

Registered number: 08240864 (England and Wales)

**MOUNTFIELDS LODGE SCHOOL**  
(A company limited by guarantee)

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

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**

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

<b>Members</b>	Catherine Fenn Joanna Linton Jonathan Morgan (resigned 5 December 2016) Rachel Hughes (appointed 5 December 2016)
<b>Trustees</b>	Jean Lewis, (resigned as Chair 24 October 2016) <sup>1,2</sup> Philip Rowland (resigned 30 November 2016) <sup>1,2</sup> Marion Smith David Young <sup>1</sup> Jonathan Morgan, (resigned as Chair of Finance and Trustee 30 November 2016) <sup>1</sup> Jagjit Samra <sup>1</sup> Catherine Fenn, (appointed as Chair 24 October 2016) <sup>2</sup> Joanna Linton, Vice Chair, Chair of Personnel <sup>1,2</sup> Tessa Best Helen DeRijk Rachel Hughes, (appointed as Chair of Finance 5 December 2016) <sup>1</sup> James Moore (resigned 24 October 2016) <sup>2</sup> Jenny Oakden <sup>2</sup> Alison Glover Michael Hoare, Headteacher
	1 Finance Committee 2 Personnel Committee
<b>Company registered number</b>	08240864
<b>Company name</b>	Mountfields Lodge School
<b>Principal and registered office</b>	Epinal Way Loughborough Leicester Leicestershire LE11 3GE
<b>Company secretary</b>	Valerie Thorley (School Business Manager)
<b>Senior management team</b>	Michael Hoare, Headteacher Iona Mock, Deputy Headteacher
<b>Independent auditors</b>	Clear and Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
<b>Bankers</b>	NatWest Bank Loughborough Leicestershire LE11 3NZ

**MOUNTFIELDS LODGE SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils ages 4 to 11 serving a catchment area in Loughborough. It has a pupil capacity of 511 and a roll of 506 in the school census on 20 January 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

● **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of Mountfields Lodge School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Mountfields Lodge School.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

● **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

● **Trustees' indemnities**

In accordance with normal practice the Academy has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, effort or omissions whilst on Academy business. The cover under the policy is £3 million and in the period under review the sum of £625 inclusive of tax was paid.

● **Method of recruitment and appointment or election of Trustees**

- 1 The Members may appoint up to two Trustees.
- 1a The Trustees may appoint up to five Trustees.
- 2 The Members may appoint Staff Trustees through such process as they may determine, provided that the total number of Trustees (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Trustees.
- 3 The Headteacher shall be treated for all purposes as being an ex-officio Trustee.
- 3a The Deputy Headteacher shall be treated for all purposes as being an ex-officio Trustee.
- 4 Subject to Article 8, the Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he is elected.

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

- 5 The Board of Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Trustee which is contested shall be held by secret ballot.
- 6 The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.
- 7 Where a vacancy for a Parent Trustee is required to be filled by election, the Board of Trustees shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.
- 8 The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Board of Trustees if the number of parents standing for election is less than the number of vacancies.
- 9 In appointing a Parent Trustee the Board of Trustees shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.
- 10 The Trustees may appoint up to three Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Headteacher).

*Term of Office*

The term of office for any governor shall be four years, save that this time limit shall not apply to the Head teacher. Subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected. On the 181 December 2012 the governing body appointed governors that served the predecessor school to be governors of the newly formed academy. These governors were appointed on a term of office that would ensure a staggered re-election or replacement process.

● **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy and the chance to meet with staff and students.

All Trustees have access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and directors. As there are normally a few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

● **Organisational structure**

The Trustees determine the general policy of the Academy. The day to day management of the Academy is delegated to the Headteacher and members of the Senior Leadership Team. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative. The day to day administration is undertaken within the policies and procedures approved by the Trustees.

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

The Finance Committee have the delegated authority to make financial decisions on behalf of the Academy; all other Trustee committees must make representation to the Finance Committee with regards to any decisions that might have financial impact upon the Academy.

The full Board of Trustees meets four times per academic year (minimum of once per term). The Board of Trustees establishes the overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board may, from time to time, establish working groups to perform specific tasks over a limited timescale.

There are two committees:

- Personnel
- Finance

• **Pay policy for key management personnel**

The Board of Trustees will ensure that each teacher's salary is reviewed annually with effect from 1 September and that each teacher is notified of the outcome by no later than 31 October each year, and that all teachers are given a written statement setting out their salary and any other financial benefits to which they are entitled.

Reviews may take place at other times of the year to reflect any changes in circumstances or job description that leads to a change in the basis for calculating an individual's pay. A written statement will be given after any review and where applicable will give information about the basis on which it was made.

The pay ranges for the Headteacher and Deputy Head teacher have been determined in accordance with the criteria specified in the STPCD 2012, ensuring fair pay relativities.

Appropriate differentials have been created and maintained between the 2 posts (as with all posts within the school, recognising accountability and job weight, and the Board of Trustees need to recruit, retain and motivate sufficient employees of the required quality at all levels).

The Board of Trustees will appoint new leadership teachers at the bottom of the point of the relevant pay range.

The Board of Trustees will determine the pay for a vacancy prior to advertising it.

On appointment this will become the starting salary for the successful candidate.

In making such determinations, the Board of Trustees may take into account a range of factors, including:

- The nature of the post
- The level of qualifications, skills and experience required
- Market conditions
- The wider school context

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**TRUSTEES' REPORT (continued)**  
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● **Connected organisations, including related party relationships**

The Parent Staff Association (PSA) help raise additional funding for the school through a range of fund-raising events; all of the money raised is used to support provision for the pupils of the school.

The school is part of the Loughborough Primary Academy Partnership (LPAP).

