

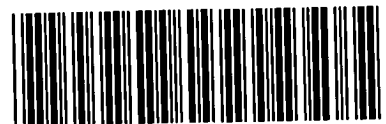
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**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

MONDAY



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26/02/2018  
COMPANIES HOUSE

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**CONTENTS**

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	Page
<b>Reference and Administrative Details</b>	<b>1 - 2</b>
<b>Governors' Report</b>	<b>3 - 10</b>
<b>Governance Statement</b>	<b>11 - 15</b>
<b>Statement on Regularity, Propriety and Compliance</b>	<b>16</b>
<b>Statement of Governors' Responsibilities</b>	<b>17</b>
<b>Independent Auditors' Report on the Financial Statements</b>	<b>18 - 20</b>
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	<b>21 - 22</b>
<b>Statement of Financial Activities incorporating income and expenditure account</b>	<b>23</b>
<b>Balance Sheet</b>	<b>24 - 25</b>
<b>Statement of Cash Flows</b>	<b>26</b>
<b>Notes to the Financial Statements</b>	<b>27 - 49</b>

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**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

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**Members**

J Marsh  
A F Rogers  
Ms J Langford  
Ms N Southgate  
S C Lousada

**Governors**

J Marsh<sup>1</sup>  
A F Rogers, Chair<sup>1</sup>  
Ms J Langford  
Mrs C H Bertram<sup>1</sup>  
W Browning, Responsible Officer<sup>1</sup>  
Ms N Southgate  
R W Baxter (resigned 6 February 2017)<sup>1</sup>  
J Clayton (resigned 9 January 2017)  
A MacLennan, Staff Governor  
R A Millard, Head Teacher<sup>1</sup>  
Ms A Hulance, Staff Governor<sup>1</sup>  
J Campbell  
J Gaisford (resigned 31 August 2017)  
Mrs J Carr  
I Simpson<sup>1</sup>  
Mrs J Macey (resigned 9 January 2017)  
Ms A Rust (appointed 20 February 2017)  
D Koch (appointed 6 February 2017)<sup>1</sup>

<sup>1</sup> members of the Finance, Property and Health and Safety Committee

**Company registered number**

08316719

**Company name**

Mark Rutherford School Trust

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

**Principal and registered office**

Mark Rutherford School  
Wentworth Drive  
Bedford  
Bedfordshire  
MK41 8PX

**Company secretary**

Mrs D Croker

**Senior leadership team**

R Millard, Headteacher  
Ms J Palmer, Deputy Headteacher  
Ms K Hughes, Deputy Headteacher  
Ms J Samosa, Assistant Headteacher  
Ms J Harrison, Assistant Headteacher  
M Briggs, Assistant Headteacher  
Ms K Foster, Director of Sixth Form  
Ms A Vallance, Assistant Headteacher  
Mrs R Garner, Business Manager

**Independent auditors**

Streets Audit LLP  
Chartered Accountants  
Statutory Auditors  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedford  
MK44 3BZ

**Bankers**

NatWest Bank Plc  
81 High Street  
Bedford  
Bedfordshire  
MK40 1YN

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in north Bedford. It has a pupil capacity of 1,243 and had a roll of 1,265 in the school census on the Autumn Census.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a. CONSTITUTION**

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

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. GOVERNORS' INDEMNITIES**

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

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

Mark Rutherford School appoints Governors in accordance with clauses 50 to 64 of its Articles of Association. Parent Governor vacancies are filled through advertisement and election whilst Staff Governor vacancies are advertised internally and appointments are made on the basis of a staff vote. In the event of more than one applicant applying for the vacancy of Staff Governor and is subject to a vote where both candidates receive equal support, a process will be determined by the Governing Body to fill the vacancy. Other Governor appointments are addressed through personal recommendation and consideration by the whole governing body followed up, where appropriate, with an interview by chairs of the other committees.

A Governor's term of office is 4 years, but this time limit will not apply to the Headteacher; however any Governor may be re-appointed or re-elected. The Chair and Vice Chair are re-elected annually.

During the year under review the Governors held six Full Governing Body meetings, and six meetings each of the Finance, Property and Health & Safety, Curriculum and Standards and Personnel Pay and Performance committees.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

All new Governors are given a tour of the Academy and the chance to meet staff and pupils. All Governors are provided with a pack containing copies of the policies, procedures, minutes, accounts, budget plan and other documents they need to undertake their role as a Governor. As there are normally only one or two new Governors a year, induction is tailored to the specific individual; in addition all new Governors are required to attend a Governors' training course run by the Local Authority or by another training provider to which the Academy subscribes.

Governors are informed of all training courses available from the LA by email and any Governor may apply to the Training Governor to take part in a course, via the Genie System. Requests for training need to be approved prior to attending a course. A record of all courses attended is kept by the Training Governor as well as a skills register which is maintained by the Finance, Property and Health and Safety Committee.

**f. ORGANISATIONAL STRUCTURE**

The structure consists of three levels: the Mark Rutherford School Trust; the Mark Rutherford School Governors; the Headteacher and the Leadership Team. The aim of the structure is to devolve responsibility and authority to the appropriate level, encouraging participation in decision making and to hold leaders to account for those decisions.

Governors are responsible for setting general policy and strategic direction, adopting an annual plan and school budget and for monitoring and evaluating the work of the school and its leaders.

