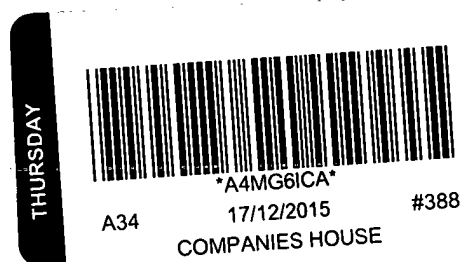


MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015



MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members

S J Davey, Principal
J P Field, Vice Chair
J Osborne, Vice Chair
R Webb, Chairman

Trustees

S Alexander (appointed 11 May 2015)
S Barton⁵
O C O'Connell⁶
S J Davey, Principal⁴
J P Field, Vice Chair^{1,4}
J Harvey^{1,4}
E Hewett^{1,5,6}
J A Hick, Staff Governor⁶
K Jelbert⁶
S Lawry (resigned 5 December 2014)⁴
H Micciche, Staff Governor⁶
J Osborne, Vice Chair^{2,4,5,6}
A G Oxley (resigned 28 January 2015)⁵
H V Reynolds^{2,6}
N C Walker^{2,5}
N J Walters^{1,5}
R Webb, Chairman^{3,5,6}

¹ First Personnel/Dismissal Committee

² Appeals Personnel/Dismissal Committee

³ Pupil Discipline Committee

⁴ Finance & Premises Committee

⁵ Data & Process Committee

⁶ Teaching & Learning and Teaching School Committee

**Company registered
number**

07657923

**Principal and Registered
office**

Boscathnoe Lane
Heamoor
Penzance
Cornwall
TR18 3JT

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015

Administrative details (continued)

Company secretary B L Michael

Accounting Officer S J Davey

Senior Leadership Team

S Davey, Principal
M Dale, Vice Principal
L Hall, Vice Principal
A Harvey, Vice Principal
J Hick, Vice Principal
C Kennedy, Assistant Principal
R Finch, Assistant Principal
D Payne, Assistant Principal
C Jenkin, Assistant Principal
I Raggett, Assistant Principal
B Eddy, Assistant Principal
P Davies, Business Manager

Independent auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Bankers Lloyds Bank PLC
Market House
Penzance
Cornwall
TR18 2TN

Solicitors Browne Jacobson
1 Manor Court
Dix's Field
Exeter
Devon
EX1 1UP

Actuary Hymans Robertson LLP
One London Wall
London
EC2Y 5EA

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Penzance, Cornwall. It has a pupil capacity of 1,004 and had a roll of 968 in the school census on 21 May 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy 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.

The Trustees of Mounts Bay Academy are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they cease to be a member.

Trustees' Indemnities

In accordance with normal commercial practice, the Academy has purchased Company Public Liability Insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Additional operative endorsements include costs relating to Environmental Clean-Up, and any legal cost and expenses incurred in defending any criminal prosecution in relation to Corporate Manslaughter and Corporate Homicide, which has been committed or alleged to have been committed during the course of Academy business. The insurance provides cover up to £10,000,000 on any one claim.

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st July 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy's Board of Trustees comprises:

- 6 Trustees who are appointed by the Members;
- 4 Parent Trustees who are elected by Parents of registered pupils at the Academy;
- 2 Staff Trustees appointed by the Staff of the Academy;
- 3 Co-opted Trustees who are appointed by the Board of Trustees; and
- the Principal who is treated for all purposes as being an ex officio Trustee.

The term of office for any Trustee is 4 years, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with an information pack that includes mix of hard-copy and online copies of Articles of Association, Funding Agreement, policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees meets once each semester (9 week period), but should hold at least four meetings in every school year. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies 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. The committee structure, terms of reference and membership are reviewed annually.

The Academy has undertaken a full review of the main areas of risks that it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

There are 6 committees as follows:

- First Personnel/Dismissal Committee;
- Appeals Personnel/Dismissal Committee;
- Pupil Discipline Committee;
- Finance and Premises Committee;
- Data and Premises Committee; and
- Teaching & Learning and Teaching School Committee.