The LPAP has an agreed Partnership Charter that states:

*The Members will at all time work for the best education for all the children within the Academy Partnership through the adoption and development of supportive and collaborative working principles between the Members.*

In exercising commitment to the principles described above the members at all times will:-

- Provide general advice, support and challenge to the other members in relation to the elements of each Members activities and particularly in circumstances where a member is in need of additional advice and support from other Members to secure appropriate improvements.
- To work in an atmosphere of mutual trust, openness and honesty.
- To acknowledge the independence and ethos of each members individual school.
- Without prejudice to any overriding duties of confidentiality and data protection share data, progress and performance information and data reports openly in order to promote common expertise, quality assure and share experience for the benefit of the Academy Partnership.
- To advise and support on the recruitment of senior leadership positions.
- To seek occasions to work and develop together through sharing professional development opportunities.
- Explore opportunities for cost saving and availability of funds through joint procurement of goods and services ensuring best financial values are upheld.
- Adopt to National Pay and Conditions.
- Work collaboratively on official paperwork required under the terms of the Academy arrangements.
- Maintain established education principles of equality, diversity, freedom of opportunity and access to education for all.
- To work collaboratively with the other schools within the Loughborough area.

Notwithstanding any other provision of this Charter or the Academy Partnership, each member shall at all times retain its own ethos, identity and autonomy and its membership of the Partnership shall not cause any member's decision making ability to be impeded or in any way prejudice the autonomy and/or decision making powers of the member's governing body.

**OBJECTIVES AND ACTIVITIES**

● **Objects and aims**

The Academy Trust's object is specifically restricted to the following.

- A To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a Academy offering a broad and balanced curriculum; and
- B To promote for the benefit of the inhabitants of Loughborough and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

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

● **Objectives, strategies and activities**

The main priorities identified in the School Development Plan 2015-16 were:

Priority 1: Achievement

To successfully introduce, and make effective use of, a new whole-school (and LPAP) assessment tool for RD, WR and MA.

Priority 2: Quality of Teaching

To introduce and develop a Maths Mastery approach to Maths teaching and learning.

Priority 3: Behaviour and Safety

To further promote respect and politeness through a revision of existing practices, expectations and protocols.

Priority 4: Leadership and Management

To develop an effective approach, and culture, of collaborative coaching and professional learning (CCPL) within Age Group Teams, and further develop tools to promote effective self-evaluation.

The Board of Trustees monitored the development/progress of each priority through their Annual Governor Action Plans (AGAPs); they reported back to the full Board of Trustees at year-end.

● **Public benefit**

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit.

The Academy's public benefit is enshrined in its charitable objectives.

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

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

• **Key performance indicators**

**Priority 1**

- All CTs began assessing new pupil groups using new assessment tool in RD, WR and MA from Aut (1).
- CTs received guidance on new tools and were given the time to make assessments.
- Two information sessions for parents undertaken to aid introduction of the new assessment tool.
- A new proforma for reporting end of term progress and attainment to both parents and HT was created and used.
- HT/DHT attended LPAP Data Training Course re. RAISEonline 2015 giving consideration of the new LPAP assessment tool.
- Consultation with parents across the LPAP schools undertaken re. preferred content of end-of-year Individual Pupil Reports; revised format developed and used 2016.
- In-school and cross-school (LPAP triad) moderation mtgs undertaken termly; significant focus upon WR judgements.

**Priority 2**

- School's Calculation Policy reviewed and revised; shared with all relevant stakeholders.
- Termly staff training re. 'planning a Maths Mastery T&L approach' undertaken.
- Further staff training provided on how to include Maths T&L in a cross-curricular manner.
- New methods of promoting fluency in Maths sought and developed, e.g. knowledge and repetition of multiplication facts, number bonds etc; (KS2: 'Times Table Rock Stars'; KS1: 'Froggy Maths').
- Set up of an after-school 'Magical Maths Club' for Y3/4 pupils; to promote enjoyment in Maths
- On-going monitoring of 'Maths Marking and Pupil Feedback' undertaken by SLT and MA Coordinator.
- Monitoring/tracking of termly pupil Maths data undertaken.
- MA targets revised across school in line with Age Group and Key Stage foci.

**Priority 3**

- R Time consultant engaged to train staff in R Time principles and practices (School to call sessions ABC Time).
- R Time incorporated in to weekly Collective Worship/assembly rota.
- New Superhero Bronze/Silver/Gold ABC Certificates introduced to pupils as part of revised behaviour expectations.
- New House Point tokens introduced.
- Lunchtime 'Thinking Time' expectations clarified and implemented. SLT monitoring of lunchtime behaviours undertaken.
- Class Behaviour Tracking Sheets revised to create generic whole-school format.
- Behaviour Policy revised to reflect changes. Policy shared with all relevant stakeholders.
- School Council involved in developing the outdoor areas.
- Revised 'Home-School Expectations' re-issued at the beginning of the year to all pupils and parents.
- Grounded Project (trial) undertaken in Y5/6.

**Priority 4**

- CCPL – Collaborative Coaching, Professional Learning – process introduced; scheduled CCPL time provided.
- Age Gp Teams determined CCPL foci for designated departments.
- CCPL teams considered 'external sources' of information and 'good practice' (internet searches, professional dialogue, professional reading).
- Purchase/hire of teacher self-evaluation tool (e.g. Class Watch, IRIS) investigated and costed for 2016+
- Revised PM Review and Objective-Setting processes have clear focus upon SDP/school improvement.

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

Foundation Stage Attainment on Leaving (AOL) Summer 2016: ( )=exceeding%

Aspect	Strand	% emerging	% expected or exceeding
Communication & Language	Listening/attention	8.3	91.7% (12.5%)
	Understanding	11.1	88.9% (12.5%)
	Speaking	8.3	91.7% (15.3%)
Physical Development	Moving/Handling	2.8	97.2% (12.5%)
	Health/Self-Care	8.3	91.7% (8.3%)
PSED	Self-confidence/aware	6.9	93.1% (1.4%)
	Feelings/behaviour	6.9	93.1% (5.6%)
	Making relationships	9.7	90.3% (6.9%)
Literacy	RD	19.4	80.6% (22.2%)
	WR	26.4	73.6% (11.1%)
Maths	Number	20.8	79.2% (9.7%)
	Shape, space, measure	11.1	88.9% (5.6%)

**69.4%** of the pupils by the end of Foundation Stage attained a **Good Level of Development (GLD)**  
LA = 67.5%

From a broadly average starting point at the beginning of the Foundation Stage the pupils made average-good progress through until the end of it; they attained slightly above National expectations. The outcomes, although not externally moderated, were moderated across the LPAP and the school's EYFS Coordinator is an external moderator for the LA.