The Headteacher and the Senior Leadership Team are responsible for developing plans for improvement and the strategic direction of the school as well as its day to day operation; in particular the organisation of resources such as teaching and non-teaching staff, facilities and students.

**g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The Governing Body of Mark Rutherford School has prepared a policy in respect of pay which recognises the following constraints:-

- The requirements of the School Teachers' Pay and Conditions Document
- The national pay framework for NJC pay scales
- The current staffing structure of the school
- The Employment Relations Act 1999, the Equality Act 2010, the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, the Fixed Term Employees (Prevention of Less Favourable Treatment Regulations) 2002 and the standards for openness and objectivity in public life.

These pay principals apply to all staff including the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the academy trust. The Governing Body holds right to award additional discretionary payments as they see fit.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**OBJECTIVES AND ACTIVITIES**

**a. AIMS**

Our aim is to provide the best possible education for each child within the context of a caring and safe community. School life centres on the students and every effort is made to provide them with opportunities and experiences to further their development and be successful both socially and academically.

We believe that every child is unique. Our aim is to provide broad, balanced, personalised learning experiences that will enable our students to be healthy, stay safe, enjoy and achieve, make a positive contribution to society and achieve economic well-being.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

Our ethos:

- We see education in its widest sense; a life-long experience that gives equal importance to positive values, attitudes and beliefs as to the acquisition of knowledge, skills and ideas
- Develop students as decent human beings with a sense of personal worth and to value the rights of others
- Develop an atmosphere of positive encouragement where school, home and community work together to support learning

We will develop a community in which:

- A student's chances of success are not related to his or her socio-economic background, gender or ethnicity
- Provision is designed around the needs of each student with the expectation that all learners will achieve high standards
- All students leave the school with functional skills in English and Mathematics, understanding how to learn, think creatively, take risks and handle change
- Teachers use their skills and knowledge to engage students as partners in learning, acting quickly to adjust their teaching in response to students' learning
- Parents are seen as equal partners in supporting students' learning
- Teaching and learning responds to the needs of an ever changing society that is ethnically and socially diverse, increasingly reliant on technology, complex, knowledge-based and concerned about sustaining the environment

**c. PUBLIC BENEFIT**

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Our key objectives for the year included:

- To broaden our academic curriculum
- To enhance and improve the extra-curricular provision for students
- To continue to develop the first class pastoral care we provide for students

The school's outcomes and ethos enables students to achieve economic well-being and be able to make a positive contribution to society. Resources are deployed effectively in order to achieve value for money.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**d. ACHIEVEMENTS AND PERFORMANCE INDICATORS**

**At KS 4**

With the new and significantly more challenging GCSE in English and Maths, the school has performed well. The progress of all students whatever their target grade at GCSE was very positive.

- English 72% 9-4, 55% 9-5
- Maths 62% 9-4, 40% 9-5

Overall 56% of students at Mark Rutherford School achieved a 9-4 and 34% of students achieved 9-5.

A very solid foundation on which to build 2017-18.

For 2017-18 a 70% 9-4 or equivalent and a 50% 9-5 has been set for all departments.

The provisional Progress 8 score is 0.28, another increase from last year from 0.14. This figure means students at this school make good progress in 8 GCSEs including English and maths.

**At KS 5**

The A level cohort improved their performance from an ALPS score of 6 at AS to a score of 5 at A level. These outcomes were pleasing with;

- Over 70% of students achieved at least one A\*-A grade or equivalent in their chosen subjects.
- A Level pass rates were:
  - o A\*-E – 96.6%
  - o A\*-C – 68.4%
  - o A-B – 40.8%

There has been another improvement in the BTEC results placing Mark Rutherford School in the top 10% nationally for all schools. This rated as an outstanding performance by ALPS

At AS our present Year 13 have performed outstandingly in Year 12. The results at AS gave this cohort an ALPS score of 2 for value added, which is rated as outstanding and places these results in the top 10% of all schools nationally. Over 75% of all AS students either met or exceeded their aspirational target grades.

**e. GOING CONCERN**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The trustees have scrutinised the budget forecast, the results after the year end so far and are reviewing under utilised assets on an ongoing basis. For these reasons the trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.



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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**FINANCIAL REVIEW**

**a. RESERVES POLICY**

The Finance, Property and Health and Safety Committee review the reserve levels of the Academy half-termly. This review examines the income and expenditure streams against the forecasts to match commitments, and to identify or forecast any potential shortfall. The Governors have determined that the appropriate level of reserves should be at least 2% of income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of income from the applicable streams or to provide a cushion for unexpected emergency expenditure and to manage any reduction in income from one year to the next. The Academy will continue to keep reserves at this level subject to constant and on-going review.

Based on this year's results the Governors have determined that the level of free reserves should be in the region of £140,000 to £150,000. The closing position as at 31 August 2017 shows that the academy has free reserves of approximately £300,000. Therefore the Governors deem that the academy has suitable reserves for the coming year and that holding reserves is in line with good financial governance allowing the academy to balance raising standards with managing its resources effectively.

The governors have given careful consideration to the level of reserves held by the academy. The academy seeks to maintain its commitment to delivering high quality education at the best value for money, within the funding available from the EFA and other sources. The budget forecast predicted an in-year deficit in the region of £275,000. The budgeted deficit is in line with the School Development Plan and is considered necessary in order to provide adequate funds for the future development of the academy trust.

