,000 | |
| Agnete Hansen (Staff Trustee) | Remuneration | 15,000-20,000 | 10,000-15,000 |
| | Pension contributions paid | 0-5,000 | 0-5,000 |

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £75 to 1 Trustee).

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.

13. Tangible fixed assets

| | Freehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 September 2017 | 7,121,391 | 84,490 | 219,655 | 40,587 | 7,466,123 |
| Additions | - | - | 29,164 | 5,277 | 34,441 |
| At 31 August 2018 | 7,121,391 | 84,490 | 248,819 | 45,864 | 7,500,564 |
| Depreciation | | | | | |
| At 1 September 2017 | 262,838 | 57,990 | 95,486 | 24,808 | 441,122 |
| Charge for the year | 131,419 | 13,250 | 35,148 | 7,806 | 187,623 |
| At 31 August 2018 | 394,257 | 71,240 | 130,634 | 32,614 | 628,745 |
| Net book value | | | | | |
| At 31 August 2018 | 6,727,134 | 13,250 | 118,185 | 13,250 | 6,871,819 |
| At 31 August 2017 | 6,858,553 | 26,500 | 124,169 | 15,779 | 7,025,001 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|---------------|
| Trade debtors | 13,668 | 1,045 |
| VAT recoverable | 11,272 | 6,009 |
| Prepayments and accrued income | 84,400 | 13,148 |
| | <u>109,340</u> | <u>20,202</u> |

15. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 43,903 | 19,169 |
| Other taxation and social security | 60,864 | 27,316 |
| Other creditors | 70,508 | 30,002 |
| Accruals and deferred income | 20,188 | 48,899 |
| | <u>195,463</u> | <u>125,386</u> |

| | 2018 £ | 2017 £ |
|--------------------------------------|---------------|---------------|
| Deferred income | | |
| Deferred income at 1 September 2017 | 20,031 | 11,271 |
| Resources deferred during the year | 12,778 | 20,031 |
| Amounts released from previous years | (20,031) | (11,271) |
| Deferred income at 31 August 2018 | <u>12,778</u> | <u>20,031</u> |

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. Statement of funds

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|---|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 84,037 | 82,601 | (46,685) | - | - | 119,953 |
| Amenity | 63,982 | 1,337 | (1,337) | - | - | 63,982 |
| | <u>148,019</u> | <u>83,938</u> | <u>(48,022)</u> | <u>-</u> | <u>-</u> | <u>183,935</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 330,998 | 768,445 | (728,235) | (6,853) | - | 364,355 |
| Other DfE/ESFA Grants | - | 42,147 | (42,147) | - | - | - |
| Other government grants | - | 1,506,578 | (1,506,578) | - | - | - |
| Monty's Appeal | 66,817 | 70,747 | (9,265) | (27,588) | - | 100,711 |
| Other restricted income | - | 17,985 | (17,985) | - | - | - |
| Pension reserve | (2,454,000) | - | (254,000) | - | 461,000 | (2,247,000) |
| | <u>(2,056,185)</u> | <u>2,405,902</u> | <u>(2,558,210)</u> | <u>(34,441)</u> | <u>461,000</u> | <u>(1,781,934)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset funds | 7,025,001 | - | (187,623) | 34,441 | - | 6,871,819 |
| Devolved formula capital | 10,495 | 6,585 | - | - | - | 17,080 |
| | <u>7,035,496</u> | <u>6,585</u> | <u>(187,623)</u> | <u>34,441</u> | <u>-</u> | <u>6,888,899</u> |
| Total restricted funds | <u>4,979,311</u> | <u>2,412,487</u> | <u>(2,745,833)</u> | <u>-</u> | <u>461,000</u> | <u>5,106,965</u> |
| Total of funds | <u>5,127,330</u> | <u>2,496,425</u> | <u>(2,793,855)</u> | <u>-</u> | <u>461,000</u> | <u>5,290,900</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.

Restricted funds

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

Other DfE/ESFA grants includes Pupil Premium for disadvantaged pupils.

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

Restricted fixed asset funds

These funds are used for the purpose of buying or constructing fixed assets and include unspent capital grants of £17,080 (2017: £10,495).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. Statement of funds (continued)

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 2018.