Y2 and Y6 Attainment is judged by both Teacher Assessment and externally-produced tests. 2015-16 saw the introduction of new Interim Testing Arrangements for Years 2 and 6. There is no previous comparative data to draw upon. At this time it is not clear as to the impact of the data on school performance as no performance indicators have yet been released by the DfE (pending September/October 2016)

**Y2 Attainment: All Pupils 2015-16**

	RD School 2015	WR School 2015	MA School 2015		RD School 2016	WR (GP&S) School 2016	MA School 2016
At Age Expected (2b+)	87%	72%	80%	At Standard 100+ Scaled Score	75%	65%	71%

RD = Reading WR =Writing MA = Maths GP&S = Grammar, Punctuation and Spelling

Prior to 2016 attainment has always been broadly in line with national expectations at both age-related and above age-related levels.

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

**Y2 Attainment over Time: All Pupils 2012-16**

	<b>RD SS 100+</b>	<b>GP&amp;S SS 100+</b>	<b>MA SS 100+</b>
<b>2016</b>	<b>75%</b>	<b>65%</b>	<b>71%</b>
	<b>RD at 2b+ school</b>	<b>WR at 2b+ School</b>	<b>MA at 2b+ School</b>
2015	87%	72%	80%
2014	87%	67%	83%
2013	73%	51%	70%
2012	72%	61%	67%

SS = Scaled Score

Historical attainment data shows a generally improving trend from 2012 - 2015.

**Y6 Attainment: All Pupils 2014-15**

	<b>RD School 2015</b>	<b>WR School 2015</b>	<b>MA School 2015</b>		<b>RD School 2016</b>	<b>WR School 2016 (GP&amp;S)</b>	<b>MA School 2016</b>
4c+ (test) At expected level	92%	88%	90%	At Expected Standard; Scaled Score 100+	65% Test 76% TA	(GP&S 64% Test)  62%TA; 14% at Greater Depth	53% (Test) 67% (TA)

Attainment at age-related levels has been broadly in line with the National Average for a number of years.

Attainment at above age-related levels has often been National Average for RD and MA most especially.

**Y6 Attainment over Time: All Pupils 2012-16**

	<b>RD SS 100+</b>	<b>WR (GP&amp;S) SS 100+</b>	<b>MA SS 100+</b>
<b>2016</b>	<b>65%</b>	<b>64%</b>	<b>53%</b>
	<b>RD at 4c+ School</b>	<b>WR at 4c+ School</b>	<b>MA at 5c+ School</b>
2015	92%	88%	90%
2014	94%	87%	83%
2013	88%	84%	90%
2012	94%	86%	89%

Attainment at age-expected levels has remained fairly static over the three previous years whereas attainment at above age-expected levels increased once again in 2015 following the 'high' of the 2012 cohort.

Review of the DfE's (Department for Education's) site will provide a full breakdown of 2015-16 data; this will give performance data for groups and sub-groups and is expected once again to be extremely comprehensive.

Within school not only is 'All Pupil' data tracked, but also that of groups of pupils and their comparator groups e.g. Boys and Girls, Free School Pupils and Non-Free School Meal Pupils etc.

Pupil attainment - the level the pupils reach - and also, more importantly throughout the year, pupil progress - the steps they take that lead to the attainment they make - is tracked.

We have used an in-house tracking system called '**Target Tracker**', an on-line tracking system, to track both progress and attainment; this year it is most useful for attainment tracking of '% of pupils working within age-expected bands'. Progress tracking has reverted to an in-house, non-software-based approach this year; this will change again in 2016-17

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

Nationally we make use of a report entitled, 'RAISE' which is an on-line data analysis system that annually reports on school performance; it is unclear at this time what format this report will 'take' this year in the absence of 'levels'.

Locally i.e. from a Leicestershire perspective, we judge annual school performance versus the average of all Leicestershire Schools using a data system called, 'Perspective Lite'. It is interesting to benchmark against other County schools but essentially we are more interested to judge performance against the National picture to see where we fit in.

The school was inspected on 6 July 2016 by OfSTED under Section 8 – the short inspection framework; this was not converted in to a longer Section 5 inspection; the school continues to be good.

- **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

## **FINANCIAL REVIEW**

- **Financial review**

The Academy had a net movement in funds for the year ended 31 August 2016 of £267,142 including fixed assets movements. As at 31 August 2016 the Academy held £105,710 of unrestricted reserves plus £107,174 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £212,884.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £1,140,000 at 31 August 2016 and a fixed asset reserve of £2,971,685 (being the book value of past purchases £2,969,918 plus £1,767 of unspent capital grants)

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an Academy Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the academy are the General Annual Grant (GAG) and other EFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

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

● **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately £136,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £212,884, being £76,884 above the target level set by the Trustees. The Trustees plan to spend the excess on capital works to be completed by December 2016. No other balances on restricted available funds were held at the year end. Cash at bank at 31 August 2016 was £181,845 higher than total available reserves due to capital income and Universal Infant Free School Meals received in advance of £53,116 and £36,708 respectively, payroll on costs paid in the post year end period of £58,579, plus other accruals timing differences.

At 31 August 2016 the Academy's fixed asset reserve of £2,971,685 represented £2,969,918 of funds which could only be realised if the assets were sold, plus £1,767 of unspent capital grants.