First Personnel/Dismissal Committee:

Is responsible for considering and making any decisions about matters brought before the committee relating to the discipline or dismissal of staff, staff grievance, staff performance and review staff salaries.

Appeals Personnel/Dismissal Committee:

Is responsible for considering and deciding on any appeal against the decision of the 'First Personnel/Dismissal' Committee. The decision of the Appeal Committee will be final.

Pupil Discipline Committee:

Is responsible for considering and deciding on matters brought before the Committee relating to the exclusion of a pupil and to hear representations from parents or guardians of the pupil(s) excluded. This committee is manned on a rotational basis by the chair plus 2 others.

Finance and Premises Committee:

Is responsible for receiving curriculum progress reports and information about non-statutory assessment and testing in order to monitor, review and evaluate the standards of achievement. Ensure that statutory targets for student achievements are set and published, celebrate students' achievements.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Data and Progress:

Is responsible for establishing, monitoring evaluating and reviewing policy in relation to behaviour, personal development and well-being of students, promoting partnership with parents and community involvement. Provide a safe and healthy learning environment with the necessary support structures for the safeguarding every child. Reduce all barriers to learning and improve behaviour and attendance. Develop policies to dispel discrimination, encourage diversity and promote the spiritual, moral, social and cultural development of students. The committee is responsible for receiving curriculum progress reports and information about non-statutory assessment and testing in order to monitor, review and evaluate the standards of achievement. Ensure that statutory targets for student achievements are set and published, celebrate students' achievements.

Teaching & Learning and Teaching School Committee:

Is responsible for establishing, monitoring evaluating and reviewing policy in relation to teaching, learning, leadership and the development and delivery of the Teaching School. Oversee the delivery of the strategic framework within which the school is run and to focus on standards and school improvement.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Board of Trustees have devolved responsibility for day-to-day management of the Academy to the Principal and Senior Leadership Team (SLT). The SLT comprises the Principal, Vice Principals, Assistant Principals and the Business Manager. The SLT implement the policies laid down by the Trustees and reports back to them on performance.

The Principal is the Accounting Officer.

Connected Organisations, including Related Party Relationships

The Academy has strong collaborative links with 14 main feeder primary schools, 6 additional primary schools, 4 local secondary schools, 1 special school, 1 PRU and 2 Further Education colleges.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the Cornwall and United Kingdom, in particular by maintaining, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Sport and creativity.

The aims of the Academy during the year are summarised below:

- Continue to raise the standard of educational attainment and achievement of all pupils;
- Provide a broad and balanced curriculum, including extra curricular activities;
- Develop students as more effective and independent learners;
- Enhance the tertiary provision and outcomes;
- Develop the Academy site so that it enables students to achieve their full potential;
- Ensure that every child enjoys personalised high quality education in terms of resourcing, tuition and care;
- Improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- Maximise the number of students who achieve 5 A* - C GCSE grades including English and Maths;
- Provide value for money for the funds expended;
- Develop greater coherence, clarity and effectiveness in school systems;

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

- Comply with all appropriate statutory and curriculum requirements;
- Maintain close links with industry, commerce and the local community;
- Further develop the offer of facilities to the community;
- Develop the Academy's capacity to manage change; and
- Conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Mounts Bay Academy we aim to get the best for, and from, each child. We enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents are part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities and targets for the years 2013 - 2015 are contained in our Academy Development Plan. Improvement focuses identified for this year are grouped under the following headings:

- Be a top achieving academy
- Team Mounts Bay
- Transforming teaching and learning
- Talent development

Key activities and targets were identified in the Academy Strategic Plan 2013 - 2015 and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding.

The activities included the following:

- Increase student numbers for 2015-16
- Improve student achievement
- Improve student support to enhance learning outcomes
- Extend curriculum to support new contexts and courses
- Enrich the student experience
- Develop the Academy premises and resources
- Enhance contributions to the community
- Maintain a secure financial position
- Recruit highly qualified staff, motivate and support staff
- Develop partnerships
- Develop a culture of sustainability
- Contribute to new ideas

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Penzance and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of Sport and the Arts.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the local community.