**b. INVESTMENT POLICY**

The Governing Body will agree a treasury management policy when applicable for the investment of surplus funds. Short term investments are restricted to the transfer to the Academies Liquidity Account managed by the Finance Manager and certified by the Business Manager. The investment will be in accordance with a prudent low risk policy and must observe the guidelines issued by the Education Funding Agency. Sums that will be invested for a longer term will be given careful consideration.

**c. PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors acknowledge responsibility for safeguarding the assets of Mark Rutherford School Trust and hence take reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- Mark Rutherford School Trust is operating efficiently and effectively
- Our assets are safeguarded against unauthorised use or disposition
- The proper records are maintained and financial information used within the Academy's publication is reliable
- Mark Rutherford School Trust complies with relevant laws and regulations

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**d. RISK MANAGEMENT**

The Governors are responsible for the management of the risks faced by the Academy in particular the risks associated with the teaching of certain subjects, provision of facilities, the control of finance and other operational factors in relation to health and safety. The Governors are assisted in this task by the Risk Management Group and the Academy's Risk and Opportunity Management Policy Statement.

The key robust controls used by the Academy include:

- A risk register
- A robust and effective system of internal financial controls
- A disaster management plan with critical incident plan covering any disruption to normal working
- Adequate insurance cover
- Formal written policies
- Comprehensive strategic planning, budgeting and management accounting
- School improvement plan
- Detailed terms of reference for all Governors' committees

**e. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy's 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 since the inception of Mark Rutherford School Trust and therefore for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**f. STATEMENT OF INTERNAL CONTROL**

The Governors acknowledge that we have overall responsibility for ensuring that Mark Rutherford School Trust has an effective and robust system of control. The Governors are also responsible for keeping proper accounting records which show as accurately as possible the financial position of the Academy at any one time and which ensures that financial statements comply with the Companies Act. They are responsible for safeguarding the assets of the Academy and for taking appropriate steps to detect and prevent fraud or irregularities and which provide assurance that:

- The Academy is operating efficiently and effectively
- The assets are safeguarded against unauthorised use or disposition
- The proper records are maintained and financial information used or published is reliable
- The Academy complies with relevant laws and regulations

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed with the Governing Body
- Regular reviews by the Finance, Property and Health and Safety Committee of reports stating financial performance against forecasts of annual budgets and any special projects
- Setting targets to measure financial and other performance
- Delegation and segregation of duties
- Identification and management of risks

In addition the Responsible Officer carries out termly evaluation of its systems and procedures that include the following:

- To identify that the Governors and Managers have the appropriate knowledge and experience and can bring these to bear in the financial oversight of the Academy
- To ensure that prudent financial planning will secure the Academy's short and long term financial health
- To ensure that the Academy has in place sound internal control and risk management over its operations
- To demonstrate that the funds granted by Parliament have been used as intended
- To ensure that the Academy has an updated best value policy and that this is applied as appropriate
- That the Academy has and follows a confidential reporting policy.

**PLANS FOR FUTURE PERIODS**

**a. FUTURE DEVELOPMENTS**

The school has a clear improvement plan based on five key areas: Achievement, Quality of Teaching, Behaviour and Safety, Leadership and Management, the Curriculum. These are reflected in appraisal targets for all staff and are monitored regularly by the Governors. The school is popular with parents and oversubscribed. As a result accommodation is a key priority for the future.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**AUDITORS**

The auditors, Streets Audit LLP, have indicated their willingness to continue in office. The Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

The Governors' Report was approved by order of the board of Governors, as the company directors, on 11 December 2017 and signed on its behalf by:



**A F Rogers**  
**Chair of Governors**



**R A Millard, Head Teacher**  
**Accounting Officer**

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**MARK RUTHERFORD SCHOOL TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

**GOVERNANCE**

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

Governor	Meetings attended	Out of a possible
J Marsh	5	5
A F Rogers, Chair	3	5
Ms J Langford	3	5
Mrs C H Bertram	5	5
W Browning, Responsible Officer	4	5
Ms N Southgate	5	5
R W Baxter	1	2
J Clayton	0	2
A MacLennan, Staff Governor	5	5
R A Millard, Head Teacher	5	5
Ms A Hulance, Staff Governor	5	5
J Campbell	5	5
J Gaisford	4	5
Mrs J Carr	3	5
I Simpson	5	5
Mrs J Macey	0	2
Ms A Rust	2	2

**Governance reviews**

Governance is included as an item on the full board of governors meeting agenda annually, at which meeting the issue of risk is discussed.

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**MARK RUTHERFORD SCHOOL TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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The Finance, Property and Health and Safety Committee is a sub-committee of the main board of governors. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, comply with reporting and regulatory requirements, receive reports from the Responsible Officer and auditors and draft the annual budget.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Marsh	6	6
R A Millard, Head Teacher	6	6
A F Rogers, Vice Chair	4	6
Mrs C H Bertram	3	6
R W Baxter	2	3
Ms A Hulance	6	6
W Browning, Responsible Officer	5	6
I Simpson	6	6
D Koch	2	3

**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 Governors 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:

- Independent State School Partnership (ISSP)

The links which have been established between Mark Rutherford School and the independent state schools are mutually beneficial because of joint activities, resources and the opportunities interaction brings but also through the sharing of good practice and the mutual desire to improve our schools teaching and learning alongside the broader education we offer.