The only reserve in deficit at the year end was the pension reserve (deficit of £1,140,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Material investments policy**

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. Where surplus cash funds are held the Academy will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds.

If it is identified that the Academy is holding a level of cash funds that will be surplus to requirements these may be invested only in the following:

Interest bearing accounts with:

- Lloyds TSB
- NatWest
- RBS
- Barclays
- HSBC
- Treasury deposits with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks.

On maturity of any investment the Business Manager will review the level of funds that continue to be available for investment and the interest rates that can be achieved in order to optimise the benefits of any subsequent investment.

The Headteacher shall be required to authorise the transfer of funds to any investment vehicle. The Finance Committee will authorise and minute and investment decisions.

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

● **Principal risks and uncertainties**

**Financial and risk management objectives and policies**

The Academy has undertaken work during the period to establish the system of internal controls, including financial, operational and risk management which is designed to protect the Academy's assets and reputation. The Academy's Risk Register contains details of risks to which our organisation is exposed. It identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to avoid, reduce and mitigate the risks. The register includes controls in place to minimise and mitigate the potential impact on the Academy. It also reflects the continuing efforts taken by the Academy during the year and includes appropriate review dates for those risks. All proposed new activities are assessed for risk. Risks are rated using a consistent scoring system.

The most consistent risks are identified below:

**Government Funding**

The Academy has considerable reliance on continued government funding through the EFA under the funding agreement with the DfE. The Academy is informed by the EFA of funding mechanisms and policies to the same degree as similar organisations. The Government funding policies and practices may remain the same or change in relation to their levels or terms.

This risk is mitigated in a number of ways including contractual agreements, by delivering high quality education and maintaining our relationship with the EFA acting as a delivery agent for funding and compliance on behalf of the DfE.

**Underlying rates of inflation and staffing costs**

The Academy is mindful of the rise in inflation. The Academy's staff, having transferred from the Local Authority employer to the Academy Trust, maintain the same terms and conditions, and are subject to the same pay increases and pay freezes.

**Risk Management**

The Trustees have assessed the major risks to which the Academy is exposed via the Risk Register and the Draft Academy Continuity Plan in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance.

We have systems in place including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

**Principal Risks and Uncertainties**

The Finance Committee undertakes a comprehensive review of the risks to which the Academy is exposed. The committee identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the academy.

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

The external and internal controls for managing risks deemed as medium and high are incorporated into Audit Action Plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal is undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the academy.

A risk register, covering low, medium and high level risks, is maintained at Academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

### **1. Government funding**

The Academy has considerable reliance on continued Government funding through the Education Funding Agency (EFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the academy budget process.

The Academy's Board of Trustees delegates the Academy's Business Manager to seek external funding streams and make funding and grant applications as appropriate or necessary. During 2015-16 a CIF, Capital Improvements Fund, grant application was made and successfully resulted in an award of £177,000 to replace windows throughout the school and to complete any associated remedial works.

### **2. Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102.

The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

### **3. Pupil Strategy**

The Academy seeks to maintain its popularity with current and prospective pupils by:

- ensuring the Academy delivers high quality education and training;
- maintaining and further improving pupil outcomes;
- investing in its teaching staff and resources;
- further developing its buildings and grounds.

From August 2015 procedures came in to place allowing the Academy to cap its numbers at 73 pupils per cohort ensuring that class sizes remain optimal for learning from year start to end.

Numbers of roll at year end were 506 (73 pupils x 7 age groups= 511 maximum) with 509 predicted for the start

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

of Autumn 2016 with the outcomes of an appeals yet unknown.

Forecast Pupil numbers for 2015-16 necessitated future recruitment of an additional teacher in KS1; this funding was secured by effective budgeting during 2014-15; this additional teacher will not be required in 2016-17.

At 31 August 2016 the pension deficit on the Local Government Pension Scheme stood at £1,140,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

#### **PLANS FOR FUTURE PERIODS**

- **Future developments**

The Academy continues to seek opportunities afforded by conversion to Academy status. The aim remains to use financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the school estate (for example CIF Grant usage).

#### **Funds held as custodian**

The Academy hold no such funds.

#### **Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

#### **Auditors**

The auditors, Clear & Lane Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 5 December 2016 and signed on the board's behalf by:

**Catherine Fenn**  
**Chair of Trustees**

**MOUNTFIELDS LODGE SCHOOL**  
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**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Mountfields Lodge School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Jean Lewis, (resigned as Chair 24 October 2016)	4	4
Philip Rowland	3	4
Marion Smith	4	4
David Young	2	4
Jonathan Morgan, (resigned as Chair of Finance and Trustee 30 November 2016)	2	4
Jagjit Samra	4	4
Catherine Fenn, (appointed as Chair 24 October 2016)	4	4
Joanna Linton, Vice Chair, Chair of Personnel	3	4
Tessa Best	4	4
Helen DeRijk	4	4
Rachel Hughes, (appointed as Chair of Finance 5 December 2016)	4	4
James Moore	2	4
Jenny Oakden	4	4
Alison Glover	4	4
Michael Hoare, Headteacher	4	4

The terms of reference for each Trustee committee set out the expectations for that committee. The terms of reference are reviewed annually as a minimum expectation but may be reviewed earlier at the request of the chair or any other Trustee.

Each committee has a Chairperson (annual appointment) and a minute-taker is agreed each meeting: the Finance Committee have a dedicated minute-taker.

Minutes from each committee meeting are shared with all Trustees prior to each full Board of Trustees meeting and each Trustee has the opportunity to question, challenge and request further information from committee members.

The Board of Trustees of Mountfields Lodge School is a self-evaluating body drawing on 'good practice' from other governing bodies and from governor training and conferences. The members made the decision during 2014-15 to review its organisational structure to improve efficiency, reducing unnecessary duplication and bureaucracy.