As an Academy we have a duty to support other schools. We support our partner primary schools through the use of our premises and specialist staff in all subjects.

STRATEGIC REPORT

Achievements and Performance

Student numbers are on an upward trajectory since becoming an Academy. The total pupil Numbers On Roll (NOR) on 7 September 2015 was 968 showing an increase of 8 when compared to the 2014 census.

The Academy recorded its best ever GCSE results in June 2015 representing the eighth successive year of improvement. The GCSE results for year 11, based on 180 students were: 73% achieved 5 A*-C, 71% achieved A*-C in both Maths & English, 66% achieved 5 A*-C including English and Maths, 24% achieved the EBacc, 84% achieved 3 LOP in English and 70% in Maths, 39% achieved 4 LOP in English and 23% in Maths.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Senior Leadership Team.

A new sports hall was built, which replaced an aging inflatable sports dome. The project was funded from the capital grant.

The Academy was accredited with Teaching School Status last year. The Applied Minds Teaching School Alliance offers initial teacher training, continuous professional development, research opportunities, inter-school support, leadership and talent development.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In year under review, £9,917 GAG balance was carried forward. Total funds carried forward increased from £8,529,724 in 2014 to £9,005,924 in 2015, as detailed in note 17.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers were 960 on role as at 31 August 2014 and this increased to 968 on the census date of September 2015. This will stand the Academy in good stead for next year, which is anticipated to be lower intake due to a low numbers in schools.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2015 this was 82.8%, compared to 79% in 2014. The following KPI's were achieved during the year:

	Actual
GAG carry forward %	0.2%
Total unrestricted funds balance	£293,631
Pupil to teacher ratio	968:69
Teaching to non-teaching staff ratio	69:46
Student Attendance %	94.5%
Exam Success	66% 5 A*-C inc. E&M
Total income per pupil	£6,535
Total GAG per pupil	£5,020
Ratio of GAG to total income	0.77:1
Staff costs per pupil	£4,156

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Going Concern

After making appropriate enquiries, the Finance and Premises Committee 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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2015 and the associated expenditure is shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

At 31 August 2015 the net book value of fixed assets was £9,247,631 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 August 2012 at £8,135,073. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings. The role of Responsible has been transferred to the LA as part of our SLA.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately £335,000, which equates to one month's staffing costs.

The Academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £400,346, of which £301,327 is free reserves and £99,019 relates to a designated reserve set up for the future replacement of the carpet on the 3G football pitch. This is detailed further in note 17.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the academy Trust.

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

Mounts Bay Academy has been approached to support another Academy in difficulty to raise standards across the school. The aim is for Mounts Bay Academy's principal to act as an Executive Head for the second Academy for a fixed period.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy is a member of the 'Challenge Partners' and are the hub for Cornwall Challenge Partners.

The Academy have adopted the International Middle Years Curriculum and embedded it into the Academy's programme.

The Academy intends to apply for a capital grant to completely refurbish six science classrooms.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Finance and Premises Committee, as company directors, on 7.12.15 and signed on the board's behalf by:

**Mr R Webb
Chair of Trustees**



**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Principal and Finance Director within strict guidelines approved by the Board of Trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 97% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees and include the financial risks to the Academy. The register and plan are regularly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Mounts Bay Academy 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 Finance and Premises Committee has delegated the day-to-day responsibility to the Principal, 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 Mounts Bay Academy and the Secretary of State for Education. They are also responsible for reporting to the Finance and Premises Committee 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 Trustees' responsibilities statement. The Finance and Premises Committee has formally met 6 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
S Alexander	1	2
S Barton	6	6
O C O'Connell	6	6
S J Davey, Principal	5	6
J P Field, Vice Chair	6	6
J Harvey	3	6
E Hewett	5	6
J A Hick, Staff Governor	6	6
K Jelbert	2	3
S Lawry	4	6
H Micciche, Staff Governor	6	6
J Osborne, Vice Chair	6	6
A G Oxley	3	4
H V Reynolds	6	6
N C Walker	4	6
N J Walters	5	6
R Webb, Chairman	3	6

S Alexander was appointed to the board of Governors on 11 May 2015

S Lawry resigned 05 December 2015

G Oxley resigned at the end of his term of office on 28 January 2015

S Barton resigned on 17 July 2015

Governance reviews:

The Directors review the governance structure of the Academy on an annual basis. The latest review was undertaken in September 2015, and concluded that the skills, knowledge and experience of Mounts Bay Academy's governance structure is sufficiently robust for the board to fulfil its duty.