Statement of funds - prior year

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| General funds | | | | | | |
| General funds | 61,537 | 73,315 | (50,815) | - | - | 84,037 |
| Amenity | 63,996 | 1,961 | (1,975) | - | - | 63,982 |
| | <u>125,533</u> | <u>75,276</u> | <u>(52,790)</u> | <u>-</u> | <u>-</u> | <u>148,019</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 380,261 | 776,893 | (816,782) | (9,374) | - | 330,998 |
| Other DfE/ESFA Grants | 1,720 | 38,705 | (40,425) | - | - | - |
| Other government grants | - | 1,355,651 | (1,355,651) | - | - | - |
| Monty's Appeal | 41,755 | 33,931 | (8,869) | - | - | 66,817 |
| Other restricted income | - | 17,908 | (17,908) | - | - | - |
| Pension reserve | (2,633,000) | - | (210,000) | - | 389,000 | (2,454,000) |
| | <u>(2,209,264)</u> | <u>2,223,088</u> | <u>(2,449,635)</u> | <u>(9,374)</u> | <u>389,000</u> | <u>(2,056,185)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset funds | 7,196,229 | - | (180,602) | 9,374 | - | 7,025,001 |
| Devolved formula capital | 6,758 | 6,431 | (2,694) | - | - | 10,495 |
| Total restricted funds | <u>4,993,723</u> | <u>2,229,519</u> | <u>(2,632,931)</u> | <u>-</u> | <u>389,000</u> | <u>4,979,311</u> |
| Total of funds | <u>5,119,256</u> | <u>2,304,795</u> | <u>(2,685,721)</u> | <u>-</u> | <u>389,000</u> | <u>5,127,330</u> |

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A current year 12 months and prior year 12 months combined position is as follows:

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|---|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 61,537 | 155,916 | (97,500) | - | - | 119,953 |
| Amenity | 63,996 | 3,298 | (3,312) | - | - | 63,982 |
| | <u>125,533</u> | <u>159,214</u> | <u>(100,812)</u> | <u>-</u> | <u>-</u> | <u>183,935</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 380,261 | 1,545,338 | (1,545,017) | (16,227) | - | 364,355 |
| Other DfE/ESFA Grants | 1,720 | 80,852 | (82,572) | - | - | - |
| Other government grants | - | 2,862,229 | (2,862,229) | - | - | - |
| Monty's Appeal | 41,755 | 104,678 | (18,134) | (27,588) | - | 100,711 |
| Other restricted income | - | 35,893 | (35,893) | - | - | - |
| Pension reserve | (2,633,000) | - | (464,000) | - | 850,000 | (2,247,000) |
| | <u>(2,209,264)</u> | <u>4,628,990</u> | <u>(5,007,845)</u> | <u>(43,815)</u> | <u>850,000</u> | <u>(1,781,934)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset funds | 7,196,229 | - | (368,225) | 43,815 | - | 6,871,819 |
| Devolved formula capital | 6,758 | 13,016 | (2,694) | - | - | 17,080 |
| | <u>4,993,723</u> | <u>4,642,006</u> | <u>(5,378,764)</u> | <u>-</u> | <u>850,000</u> | <u>5,106,965</u> |
| Total of funds | <u>5,119,256</u> | <u>4,801,220</u> | <u>(5,479,576)</u> | <u>-</u> | <u>850,000</u> | <u>5,290,900</u> |

17. Analysis of net assets between funds

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 6,871,819 | 6,871,819 |
| Current assets | 183,935 | 660,529 | 17,080 | 861,544 |
| Creditors due within one year | - | (195,463) | - | (195,463) |
| Provisions for liabilities and charges | - | (2,247,000) | - | (2,247,000) |
| | <u>183,935</u> | <u>(1,781,934)</u> | <u>6,888,899</u> | <u>5,290,900</u> |

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17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds |
|--|-----------------------|---------------------|------------------------------------|------------------|
| | 2017 £ | 2017 £ | 2017 £ | 2017 £ |
| Tangible fixed assets | - | - | 7,025,001 | 7,025,001 |
| Current assets | 148,019 | 523,201 | 10,495 | 681,715 |
| Creditors due within one year | - | (125,386) | - | (125,386) |
| Provisions for liabilities and charges | - | (2,454,000) | - | (2,454,000) |
| | <u>148,019</u> | <u>(2,056,185)</u> | <u>7,035,496</u> | <u>5,127,330</u> |

18. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (297,430) | (380,926) |
| Adjustment for: | | |
| Depreciation charges | 187,623 | 183,296 |
| Dividends, interest and rents from investments | (1,290) | (476) |
| (Increase)/decrease in debtors | (89,138) | 83,468 |
| Increase in creditors | 70,077 | 42,885 |
| Defined benefit pension scheme finance cost | 254,000 | 210,000 |
| Net cash provided by operating activities | <u>123,842</u> | <u>138,247</u> |

19. Analysis of cash and cash equivalents

| | 2018 £ | 2017 £ |
|--------------|----------------|----------------|
| Cash in hand | 752,204 | 661,513 |
| Total | <u>752,204</u> | <u>661,513</u> |

20. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016.

Contributions amounting to £61,952 were payable to the schemes at 31 August 2018 (2017 - £29,948) and are included within creditors.

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20. 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

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.
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £103,094 (2017 - £101,672).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £199,000 (2017 - £169,000), of which employer's contributions totalled £152,000 (2017 - £128,000) and employees' contributions totalled £47,000 (2017 - £41,000). The agreed contribution rates for future years are 18.8% for employers and 5.5% to 12.5% for employees.

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20. Pension commitments (continued)

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:

| | 2018 | 2017 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.65 % | 2.60 % |
| Rate of increase in salaries | 3.80 % | 4.20 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.70 % |
| Inflation assumption (CPI) | 2.30 % | 2.70 % |
| Inflation assumption (RPI) | 3.30 % | 3.60 % |

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

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 24.0 | 23.9 |
| Females | 26.1 | 26.0 |
| Retiring in 20 years | | |
| Males | 26.3 | 26.2 |
| Females | 28.5 | 28.3 |

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

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|------------------------------|---|---|
| Equities | 1,187,000 | 1,060,000 |
| Gilts | 272,000 | 255,000 |
| Property | 220,000 | 169,000 |
| Cash | 20,000 | 51,000 |
| Other bonds | 150,000 | 217,000 |
| Other assets | 323,000 | 167,000 |
| Total market value of assets | <u>2,172,000</u> | <u>1,919,000</u> |

The actual return on scheme assets was £46,000 (2017 - £249,000).

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20. Pension commitments (continued)

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

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| Current service cost | (343,000) | (281,000) |
| Interest income | 53,000 | 39,000 |
| Interest cost | (114,000) | (95,000) |
| Admin expenses | (2,000) | (1,000) |
| | <hr/> | <hr/> |
| Total | (406,000) | (338,000) |
| | <hr/> | <hr/> |
| Actual return on scheme assets | 46,000 | 249,000 |
| | <hr/> | <hr/> |

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

| | 2018 £ | 2017 £ |
|------------------------------------|-----------|-----------|
| Opening defined benefit obligation | 4,373,000 | 4,320,000 |
| Current service cost | 343,000 | 281,000 |
| Interest cost | 114,000 | 95,000 |
| Employee contributions | 47,000 | 41,000 |
| Actuarial gains | (468,000) | (325,000) |
| Benefits paid | 10,000 | (39,000) |
| | <hr/> | <hr/> |
| Closing defined benefit obligation | 4,419,000 | 4,373,000 |
| | <hr/> | <hr/> |

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

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Opening fair value of scheme assets | 1,919,000 | 1,687,000 |
| Interest income | 53,000 | 39,000 |
| Actuarial gains/(losses) | (7,000) | 64,000 |
| Employer contributions | 152,000 | 128,000 |
| Employee contributions | 47,000 | 41,000 |
| Administration expenses | (2,000) | (1,000) |
| Benefits paid | 10,000 | (39,000) |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | 2,172,000 | 1,919,000 |
| | <hr/> | <hr/> |

21. 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.

MONTACUTE SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

23. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £3,539 and disbursed £2,575 from the fund. The remaining £8,448 will be spent during the 2018/19 year.

24. Prior year adjustment

Prior year figures have been restated to ensure consistency with current year allocations.