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**GOVERNANCE STATEMENT (continued)**

In 2015-16 there was a Finance Committee, with consideration of Premises, and a Personnel Committee. Teaching and Learning will be of interest to all Trustees. There will be nominated Trustees with specific focus upon:

- SEN (the previous SEN Committee will no longer exist)
- G&T
- Health and Safety (this governor will meet with the cross-departmental H&S Committee)
- HT Performance Management
- Disadvantaged Pupils and Vulnerable groups
- Policies (this will reduce time being spent in Committee Meetings reviewing policies)
- Catering

There will also be a Communication Trustee and a Link Trustee.

This new structure and organisation has been monitored by the Trustees and its value and impact evaluated at year-end; further modifications are to be made based upon this in to 2016-17.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Jonathan Morgan	4	4
Jean Lewis	4	4
Michael Hoare	3	4
Rachel Hughes	2	4
Joanna Linton	3	4
Philip Rowland	2	4
Jagjit Samra	2	4
Marion Smith	1	4
David Young	3	4

**Review of Value for money**

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Managing deployment of its teaching staff to enable class sizes in KS1 to remain under 30 in KS1 (there having being a 'swell of pupil's in Foundation stage 2013-14 and 2014-15 and there being the need to employ an additional member of teaching staff during 2015-16); doing so by employing an NQT rather than a more expensive practitioner.
- Ensuring that any new teaching support assistant appointments are temporary contracts with a defined end point. A full support staff review will be undertaken in 2016-17.
- Encouraging grant applications to secure additional funds for improvements to the premises e.g. New School Boilers - £282,100 (ACMF), new flat roof refurbishment and insulation £267,036 (CiF), EYFS Playground/Outdoor Learning Space - £10,000 (Big Lottery Fund), Replacement windows £177,000 (CiF). Further grant applications will be made for the 2016-17 CiF Cycle.
- Undertaking tendering processes for projects i.e. window replacement.
- Promoting LPAP schools buying of services together e.g. tendering for new accountants. Future tendering will focus around HR services.
- Seeking opportunities for combined working practices i.e. the 9 LPAP DHTs working together to jointly create a new 'Life Without Levels' assessment system.
- Purchasing stock that is considered to be 'best value' and setting clear limits on stock expenditure.
- Seeking 'charitable donations' for the school/academy i.e. the Gardening Club's raised vegetable beds (Balfour Beattie), the EYFS Outdoor Learning Space (Benchmark Property Services).
- Negotiating on contracts i.e. new school telephone system, new photocopiers

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**GOVERNANCE STATEMENT (continued)**

Looking ahead the Accounting Officer will continue to encourage 'best value' and opportunities to make savings will be paramount.

**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 Mountfields Lodge School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Services as internal auditor.

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

- testing on payroll systems, purchase systems and control accounts and bank reconciliations.

On an annual basis the internal auditor reports to the accounting officer (the Headteacher) who duly presents the report to the Finance Committee of the governing body reporting on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The latest internal audit report report was in October 2016. No material control issues were identified as a result of the internal auditors review work.

**MOUNTFIELDS LODGE SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on their behalf, by:

**Catherine Fenn**  
**Chair of Trustees**

**Michael Hoare**  
**Accounting Officer**

**MOUNTFIELDS LODGE SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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

**Michael Hoare**  
**Accounting Officer**

Date: 5 December 2015

**MOUNTFIELDS LODGE SCHOOL**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on its behalf by:

**Catherine Fenn**  
**Chair of Trustees**

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**

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

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

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

**Respective responsibilities of Trustees and auditors**

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

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**

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

**Matters on which we are required to report by exception**

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

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear and Lane Limited**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL  
13 December 2016

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO MOUNTFIELDS  
LODGE SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mountfields Lodge School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Mountfields Lodge School's accounting officer and the reporting auditors**

The accounting officer is responsible, under the requirements of Mountfields Lodge School's funding agreement with the Secretary of State for Education dated 18 December 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in place.

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO MOUNTFIELDS  
LODGE SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

**Conclusion**

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

**Clear and Lane Limited**

Chartered Accountants  
Statutory Auditors

340 Melton Road  
Leicester  
LE4 7SL

13 December 2016

**MOUNTFIELDS LODGE SCHOOL**  
(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	4,305	137,134	141,439	280,763
Charitable activities	3	-	2,080,523	-	2,080,523	2,007,028
Other trading activities	4	27,725	-	-	27,725	28,899
<b>TOTAL INCOME</b>		<u>27,725</u>	<u>2,084,828</u>	<u>137,134</u>	<u>2,249,687</u>	<u>2,316,690</u>
<b>EXPENDITURE ON:</b>						
Raising funds		21,739	-	-	21,739	6,061
Charitable activities		-	2,140,643	124,447	2,265,090	2,105,183
<b>TOTAL EXPENDITURE</b>	5	<u>21,739</u>	<u>2,140,643</u>	<u>124,447</u>	<u>2,286,829</u>	<u>2,111,244</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
		5,986	(55,815)	12,687	(37,142)	205,446
Transfers between funds	15	-	(171,447)	171,447	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES</b>						
		5,986	(227,262)	184,134	(37,142)	205,446
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(230,000)	-	(230,000)	26,000
<b>NET MOVEMENT IN FUNDS</b>		<u>5,986</u>	<u>(457,262)</u>	<u>184,134</u>	<u>(267,142)</u>	<u>231,446</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		99,724	(575,564)	2,787,551	2,311,711	2,080,265
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>105,710</u>	<u>(1,032,826)</u>	<u>2,971,685</u>	<u>2,044,569</u>	<u>2,311,711</u>

The notes on pages 28 to 49 form part of these financial statements.