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Finance and Premises Committee is a sub-committee of the main Finance and Premises Committee. Its purpose is to review and scrutinise the finance, leadership and management of the Academy. The Leadership and Management Committee has formally met 5 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S J Davey, Principal	4	5
J Field	4	5
J Harvey	4	5
S Lawry	2	2
J Osborne	5	5

The Teaching and Learning Committee is an amalgamation of the Teaching and Learning committee and the Leadership committee and is a sub-committee of the main governing body. Its purpose is to review the standards and development of teaching and learning and scrutinise the leadership and management of the Academy.

The Board of Trustees has delegated the day-to-day responsibility to the Principal 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 Mounts Bay Academy 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 STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Raising standards - Appointment of high quality teaching staff to raise standards and improved exam results. This year saw the Academy record its best ever GCSE results representing the eighth successive year of improvement. The GCSE results for year 11, based on 180 students were: 73% achieved 5 A*-C, 71% achieved A*-C in both Maths & English, 66% achieved 5 A*-C including English and Maths, 24% achieved the EBacc, 84% achieved 3 LOP in English and 70% in Maths, 39% achieved 4 LOP in English and 23% in Maths.
- Improved purchasing - All services agreements and contracts are appraised or renegotiated in a timely manner to get the best mix of quality and effectiveness for the least cost.
Economies of scale: The Academy takes the opportunity to work collaboratively with others to reduce and share administration and procurement costs. Where applicable joint tenders have been carried out to ensure value for money.
- Maximising income generation - Opportunities have been taken to explore and generate additional and reliable revenue streams including lettings, consultancy and training fees. Through a combination of individual needs, identification of priorities, comprehensive tendering and the commitment to best value, the Academy has been able to ensure that the budget has been used effectively.

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 Mounts Bay Academy for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Finance and Premises Committee 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 Finance and Premises Committee 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance and Premises Committee.

GOVERNANCE STATEMENT (continued)

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 Finance and Premises Committee;
- regular reviews by the Finance and Premises 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 Finance and Premises Committee has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Local Authority accounts auditor from , the Local Finances Services team to perform the review.

The reviewer'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 payroll
- Testing purchases
- Testing income
- Testing accounting/bank reconciliations

On a quarterly basis, the reviewer reports to the Finance and Premises Committee on the operation of the systems of control and on the discharge of the Finance and Premises Committee' financial responsibilities.

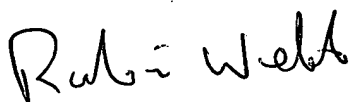
REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises 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 Finance and Premises Committee on 7-12-15 and signed on its behalf, by:



Mr R Webb
Chair of Trustees



Mrs S Davey
Accounting Officer

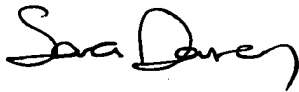
**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Mounts Bay Academy I have considered my responsibility to notify the Academy Finance and Premises Committee 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Finance and Premises Committee are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

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 Finance and Premises Committee and EFA.



Mrs S Davey
Accounting Officer



Date: 7-12-15

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees (who act as governors of Mounts Bay Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

R Webb
Chair of Trustees



Date: 7-12-15

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUNTS BAY ACADEMY

We have audited the financial statements of Mounts Bay Academy for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement 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) and the Academies Accounts Direction 2014 to 2015 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 Trustees' responsibilities statement, 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 2015 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 and the Academies Accounts Direction 2014 to 2015 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.