Additionally this partnership operates at many different levels and in many different aspects of our schools activity from senior management through to classroom teacher, ensuring value for money with existing resources.

- Teaching and Learning Group

The improvements to educational outcomes through the Teaching and Learning Group are very much a value for money intervention. All curriculum departments have at least one representative on this group and its strength is the collaboration between departments which addresses the school's priorities.

The group take ideas and strategies back to all curriculum departments ensuring a long term impact on improving standards without additional staffing or training costs.

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**MARK RUTHERFORD SCHOOL TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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- **Financial Oversight**

The school's strong financial oversight and governance continues to go from strength to strength. The budget is monitored monthly and any variances are challenged and scrutinised. Robust internal controls are embedded and decisions are analysed following the four principles of best value. We challenge, compare, consult and compete on all financial aspects.

- **Self-evaluation**

An area where the school would like to continue to improve is the costs of supply staff. During this accounting period we have invested our in-house HR resources to the recruitment and retention of a pool of casual supply staff. This facility has enabled us to provide a consistent approach in absence cover in the most cost effective way possible. Due to factors outside our control, the supply costs outturn has exceeded the forecast and is a focus for sustained improvement.

#### **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 Mark Rutherford School Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The board of Governors 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 Governors 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

#### **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 Governors;
- regular reviews by the Finance and Property and Health and Safety 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.

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**MARK RUTHERFORD SCHOOL TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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The board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed W Browning, a Governor, as Responsible Officer (RO).

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:

- Procurement: Testing purchasing, invoices, payments and authorisation limits.
- Payroll: Checking appointments, change of circumstances and payments.
- Accounts: Bank, investment, statements and reconciliations.
- Income: Testing invoicing, receipts, banking and debt write off.
- Month End: Viewing month end reconciliations relevant to the period.
- Governance: Viewing budget reports to governors for Finance Committee meetings.
- Process: Comment upon compliance with EFA guidelines, completion of internal checks and segregation of duties.

On a termly basis, the RO reports to the board of Governors through the Finance, Property and Health and Safety Committee on the operation of the systems of control and on the discharge of the board of Governors' financial responsibilities.

In addition the Responsible Officer carries out termly evaluation of its systems and procedures that include the following:

- To identify that the Governors and Managers have the appropriate knowledge and experience and can bring these to bear in the financial oversight of the Academy
- To ensure that prudent financial planning will secure the Academy's short and long term financial health
- To ensure that the Academy has in place sound internal control and risk management over its operations
- To demonstrate that the funds granted by Parliament have been used as intended
- To ensure that the Academy has an updated best value policy and that this is applied as appropriate
- That the Academy has and follows a confidential reporting policy.



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**MARK RUTHERFORD SCHOOL TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

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

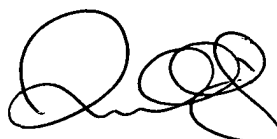
- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Governors on 11 December 2017 and signed on their behalf, by:



**A F Rogers**  
**Chair of Governors**



**R A Millard, Head Teacher**  
**Accounting Officer**

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



**R A Millard**  
**Accounting Officer**

Date: 11 December 2017

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 Governors 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 Governors on 11 December 2017 and signed on its behalf by:



**A F Rogers**  
**Chair of Governors**

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MARK RUTHERFORD SCHOOL TRUST**

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**OPINION**

We have audited the financial statements of Mark Rutherford School Trust for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

**BASIS OF OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MARK RUTHERFORD SCHOOL TRUST**

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**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Governors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' 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 Governors' 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 Governors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MARK RUTHERFORD SCHOOL TRUST**

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (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 Governors 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 Governors 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 Governors either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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



Jonathan Day (Senior Statutory Auditor)

for and on behalf of

*13 December 2017*

**Streets Audit LLP**

Chartered Accountants  
Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedford  
MK44 3BZ  
Date:

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MARK RUTHERFORD SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 26 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mark Rutherford School Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Mark Rutherford School Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mark Rutherford School Trust 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 Mark Rutherford School Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF MARK RUTHERFORD SCHOOL TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Mark Rutherford School Trust's funding agreement with the Secretary of State for Education dated 1 January 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MARK RUTHERFORD SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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The work undertaken to draw our conclusions included:

- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments;
- Review of a sample of expenses focussing on those nominal codes considered to include transactions of a greater risk;
- Review of the reports from internal scrutiny work undertaken during the year;
- Discussions with the finance team.

**CONCLUSION**

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



Jonathan Day (Senior Statutory Auditor)

**Streets Audit LLP**

Chartered Accountants  
Statutory Auditors

Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedford  
MK44 3BZ

*13 December 2017*

Date:



**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	1,000	513,773	514,773	565,671
Charitable activities	3	-	6,809,049	-	6,809,049	6,950,071
Other trading activities	4	23,007	-	-	23,007	23,093
Investments	5	624	-	-	624	2,099
<b>TOTAL INCOME</b>		<b>23,631</b>	<b>6,810,049</b>	<b>513,773</b>	<b>7,347,453</b>	<b>7,540,934</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	7,192,014	1,425,182	8,617,196	8,200,049
Other expenditure		-	-	-	-	66,780
<b>TOTAL EXPENDITURE</b>	7	<b>-</b>	<b>7,192,014</b>	<b>1,425,182</b>	<b>8,617,196</b>	<b>8,266,829</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	18	23,631 (150,206)	(381,965) 139,428	(911,409) 10,778	(1,269,743) -	(725,895) -
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(126,575)	(242,537)	(900,631)	(1,269,743)	(725,895)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	623,000	-	623,000	(889,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(126,575)</b>	<b>380,463</b>	<b>(900,631)</b>	<b>(646,743)</b>	<b>(1,614,895)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		400,784	(1,850,658)	12,851,298	11,401,424	13,016,319
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>274,209</b>	<b>(1,470,195)</b>	<b>11,950,667</b>	<b>10,754,681</b>	<b>11,401,424</b>

**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08316719**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		11,929,353		12,370,380
<b>CURRENT ASSETS</b>					
Stocks	14	5,349		5,047	
Debtors	15	174,441		350,190	
Cash at bank and in hand		428,515		662,776	
		<u>608,305</u>		<u>1,018,013</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(235,727)		(47,219)	
<b>NET CURRENT ASSETS</b>			<u>372,578</u>		<u>970,794</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,301,931</u>		<u>13,341,174</u>
<b>CREDITORS:</b> amounts falling due after more than one year	17		(47,250)		(57,750)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>12,254,681</u>		<u>13,283,424</u>
Defined benefit pension scheme liability	22		(1,500,000)		(1,882,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>10,754,681</u>		<u>11,401,424</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	18	29,805		31,342	
Restricted fixed asset funds	18	11,950,667		12,851,298	
Restricted income funds excluding pension liability		<u>11,980,472</u>		<u>12,882,640</u>	
Pension reserve		(1,500,000)		(1,882,000)	
Total restricted income funds			<u>10,480,472</u>		<u>11,000,640</u>
Unrestricted income funds	18		274,209		400,784
<b>TOTAL FUNDS</b>			<u>10,754,681</u>		<u>11,401,424</u>

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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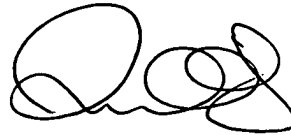
**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

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The financial statements on pages 23 to 49 were approved by the Governors, and authorised for issue, on 11 December 2017 and are signed on their behalf, by:



**A F Rogers, Chair of Governors**



**R A Millard, Head Teacher**

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**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20	<u>(224,385)</u>	<u>(362,031)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		624	2,099
Purchase of tangible fixed assets		<u>-</u>	<u>(71,631)</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>624</u>	<u>(69,532)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<u>(10,500)</u>	<u>(10,500)</u>
<b>Net cash used in financing activities</b>		<u>(10,500)</u>	<u>(10,500)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(234,261)</b>	<b>(442,063)</b>
Cash and cash equivalents brought forward		<u>662,776</u>	<u>1,104,839</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>428,515</u></u>	<u><u>662,776</u></u>

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Mark Rutherford School Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The Governors 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 Governors 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.

The total free reserves at 31 August 2017 is £304,014, comprising General Funds of £274,187 and Restricted Grants of £29,827.

The Budget Forecast Return for 2017/18 submitted to the ESFA showed an in-year deficit of £274,000. This would mean by 31 August 2018 the academy would have free reserves of approximately £30,000. The budget has historically been set pessimistically and therefore the Governors aim is to perform well within this. The trustees are also considering and reviewing under utilised assets on an ongoing basis.

For these reasons the trustees still consider that the going concern basis remains appropriate.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

Grants are included in the Statement of Financial Activities 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 sheet in the restricted fixed asset fund.

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

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

**1.4 Expenditure**

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

Expenditure on 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.

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £2,000 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, 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:

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

Freehold property	-	4% per annum straight line from 1st April 2013
Plant and machinery	-	20% per annum straight line
Computer equipment	-	33.33% per annum 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.

**1.6 Operating leases**

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

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.8 Debtors**

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

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Cash at Bank and in hand**

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

**1.10 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.11 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 15. 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 notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**1.12 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.



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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.13 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 22, 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.

**1.14 Fund accounting**

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

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

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

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

**1.15 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.

1. 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
2. The annual depreciation charge for each class of tangible fixed asset is based on an estimate of the useful economic life of the respective assets. This is reviewed periodically by the directors to ensure that they reflect both the external and internal factors.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	1,000	72,432	73,432	300
Capital Grants	-	-	441,341	441,341	565,371
	-	1,000	513,773	514,773	565,671
<i>Total 2016</i>	<i>300</i>	<i>-</i>	<i>565,371</i>	<i>565,671</i>	

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	6,116,735	6,116,735	6,330,288
Other DfE/EFA Grant	-	263,212	263,212	259,392
	-	6,379,947	6,379,947	6,589,680
<b>Other government grants</b>				
Local Authority Grants	-	267,912	267,912	208,535
	-	267,912	267,912	208,535
<b>Other funding</b>				
Catering	-	92,771	92,771	91,840
Other Income	-	68,419	68,419	60,016
	-	161,190	161,190	151,856
	-	6,809,049	6,809,049	6,950,071
<i>Total 2016</i>	-	6,950,071	6,950,071	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	23,007	-	23,007	23,093
	23,007	-	23,007	23,093
<i>Total 2016</i>	23,093	-	23,093	

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MARK RUTHERFORD SCHOOL TRUST  
(A Company Limited by Guarantee)