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08240864**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	11		2,969,918		2,742,532
<b>CURRENT ASSETS</b>					
Stocks	12	2,479		500	
Debtors	13	122,756		84,359	
Cash at bank and in hand		394,729		674,148	
			519,964		759,007
<b>CREDITORS:</b> amounts falling due within one year	14	(305,313)		(344,828)	
<b>NET CURRENT ASSETS</b>			214,651		414,179
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,184,569		3,156,711
Defined benefit pension scheme liability	20		(1,140,000)		(845,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			2,044,569		2,311,711
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted income fund	15	107,174		269,436	
Fixed asset fund	15	2,971,685		2,787,551	
Restricted funds excluding pension liability		3,078,859		3,056,987	
Pension reserve		(1,140,000)		(845,000)	
Total restricted funds			1,938,859		2,211,987
Unrestricted income funds	15		105,710		99,724
<b>TOTAL FUNDS</b>			2,044,569		2,311,711

The financial statements were approved by the Trustees, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:

**Catherine Fenn**  
**Chair of Trustees**

The notes on pages 28 to 49 form part of these financial statements.

**MOUNTFIELDS LODGE SCHOOL**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	17	<b>(114,391)</b>	168,202
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<b>(351,833)</b>	(518,929)
Capital grants from DfE and other capital income		<b>186,805</b>	558,840
<b>Net cash (used in)/provided by investing activities</b>		<b>(165,028)</b>	39,911
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents at 1 September 2015		<b>674,148</b>	466,035
<b>Cash and cash equivalents at 31 August 2016</b>	18	<b>394,729</b>	674,148

**MOUNTFIELDS LODGE SCHOOL**  
**(A company limited by guarantee)**

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

**1. ACCOUNTING POLICIES**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

**First time adoption of FRS 102**

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

**1.2 FUND ACCOUNTING**

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

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

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

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donated fixed assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

**1.4 EXPENDITURE**

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

Expenditure on raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

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

**1. ACCOUNTING POLICIES (continued)**

**1.5 GOING CONCERN**

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

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £500 are capitalised.

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

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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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:

Leasehold buildings	-	4% Straight line
Leasehold land (125 year lease)	-	over 125 years
Fixtures and fittings	-	33% Straight line
Fixtures and fittings - Toilet	-	15% Straight line
Fixtures and fittings - Windows	-	10% Straight line
Computer equipment	-	33% Straight line

**1.7 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.

**1.8 STOCKS**

Stocks are valued at the lower of cost and value in use.

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

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.11 TAXATION**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.12 PENSIONS**

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

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

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

**1. ACCOUNTING POLICIES (continued)**

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

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

**1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

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

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.

**Defined benefit pension scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Tangible fixed assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

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

**2. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital grants	-	-	137,134	137,134	276,740
Parent Staff Association donations	-	4,305	-	4,305	4,023
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	4,305	137,134	141,439	280,763
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £280,763 was to restricted funds

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	1,833,897	1,833,897	1,737,038
Other DfE/EFA grants	-	208,632	208,632	232,584
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2,042,529	2,042,529	1,969,622
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other funding</b>				
Catering income	-	37,994	37,994	37,406
	<hr/>	<hr/>	<hr/>	<hr/>
	-	37,994	37,994	37,406
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2,080,523	2,080,523	2,007,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £2,007,028 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	13,948	-	13,948	14,586
Consultancy income	11,001	-	11,001	1,576
Other income	2,776	-	2,776	12,737
	<u>27,725</u>	<u>-</u>	<u>27,725</u>	<u>28,899</u>

In 2015, of the total income from other trading activities, £28,899 was to unrestricted funds and £ NIL was to restricted funds.

**5. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	19,969	-	1,770	21,739	6,061
Educational Operations:					
Direct costs	1,630,736	93,335	77,575	1,801,646	1,629,207
Support costs	263,114	100,648	99,682	463,444	464,812
	<u>1,913,819</u>	<u>193,983</u>	<u>179,027</u>	<u>2,286,829</u>	<u>2,100,080</u>

In 2015, of the total fundraising expenditure, £6,061 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of the total educational operations expenditure, £NIL was to unrestricted funds, £2,042,301 was to restricted funds and £51,718 to restricted fixed asset funds.

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

**6. CHARITABLE ACTIVITIES**

	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Teaching and educational support staff costs - salaries	<b>1,209,545</b>	1,167,458
Teaching and educational support staff costs - NI	<b>78,940</b>	68,405
Teaching and educational support staff costs - pensions	<b>240,585</b>	217,060
LGPS pension interest cost (£66,000) less return on assets (£34,000)	<b>32,000</b>	31,000
Educational supplies	<b>37,166</b>	33,337
Staff development	<b>8,409</b>	10,958
Other direct costs	<b>101,666</b>	23,119
Depreciation	<b>93,335</b>	38,788
	<hr/> <b>1,801,646</b> <hr/>	<hr/> 1,590,125 <hr/>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Support staff costs - salaries	<b>215,251</b>	214,706
Support staff costs - NI	<b>7,851</b>	6,274
Support staff costs - pensions	<b>40,012</b>	32,220
Recruitment	<b>676</b>	3,092
Maintenance of premises and equipment	<b>26,390</b>	31,514
Cleaning	<b>10,887</b>	11,235
Rates	<b>11,203</b>	10,386
Insurance	<b>(6,042)</b>	26,885
Depreciation	<b>31,112</b>	12,930
Catering	<b>39,568</b>	36,931
Other support costs	<b>41,821</b>	50,297
Security and transport	<b>6,381</b>	2,963
Technology costs	<b>4,971</b>	24,412
Energy costs	<b>25,297</b>	42,925
Governance	<b>8,066</b>	8,288
	<hr/> <b>463,444</b> <hr/>	<hr/> 515,058 <hr/>
	<hr/> <b>2,265,090</b> <hr/>	<hr/> 2,105,183 <hr/>

**7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016 £</b>	<b>2015 £</b>
Depreciation of tangible fixed assets:		
- capitalised by the charity	<b>124,447</b>	51,718
Auditors' remuneration - audit	<b>5,800</b>	6,000
Auditors' remuneration - other services	<b>750</b>	1,853
Operating lease rentals	<b>4,683</b>	4,659
	<hr/> <b>135,680</b> <hr/>	<hr/> 64,230 <hr/>

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

**8. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	2015
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,444,765</b>	1,388,225
Social security costs	<b>86,791</b>	74,679
Operating costs of defined benefit pension schemes	<b>280,597</b>	249,280
	<u><b>1,812,153</b></u>	<u>1,712,184</u>
Supply staff costs	<b>101,666</b>	25,375
	<u><b>1,913,819</b></u>	<u>1,737,559</u>

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

	<b>2016</b>	2015
	<b>No.</b>	<b>No.</b>
Teachers	<b>28</b>	26
Administration and support	<b>75</b>	84
Management	<b>1</b>	1
	<u><b>104</b></u>	<u>111</u>

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

	<b>2016</b>	2015
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for this staff member amounted to £10,929.