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOUNTS BAY ACADEMY

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.



Alison Oliver FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Chy Nyverow

Newham Road

Truro

Cornwall

TR1 2DP

15 December 2015

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MOUNTS BAY ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mounts Bay Academy during the year 1 September 2014 to 31 August 2015 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 Mounts Bay Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mounts Bay Academy and 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 Mounts Bay Academy and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF MOUNTS BAY ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Mounts Bay Academy's funding agreement with the Secretary of State for Education dated June 2011, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

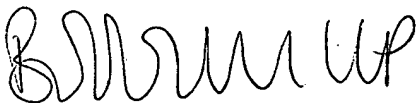
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MOUNTS BAY
ACADEMY 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alison Oliver FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Date: 15 - 12 - 15

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	62,189	45,300	-	107,489	16,372
Activities for generating funds	3	64,366	-	-	64,366	54,465
Investment income	4	6,129	-	-	6,129	6,289
Incoming resources from charitable activities		169,580	5,295,263	682,792	6,147,635	6,000,031
TOTAL INCOMING RESOURCES		302,264	5,340,563	682,792	6,325,619	6,077,157
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		96,097	-	-	96,097	69,223
Charitable activities	7,8	202,000	5,296,316	246,551	5,744,867	5,537,048
Governance costs	9	-	31,455	-	31,455	30,349
TOTAL RESOURCES EXPENDED	6	298,097	5,327,771	246,551	5,872,419	5,636,620
NET INCOMING RESOURCES BEFORE TRANSFERS		4,167	12,792	436,241	453,200	440,537
Transfers between Funds	17	(285)	(139,318)	139,603	-	-
NET INCOME FOR THE YEAR		3,882	(126,526)	575,844	453,200	440,537
Actuarial gains and losses on defined benefit pension schemes		-	23,000	-	23,000	(362,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		3,882	(103,526)	575,844	476,200	78,537
Total funds at 1 September		396,464	(550,317)	8,683,577	8,529,724	8,451,187
TOTAL FUNDS AT 31 AUGUST		400,346	(653,843)	9,259,421	9,005,924	8,529,724

All of the academy's activities derive from acquisitions in the current financial year.
All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 43 form part of these financial statements.

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07657923

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		9,247,631		8,398,562
CURRENT ASSETS					
Debtors	15	182,141		114,141	
Cash at bank and in hand		637,180		1,072,028	
		<u>819,321</u>		<u>1,186,169</u>	
CREDITORS: amounts falling due within one year	16	(313,028)		(341,007)	
NET CURRENT ASSETS			<u>506,293</u>		<u>845,162</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,753,924</u>		<u>9,243,724</u>
Defined benefit pension scheme liability	23		(748,000)		(714,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>9,005,924</u></u>		<u><u>8,529,724</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	17	94,157		163,683	
Fixed asset funds	17	9,259,421		8,683,577	
Restricted funds excluding pension liability		<u>9,353,578</u>		<u>8,847,260</u>	
Pension reserve		<u>(748,000)</u>		<u>(714,000)</u>	
Total restricted funds			<u>8,605,578</u>		<u>8,133,260</u>
Unrestricted funds	17		<u>400,346</u>		<u>396,464</u>
TOTAL FUNDS			<u><u>9,005,924</u></u>		<u><u>8,529,724</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 7-12-15 and are signed on their behalf, by:

R Webb
Chair of Trustees

Rubi Webb

S J Davey
S J Davey
Principal

The notes on pages 24 to 43 form part of these financial statements.

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	19	(29,871)	231,840
Returns on investments and servicing of finance	20	6,129	6,289
Capital expenditure and financial investment	20	(411,106)	30,176
(DECREASE)/INCREASE IN CASH IN THE YEAR		(434,848)	268,305

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(434,848)	268,305
MOVEMENT IN NET FUNDS IN THE YEAR	(434,848)	268,305
Net funds at 1 September 2014	1,072,028	803,723
NET FUNDS AT 31 AUGUST 2015	637,180	1,072,028

The notes on pages 24 to 43 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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.