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

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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest received	624	-	624	2,099
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2016	2,099	-	2,099	
	<hr/>	<hr/>	<hr/>	

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**6. CHARITABLE ACTIVITIES**

	2017 £	2016 £
<b>DIRECT COSTS</b>		
Wages and salaries	4,162,654	4,237,074
National insurance	405,765	355,570
Pension cost	656,271	652,218
Educational supplies	201,911	255,685
Staff development	15,229	19,922
Examination fees	155,330	159,630
Supply staff costs	105,977	165,305
	<u>5,703,137</u>	<u>5,845,404</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	492,262	484,308
National insurance	33,913	29,490
Pension costs	266,260	122,305
Depreciation	441,028	443,708
Net interest cost on pension scheme	42,000	35,000
Maintenance of premises and equipment	79,628	94,958
Rent and rates	31,121	32,000
Heat and light	80,107	77,445
Insurance	42,364	65,417
Printing, postage and stationery	110,292	119,843
Other costs	72,353	69,683
Catering	54,913	51,229
Cleaning	107,803	105,838
Subscriptions and licences	54,383	66,042
Security and transport	7,580	12,704
Bank charges	2,135	1,897
CIF roof and window repairs	902,773	598,345
Governance costs - Auditors' remunerations	7,500	7,500
Governance costs - Auditors' non audit costs	4,263	3,713
	<u>2,832,678</u>	<u>2,421,425</u>
	<u><u>8,535,815</u></u>	<u><u>8,266,829</u></u>

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**7. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	5,330,667	-	372,470	5,703,137	5,845,404
Support costs	792,435	1,093,629	1,016,232	2,902,296	2,421,425
	<u>6,123,102</u>	<u>1,093,629</u>	<u>1,388,702</u>	<u>8,605,433</u>	<u>8,266,829</u>
Total 2016	<u>6,046,270</u>	<u>802,748</u>	<u>1,417,811</u>	<u>8,266,829</u>	

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

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	441,027	443,708
Auditors' remuneration - audit	7,500	7,500
Operating lease rentals	<u>51,929</u>	<u>47,717</u>

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,646,047	4,679,077
Social security costs	439,678	385,060
Operating costs of defined benefit pension schemes	922,531	774,523
	<u>6,008,256</u>	<u>5,838,660</u>
Apprenticeship levy	3,586	-
Supply teacher costs	105,977	165,305
Staff restructuring costs	5,283	42,305
	<u><u>6,123,102</u></u>	<u><u>6,046,270</u></u>

Staff restructuring costs comprise:

Redundancy payments	-	17,305
Severance payments	5,283	25,000
	<u>5,283</u>	<u>42,305</u>

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

	2017 No.	2016 No.
Teaching / Educational support	147	146
Administration / Support	63	70
	<u>210</u>	<u>216</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teaching / Educational support	124	125
Administration / Support	21	22
	<u>145</u>	<u>147</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	2	2
In the band £90,001 - £100,000	1	1

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**9. STAFF COSTS (continued)**

Four of the above employees participated in the Teachers' Pension Scheme.

The other employee participated in the Local Government Pension Scheme.

The key management personnel of the academy trust comprises of the senior leadership team as listed on page 1. The total employee benefits (including employers pension contributions) received by key management personnel for their services to the academy trust was £711,220 (2016 £718,836).

**10. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors 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 Governors. The value of Governors' remuneration and other benefits was as follows:

		2017	2016
		£	£
R A Millard, Head Teacher	Remuneration	95,000-100,000	90,000-95,000
	Pension contributions paid	15,000-20,000	15,000-20,000
A MacIennan, Staff Governor	Remuneration	35,000-40,000	30,000-35,000
	Pension contributions paid	5,000-10,000	0-5,000
Ms A Hullance, Staff Governor	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2017, no Governors received any reimbursement of expenses (2016 - £NIL to Governors).

**11. GOVERNORS' 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 Governors and officers indemnity element from the overall cost of the RPA scheme.



**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**12. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest income on pension scheme assets	47,000	65,000
Interest on pension scheme liabilities	(89,000)	(100,000)
	<u>(42,000)</u>	<u>(35,000)</u>

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2016 and 31 August 2017	13,847,013	13,700	12,005	13,872,718
<b>Depreciation</b>				
At 1 September 2016	1,479,940	12,558	9,840	1,502,338
Charge for the year	437,720	1,142	2,165	441,027
At 31 August 2017	1,917,660	13,700	12,005	1,943,365
<b>Net book value</b>				
At 31 August 2017	11,929,353	-	-	11,929,353
At 31 August 2016	12,367,073	1,142	2,165	12,370,380

Included in land and buildings is freehold land at cost of £2,904,000 (2016 £2,904,000) which is not depreciated.

**14. STOCKS**

	2017 £	2016 £
School uniforms	<u>5,349</u>	<u>5,047</u>

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**15. DEBTORS**

	2017 £	2016 £
Trade debtors	-	390
VAT recoverable	39,441	22,461
Other debtors - CIF grant	40,010	226,692
Prepayments and accrued income	94,990	100,647
	<u>174,441</u>	<u>350,190</u>

Other debtors relate to the balance of the Conditions Improvement Funding which had been awarded to the Academy Trust in the year but was not received at the balance sheet date.