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £210,858 (2015: £198,861). These figures include salary costs of all Trustees employed by the Academy, even where they have no management role within their employment.

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

**9. TRUSTEES' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 4 Trustees (2015 - 5) in respect of defined contribution pension schemes.

One or more Trustees has been paid remuneration from an employment with the Academy Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Trustees' remuneration was as follows:

Michael Hoare (Principal)

Remuneration £60,000 - £65,000 (2015: £60,000 - £65,000)

Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000)

Helen DeRijk (Staff Trustee)

Remuneration £20,000 - £25,000 (2015: £20,000 - £25,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

Tessa Best (Staff Trustee) - appointed March 2015

Remuneration £35,000 - £40,000 (2015: £15,000 - £20,000)

Employer's pension contributions £5,000 - £10,000 (2015: £0 - £5,000)

A Glover (Staff Trustee)

Remuneration £5,000 - £10,000 (2015: £0 - £5,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £435).

**10. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £625 (2015 - £2,080).

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

**11. TANGIBLE FIXED ASSETS**

	Leasehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 September 2015	2,837,532	28,961	9,718	2,876,211
Additions	158,374	187,687	5,772	351,833
At 31 August 2016	<u>2,995,906</u>	<u>216,648</u>	<u>15,490</u>	<u>3,228,044</u>
<b>DEPRECIATION</b>				
At 1 September 2015	114,951	14,983	3,745	133,679
Charge for the year	107,600	12,420	4,427	124,447
At 31 August 2016	<u>222,551</u>	<u>27,403</u>	<u>8,172</u>	<u>258,126</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>2,773,355</u>	<u>189,245</u>	<u>7,318</u>	<u>2,969,918</u>
At 31 August 2015	<u>2,722,581</u>	<u>13,978</u>	<u>5,973</u>	<u>2,742,532</u>

The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at in the period ended 31 August 2013 using the EFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

**12. STOCKS**

	2016 £	2015 £
Classroom and other materials	<u>2,479</u>	<u>500</u>

**13. DEBTORS**

	2016 £	2015 £
Trade debtors	10,503	4,587
VAT recoverable	48,167	50,848
Other debtors	11,732	-
Prepayments and accrued income	52,354	28,924
	<u>122,756</u>	<u>84,359</u>

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

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	-	160,293
Other taxation and social security	<b>27,885</b>	21,078
Other creditors	<b>55,879</b>	27,301
Accruals and deferred income	<b>221,549</b>	136,156
	<b>305,313</b>	<b>344,828</b>
	<b>305,313</b>	<b>344,828</b>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	<b>46,268</b>	45,021
Resources deferred during the year	<b>107,038</b>	46,268
Amounts released from previous years	<b>(46,268)</b>	(45,021)
	<b>107,038</b>	46,268
	<b>107,038</b>	46,268

The closing balance of deferred income relates to Universal Infant Free School Meals and income for educational visits received in advance of the 2016/17 academic year, rates income in relation to the post year end period and capital grants matched in line with the progress of works.

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

**15. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General Funds	99,724	27,725	(21,739)	-	-	105,710
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	266,100	1,833,898	(1,821,377)	(171,447)	-	107,174
Pupil Premium	3,336	96,934	(100,270)	-	-	-
Other DfE/EFA grants	-	111,697	(111,697)	-	-	-
Other funding	-	37,994	(37,994)	-	-	-
PSA donations	-	4,305	(4,305)	-	-	-
Pension reserve	(845,000)	-	(65,000)	-	(230,000)	(1,140,000)
	<u>(575,564)</u>	<u>2,084,828</u>	<u>(2,140,643)</u>	<u>(171,447)</u>	<u>(230,000)</u>	<u>(1,032,826)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
DfE/EFA capital grants	18,736	9,725	(2,357)	-	-	26,104
Transfer from Local Authority	2,210,820	-	(85,032)	-	-	2,125,788
Academies Capital Maintenance Fund Condition	282,246	-	(11,244)	(1,668)	-	269,334
Improvement Fund	266,807	127,409	(10,493)	(2,940)	-	380,783
Capital expenditure from GAG	8,942	-	(15,321)	176,055	-	169,676
	<u>2,787,551</u>	<u>137,134</u>	<u>(124,447)</u>	<u>171,447</u>	<u>-</u>	<u>2,971,685</u>
Total restricted funds	<u>2,211,987</u>	<u>2,221,962</u>	<u>(2,265,090)</u>	<u>-</u>	<u>(230,000)</u>	<u>1,938,859</u>
Total of funds	<u><u>2,311,711</u></u>	<u><u>2,249,687</u></u>	<u><u>(2,286,829)</u></u>	<u><u>-</u></u>	<u><u>(230,000)</u></u>	<u><u>2,044,569</u></u>

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The DfE/EFA restricted funds grants consists of Special Educational Needs (SEN), Universal Infant Free School Meals (UIFSM) and PE Sport Grant. All funds have been spent in full within the year.

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

Other funding relates to catering income received from pupils as a contribution towards school meals.