Tangible fixed assets are stated at cost less depreciation. 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 basis:

Long term leasehold land and buildings	-	Over the lease term, with a 50 year maximum for buildings
Motor vehicles	-	25% Reducing Balance
Fixtures and fittings	-	20% Straight Line
Computer equipment	-	33% Straight Line

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 TAXATION

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

1.9 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), 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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	62,189	45,300	107,489	16,372

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	38,109	-	38,109	44,402
Fees received	16,516	-	16,516	9,178
Other	9,741	-	9,741	885
	<u>64,366</u>	<u>-</u>	<u>64,366</u>	<u>54,465</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest	6,129	-	6,129	6,289
	<u>6,129</u>	<u>-</u>	<u>6,129</u>	<u>6,289</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	682,792	682,792	566,869
General Annual Grant	-	4,859,088	4,859,088	4,861,133
Other DfE/EFA grants	-	266,206	266,206	264,144
	<u>-</u>	<u>5,808,086</u>	<u>5,808,086</u>	<u>5,692,146</u>
Other Government grants				
SEN Top UP	-	39,318	39,318	45,045
Other government grants non capital	4,556	130,651	135,207	138,905
	<u>4,556</u>	<u>169,969</u>	<u>174,525</u>	<u>183,950</u>
Other funding				
Internal catering income	2,264	-	2,264	3,253
Sales to students	95,145	-	95,145	36,605
Other	67,615	-	67,615	84,077
	<u>165,024</u>	<u>-</u>	<u>165,024</u>	<u>123,935</u>
	<u>169,580</u>	<u>5,978,055</u>	<u>6,147,635</u>	<u>6,000,031</u>

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

6. RESOURCES EXPENDED

	Staff costs	Premises	Non Pay Expenditure Other	Total	Total
	2015	2015	2015	2015	2014
	£	£	£	£	£
Costs of generating voluntary income	-	-	96,097	96,097	69,223
COSTS OF GENERATING FUNDS	-	-	96,097	96,097	69,223
Direct costs	3,574,402	211,330	462,442	4,248,174	4,114,867
Support costs	473,033	399,256	624,404	1,496,693	1,419,181
CHARITABLE ACTIVITIES	4,047,435	610,586	1,086,846	5,744,867	5,534,048
GOVERNANCE	19,117	-	12,338	31,455	30,349
	4,066,552	610,586	1,195,281	5,872,419	5,633,620

7. DIRECT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	6,000	3,000
Educational supplies	230,147	254,784
Examination fees	118,552	91,523
Other costs	107,743	56,800
Supply teachers - agency costs	-	210
Wages and salaries	2,931,695	2,887,293
National insurance	236,350	230,498
Pension cost	406,357	389,225
Depreciation	211,330	201,534
	4,248,174	4,114,867

MOUNTS BAY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

8. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	7,000	3,000
Staff development	62,767	54,329
Recruitment and support	24,428	22,817
Maintenance of premises and equipment	146,715	148,711
Cleaning	99,639	112,194
Rent and rates	28,616	27,697
Energy costs	95,640	91,913
Insurance	58,671	89,299
Security and transport	23,325	20,021
Catering	56,273	59,328
Technology costs	253,680	234,517
Office overheads	95,505	104,056
Legal and professional	39,251	14,938
Bank interest and charges	-	51
Loss/(Profit) on disposal of fixed assets	(1,721)	2,030
Loss/(Profit) on disposal of equipment	(1,350)	(1,470)
Wages and salaries	395,085	346,347
National insurance	23,054	20,384
Pension cost	54,894	38,680
Depreciation	35,221	33,340
	1,496,693	1,422,182

9. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	3,000	3,000	3,000
Auditors' non audit costs	-	6,180	6,180	7,685
Legal and Professional	-	3,158	3,158	1,342
Wages and salaries	-	19,117	19,117	18,322
	-	31,455	31,455	30,349