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

	2017 £	2016 £
Salix loan (see note 17)	10,500	10,500
Accruals and deferred income	225,227	36,719
	<u>235,727</u>	<u>47,219</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	15,284	15,366
Amounts released from previous years	(15,284)	(15,366)
Devolved formula capital	-	15,284
Deferred income at 31 August 2017	<u>-</u>	<u>15,284</u>

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**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

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**17. CREDITORS: Amounts falling due after more than one year**

	2017 £	2016 £
Salix loan	<b>47,250</b>	57,750
	<u>          </u>	<u>          </u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
<b>Between one and two years</b>		
Salix loan	<b>10,500</b>	10,500
	<u>          </u>	<u>          </u>
<b>Between two and five years</b>		
Salix loan	<b>31,500</b>	31,500
	<u>          </u>	<u>          </u>
<b>Over five years</b>		
Salix loan	<b>5,250</b>	15,750
	<u>          </u>	<u>          </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	<b>5,250</b>	15,750
	<u>          </u>	<u>          </u>

During the year ended 31 August 2014, the Academy took out a loan from the ESFA for boiler upgrades and associated works. The loan is interest free and is repayable by sixteen equal installments commencing March 2015.

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**18. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	400,784	23,631	-	(150,206)	-	274,209
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	6,116,735	(6,256,163)	139,428	-	-
Other DfE/EFA Grants	28,925	263,212	(264,354)	-	-	27,783
Local Authority grants	2,417	267,912	(270,329)	-	-	-
Catering	-	92,771	(92,771)	-	-	-
Other income	-	68,419	(67,259)	-	-	1,160
Donation	-	1,000	(138)	-	-	862
Pension reserve	(1,882,000)	-	(241,000)	-	623,000	(1,500,000)
	<u>(1,850,658)</u>	<u>6,810,049</u>	<u>(7,192,014)</u>	<u>139,428</u>	<u>623,000</u>	<u>(1,470,195)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	12,370,380	-	(441,028)	-	-	11,929,352
Devolved formula capital	(705)	41,250	-	(29,580)	-	10,965
CIF - roof (phase 2)	361,816	-	(360,602)	(1,117)	-	97
CIF - windows (phase 2)	119,807	-	(135,924)	16,117	-	-
CIF - roof (phase 3)	-	227,625	(193,663)	(25,118)	-	8,844
CIF - Fire Safety	-	172,466	(212,584)	40,118	-	-
Sports Hall Floor	-	42,111	(40,702)	-	-	1,409
Classroom Improvements	-	30,321	(40,679)	10,358	-	-
	<u>12,851,298</u>	<u>513,773</u>	<u>(1,425,182)</u>	<u>10,778</u>	<u>-</u>	<u>11,950,667</u>
Total restricted funds	<u>11,000,640</u>	<u>7,323,822</u>	<u>(8,617,196)</u>	<u>150,206</u>	<u>623,000</u>	<u>10,480,472</u>
Total of funds	<u>11,401,424</u>	<u>7,347,453</u>	<u>(8,617,196)</u>	<u>-</u>	<u>623,000</u>	<u>10,754,681</u>

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

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

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	558,831	25,492	-	(183,539)	-	400,784
	<u>558,831</u>	<u>25,492</u>	<u>-</u>	<u>(183,539)</u>	<u>-</u>	<u>400,784</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	10,008	6,330,288	(6,487,835)	147,539	-	-
Other DfE/EFA Grants	34,905	259,392	(265,372)	-	-	28,925
Local Authority grants	15,595	208,535	(221,713)	-	-	2,417
Catering	-	91,840	(91,840)	-	-	-
Other income	-	60,016	(60,016)	-	-	-
Donation	3,000	-	(3,000)	-	-	-
Pension reserve	(898,000)	-	(95,000)	-	(889,000)	(1,882,000)
	<u>(834,492)</u>	<u>6,950,071</u>	<u>(7,224,776)</u>	<u>147,539</u>	<u>(889,000)</u>	<u>(1,850,658)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	12,742,457	-	(443,708)	71,631	-	12,370,380
ACMF - Boiler replacement and associated works	1,774	-	(1,833)	59	-	-
Devolved formula capital	19,687	26,284	(4,026)	(42,650)	-	(705)
CIF - roof (phase 1)	286,720	-	(293,410)	6,690	-	-
CIF - windows (phase 1)	241,342	-	(241,612)	270	-	-
CIF - roof (phase 2)	-	412,167	(50,351)	-	-	361,816
CIF - windows (phase 2)	-	126,920	(7,113)	-	-	119,807
	<u>13,291,980</u>	<u>565,371</u>	<u>(1,042,053)</u>	<u>36,000</u>	<u>-</u>	<u>12,851,298</u>
Total restricted funds	<u>12,457,488</u>	<u>7,515,442</u>	<u>(8,266,829)</u>	<u>183,539</u>	<u>(889,000)</u>	<u>11,000,640</u>
Total of funds	<u>13,016,319</u>	<u>7,540,934</u>	<u>(8,266,829)</u>	<u>-</u>	<u>(889,000)</u>	<u>11,401,424</u>

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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

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

**General Funds:**

The Academy's general funds represents income and expenditure relating to activities undertaken by the Academy as part of its charitable activities. The Academy can then use these funds for any purpose.