The PSA donation relates to amounts received from the Parent Staff Association (PSA) for specific items of expenditure.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE/EFA capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

The transfer from Local Authority relates to the value of £2,325,000 (leasehold land and buildings) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

The Academies Capital Maintenance Fund (ACMF) relates to funding received in relation to a new boiler. The closing balance relates to the net book value of the assets concerned.

The Condition Improvement Fund (CIF) relates to funding received in relation to roof repairs and replacement windows/doors. The closing balance relates to the net book value of the assets concerned plus unspent funds on the roof fund of £1,767.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

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

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	2,969,918	2,969,918	2,742,532
Current assets	105,710	412,486	1,767	519,963	759,007
Current liabilities	-	(305,312)	-	(305,312)	(344,828)
Pension scheme liability	-	(1,140,000)	-	(1,140,000)	(845,000)
	<u>105,710</u>	<u>(1,032,826)</u>	<u>2,971,685</u>	<u>2,044,569</u>	<u>2,311,711</u>

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net (expenditure)/income for the year (as per Statement of financial activities)	<b>(37,142)</b>	205,446
<b>Adjustment for:</b>		
Depreciation charges	<b>124,447</b>	51,718
Increase in stocks	<b>(1,979)</b>	-
(Increase)/decrease in debtors	<b>(38,397)</b>	219,756
(Decrease)/increase in creditors	<b>(39,515)</b>	182,122
Capital grants from DfE and other capital income	<b>(186,805)</b>	(558,840)
Defined benefit pension scheme cost less contributions payable	<b>33,000</b>	37,000
Defined benefit pension scheme finance cost	<b>32,000</b>	31,000
	<hr/>	<hr/>
<b>Net cash (used in)/provided by operating activities</b>	<b>(114,391)</b>	168,202
	<hr/> <hr/>	<hr/> <hr/>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	<b>394,729</b>	674,148
	<hr/>	<hr/>
Total	<b>394,729</b>	674,148
	<hr/> <hr/>	<hr/> <hr/>

**19. CAPITAL COMMITMENTS**

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	<b>49,670</b>	-
	<hr/> <hr/>	<hr/> <hr/>

**20. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are Multi-employer defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £26,352 were payable to the schemes at 31 August 2016 (2015 - 16,438) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme

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**20. PENSION COMMITMENTS (continued)**

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.

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**20. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £137,590 (2015 - £112,370).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](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 2016 was £134,000 (2015 - £120,000), of which employer's contributions totalled £106,000 (2015 - £94,000) and employees' contributions totalled £28,000 (2015 - £26,000). The agreed contribution rates for future years are 21.4 - 22.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2016</b>	2015
Discount rate for scheme liabilities	<b>2.10 %</b>	3.80 %
Rate of increase in salaries	<b>3.10 %</b>	4.60 %
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	2.70 %
Inflation assumption (CPI)	<b>2.10 %</b>	2.70 %
Commutation of pensions to lump sums	<b>50.00 %</b>	50.00 %

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**20. PENSION COMMITMENTS (continued)**

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

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

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**20. PENSION COMMITMENTS (continued)**

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

	<b>Fair value at 31 August 2016 £</b>	Fair value at 31 August 2015 £
Equities	<b>823,000</b>	544,000
Bonds	<b>206,000</b>	173,000
Property	<b>103,000</b>	91,000
Cash	<b>11,000</b>	16,000
	<hr/>	<hr/>
Total market value of assets	<b><u>1,143,000</u></b>	<u>824,000</u>

The actual return on scheme assets was £34,000 (2015 - £27,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

**Asset model**

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2015 for the year to 31 August 2016, or date of joining the fund if later).

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**20. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(139,000)	(131,000)
Net interest cost	(32,000)	(31,000)
	<hr/>	<hr/>
Total	<b>(171,000)</b>	<b>(162,000)</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	2015 £
Opening defined benefit obligation	1,669,000	1,481,000
Current service cost	139,000	131,000
Interest cost	66,000	58,000
Contributions by employees	28,000	26,000
Actuarial losses/(gains)	386,000	(23,000)
Benefits paid	(5,000)	(4,000)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>2,283,000</b>	<b>1,669,000</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	2016 £	2015 £
Opening fair value of scheme assets	824,000	678,000
Return on plan assets (excluding net interest on the net defined pension liability)	34,000	27,000
Actuarial gains and (losses)	156,000	3,000
Contributions by employer	106,000	94,000
Contributions by employees	28,000	26,000
Benefits paid	(5,000)	(4,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>1,143,000</b>	<b>824,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**Sensitivity analysis**

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

<b>Change in assumptions as at 31 August 2016:</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount £</b>
0.5% decrease in Real Discount Rate	14 %	319,000
1 year increase in member life expectancy	3 %	68,000
0.5% increase in the Salary Increase Rate	6 %	132,000
0.5% increase in the Pension Increase Rate	8 %	177,000

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**21. OPERATING LEASE COMMITMENTS**

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

	<b>2016</b>	2015
	£	£
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	<b>4,683</b>	4,683
Between 1 and 5 years	<b>2,342</b>	7,025
Total	<b>7,025</b>	11,708

**22. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

**23. RELATED PARTY TRANSACTIONS**

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

The sister of Catherine Fenn, a Trustee of the Academy, is employed by the Academy as a teaching assistant and is paid at a standard level for this role.

The daughter of Michael Hoare, Accounting Officer and Trustee of the Academy, was employed for part of the year by the Academy as a cleaner and was paid at a standard level for this role.

The daughter of Valerie Thorley, the School Business Manager of the Academy, is employed by the Academy as a teacher and is paid at a standard level for this role.

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**24. FIRST TIME ADOPTION OF FRS 102**

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

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		2,080,265	2,311,711
Total funds reported under FRS 102		<u>2,080,265</u>	<u>2,311,711</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	31 August 2015 £
Net income previously reported under UK GAAP		219,446
Change in recognition of LGPS interest cost	A	(14,000)
Net movement in funds reported under FRS 102		<u>205,446</u>

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

**A - Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £14,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.