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

10. NET INCOMING RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the Academy	246,551	234,874
Auditors' remuneration	3,000	3,000
Auditors' remuneration - non-audit	6,180	7,685
Operating lease rentals:		
- other operating leases	116,496	116,496
	<u>116,496</u>	<u>116,496</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	3,345,897	3,251,752
Social security costs	259,404	250,882
Pension costs (Note 23)	461,251	427,905
	<u>4,066,552</u>	<u>3,930,539</u>
Supply teacher costs	-	210
	<u>4,066,552</u>	<u>3,930,749</u>

b. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Management	12	12
Teaching	54	54
Administration/Support	33	33
	<u>99</u>	<u>99</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	4	4
In the band £90,001 - £100,000	1	1
	<u>1</u>	<u>1</u>

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11. STAFF (continued)

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for employees whose emoluments fell within the above bands amounted to £49,073 (2014: £47,415).

12. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy in respect of their role as Trustees. The value of Trustees' gross salary in the year was as follows: S Davey, ninety to ninety-five thousand pounds (2014: ninety to ninety-five thousand pounds); H Micciche, thirty-five to forty thousand pounds (2014: thirty-five to forty thousand pounds); J Hick, sixty to sixty-five thousand pounds (2014: sixty to sixty-five thousand pounds). The value of the Trustees' employer pension contributions in the year was as follows: S Davey, ten to fifteen thousand pounds (2014: ten to fifteen thousand pounds); J Hick, five to ten thousand pounds (2014: five to ten thousand pounds); and H Micciche, five to ten thousand pounds (2014: one to five thousand pounds).

During the year retirement benefits were accruing to 3 Trustees (2014: 3) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2014: £NIL).

During the year ended 31 August 2015, expenses totalling £30 (2014: £2,013) were reimbursed to 1 Trustee (2014: 4).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2015 was £753 (2014: £753). The cost of this insurance is included in the total insurance cost.

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FOR THE YEAR ENDED 31 AUGUST 2015

14. TANGIBLE FIXED ASSETS

	Long term leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2014	8,816,135	9,396	83,095	106,485	9,015,111
Additions	983,047	-	43,390	80,028	1,106,465
Disposals	-	-	-	(37,318)	(37,318)
At 31 August 2015	9,799,182	9,396	126,485	149,195	10,084,258
DEPRECIATION					
At 1 September 2014	491,275	5,596	54,539	65,139	616,549
Charge for the year	181,994	950	18,182	45,425	246,551
On disposals	-	-	-	(26,473)	(26,473)
At 31 August 2015	673,269	6,546	72,721	84,091	836,627
NET BOOK VALUE					
At 31 August 2015	9,125,913	2,850	53,764	65,104	9,247,631
At 31 August 2014	8,324,860	3,800	28,556	41,346	8,398,562

A fixed charge has been given to the Football Foundation over the property on which the 3G football pitch has been developed, as a condition of the grant funding received. The property on which the 3G pitch was developed is included within the long term leasehold land and buildings.

15. DEBTORS

	2015 £	2014 £
Trade debtors	3,937	50
VAT recoverable	66,418	65,992
Other debtors	87,321	35,333
Prepayments and accrued income	24,465	12,766
	<u>182,141</u>	<u>114,141</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	95,609	42,503
Other taxation and social security	78,850	79,278
Other creditors	69,633	69,570
Accruals and deferred income	68,936	149,656
	<u>313,028</u>	<u>341,007</u>

DEFERRED INCOME

Deferred income at 1 September 2014	36,056
Amounts released from previous years	(22,173)
	<u>13,883</u>
Deferred income at 31 August 2015	<u>13,883</u>

Deferred income represents grants received in 2015 that relate to the subsequent school year. At the balance sheet date the Academy held funds received in advance relating to SGO £13,883.