**Restricted Funds:**

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the ESFA for the General Annual Grant (GAG) and Pupil Premium. Special Educational Needs grants were also received from the Local Authority. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy. The unspent funds have been carried forward to future accounting periods.

Pension Reserve - as stated in note 22 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Mark Rutherford School can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.

**Restricted Fixed Assets Funds:**

The Academy received Devolved Formula Capital funding to be spent on capital repairs and the purchase of new equipment. Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserve.

The Academy Trust also received grants from the ESFA's Conditions Improvement Fund totalling £400,091 to enable roof repairs and window replacement works to be undertaken, with the balance being carried forward for costs due to be incurred in the year to 31 August 2018.

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	11,929,353	11,929,353
Current assets	274,209	312,782	21,314	608,305
Creditors due within one year	-	(235,727)	-	(235,727)
Creditors due in more than one year	-	(47,250)	-	(47,250)
Provisions for liabilities and charges	-	(1,500,000)	-	(1,500,000)
	<u>274,209</u>	<u>(1,470,195)</u>	<u>11,950,667</u>	<u>10,754,681</u>

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

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

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	12,370,380	12,370,380
Current assets	400,784	136,311	480,918	1,018,013
Creditors due within one year	-	(47,219)	-	(47,219)
Creditors due in more than one year	-	(57,750)	-	(57,750)
Provisions for liabilities and charges	-	(1,882,000)	-	(1,882,000)
	<u>400,784</u>	<u>(1,850,658)</u>	<u>12,851,298</u>	<u>11,401,424</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,269,743)	(725,895)
<b>Adjustment for:</b>		
Depreciation charges	441,027	443,708
Dividends, interest and rents from investments	(624)	(2,099)
(Increase)/decrease in stocks	(302)	225
Decrease/(increase) in debtors	175,749	(136,333)
Increase/(decrease) in creditors	188,508	(36,637)
Defined benefit pension scheme cost less contributions payable	199,000	60,000
Defined benefit pension scheme finance cost	42,000	35,000
<b>Net cash used in operating activities</b>	<u>(224,385)</u>	<u>(362,031)</u>

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

	2017 £	2016 £
Cash in hand	428,515	662,776
<b>Total</b>	<u>428,515</u>	<u>662,776</u>

**22. 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

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**22. PENSION COMMITMENTS (continued)**

(LGPS) for non-teaching staff, which is managed by Bedford Borough Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £539,546 (2016 - £652,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website



**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**22. PENSION COMMITMENTS (continued)**

([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £245,000 (2016 - £256,000), of which employer's contributions totalled £183,000 (2016 - £197,000) and employees' contributions totalled £62,000 (2016 - £59,000). The agreed contribution rates for future years are 18.4% for employers and varying% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	<b>2017</b>	<b>2016</b>
Discount rate for scheme liabilities	<b>2.50 %</b>	<b>2.10 %</b>
Rate of increase in salaries	<b>2.70 %</b>	<b>3.10 %</b>
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	<b>2.10 %</b>

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

	<b>2017</b>	<b>2016</b>
Retiring today		
Males	<b>22.4</b>	<b>22.4</b>
Females	<b>24.5</b>	<b>24.3</b>
Retiring in 20 years		
Males	<b>24.0</b>	<b>24.4</b>
Females	<b>26.2</b>	<b>26.8</b>

	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
<b>Sensitivity analysis</b>	<b>£</b>	<b>£</b>
Discount rate -0.1%	<b>(117,000)</b>	<b>(124,000)</b>
Mortality assumption - 1 year increase	<b>124,000</b>	<b>120,000</b>
CPI rate +0.1%	<b>91,000</b>	<b>67,000</b>

**MARK RUTHERFORD SCHOOL TRUST**  
(A Company Limited by Guarantee)

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

**22. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,510,000	1,644,000
Corporate bonds	397,000	213,000
Property	239,000	213,000
Cash and other liquid assets	503,000	64,000
	<u>2,649,000</u>	<u>2,134,000</u>
Total market value of assets	<u>2,649,000</u>	<u>2,134,000</u>

The actual return on scheme assets was £47,000 (2016 - £65,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(382,000)	(257,000)
Interest income	47,000	65,000
Interest cost	(89,000)	(100,000)
	<u>(424,000)</u>	<u>(292,000)</u>
Total	<u>(424,000)</u>	<u>(292,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,016,000	2,489,000
Current service cost	382,000	257,000
Interest cost	89,000	100,000
Employee contributions	62,000	59,000
Actuarial (gains)/losses	(389,000)	1,116,000
Benefits paid	(11,000)	(5,000)
	<u>4,149,000</u>	<u>4,016,000</u>
Closing defined benefit obligation	<u>4,149,000</u>	<u>4,016,000</u>

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**MARK RUTHERFORD SCHOOL TRUST**  
**(A Company Limited by Guarantee)**

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

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**22. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	2,134,000	1,591,000
Interest income	47,000	65,000
Actuarial losses	234,000	227,000
Employer contributions	183,000	197,000
Employee contributions	62,000	59,000
Benefits paid	(11,000)	(5,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>2,649,000</u>	<u>2,134,000</u>

**23. OPERATING LEASE COMMITMENTS**

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

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	25,328	25,328
Between 1 and 5 years	18,284	46,131
	<hr/>	<hr/>
Total	<u>43,612</u>	<u>71,459</u>

**24. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account.