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Football pitch carpet replacement fund	82,000	-	-	17,019	-	99,019
GENERAL FUNDS						
General funds	314,464	302,264	(298,097)	(17,304)	-	301,327
Total Unrestricted funds	396,464	302,264	(298,097)	(285)	-	400,346

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual						
Grant (GAG)	126,619	4,859,088	(4,836,472)	(139,318)	-	9,917
Higher Needs	-	10,040	(10,040)	-	-	-
Special needs						
funding	-	29,278	(29,278)	-	-	-
Pupil premium	(740)	240,706	(239,966)	-	-	-
Summer						
Programme	-	25,500	(18,611)	-	-	6,889
Erasmus	-	37,211	(13,804)	-	-	23,407
Comenius Project 3	(1,641)	5,689	(4,048)	-	-	-
Applied Minds	21,729	67,657	(60,219)	-	-	29,167
Bikeability	5,192	34,445	(22,189)	-	-	17,448
School Games	1,601	-	(1,601)	-	-	-
School Games-						
Organiser	-	23,800	(23,800)	-	-	-
Connecting						
Classrooms	-	2,400	(1,712)	-	-	688
Comenius 4	7,392	-	(5,541)	-	-	1,851
Other restricted						
funds	3,531	4,749	(3,490)	-	-	4,790
Pension reserve	(714,000)	-	(57,000)	-	23,000	(748,000)
	<u>(550,317)</u>	<u>5,340,563</u>	<u>(5,327,771)</u>	<u>(139,318)</u>	<u>23,000</u>	<u>(653,843)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	7,703,069	-	(155,494)	-	-	7,547,575
Fixed assets purchased from GAG and other restricted funds	233,973	-	(53,970)	82,794	-	262,797
Fixed assets purchased from DfE/EFA Capital grants	419,424	-	(36,228)	1,024,616	-	1,407,812
DfE/EFA Capital grant funding balance	285,015	682,792	-	(967,807)	-	-
Football Association 3G Football Pitch	42,096	-	(859)	-	-	41,237
	8,683,577	682,792	(246,551)	139,603	-	9,259,421
Total restricted funds	8,133,260	6,023,355	(5,574,322)	285	23,000	8,605,578
Total of funds	8,529,724	6,325,619	(5,872,419)	-	23,000	9,005,924

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. STATEMENT OF FUNDS (continued)

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

DESIGNATED FUNDS

The designated funds have been set up to fund the replacement of the football pitch carpet. The grant received from the Football Association towards the original 3G football pitch requires that the football pitch carpet is replaced after 7 years, therefore funds are being set aside for this purpose.

RESTRICTED FUNDS

General Annual Grant - Income from the EFA which is to be use for the normal running costs of the Academy, including education and support costs.

Special educational needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Year 7 Catch-up funding - Income from EFA which is used to support students who have not achieved Level 4 in reading and/or maths at KS2.

Comenius Project - Funding to promote and support the International student exchange programme.

Applied Minds - Teaching School Core Grant used to provide high-quality training and development to new and experienced school staff and schools in the local community.

Bikeability - Funding to provide bike training to students as part of the local primary Hub.

School Games and School Games Organiser - Funding from various government departments and Sport England to employ an individual to work with the local primary Hub co-ordinating, organising and funding sports events and games.

British Council - Connecting classrooms project to link the academy with international schools.

Pension Reserve - This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG and other restricted funds - This represents purchases for fixed assets made from GAG and other restricted funds

DfE/EFA Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Football association 3G football pitch - This represents the value of the buildings on the 3G pitch which were funded by the Football Association Grant after conversion.

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17. STATEMENT OF FUNDS (continued)

All transfers between funds are transfers to restricted fixed asset funds where fixed assets have been purchased using the fund.

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 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	82,000	-	-	17,019	-	99,019
General funds	314,464	302,264	(298,097)	(17,304)	-	301,327
	<u>396,464</u>	<u>302,264</u>	<u>(298,097)</u>	<u>(285)</u>	<u>-</u>	<u>400,346</u>
Restricted funds	(550,317)	5,340,563	(5,327,771)	(139,318)	23,000	(653,843)
Restricted fixed asset funds	8,683,577	682,792	(246,551)	139,603	-	9,259,421
	<u>8,529,724</u>	<u>6,325,619</u>	<u>(5,872,419)</u>	<u>-</u>	<u>23,000</u>	<u>9,005,924</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	9,247,631	9,247,631	8,398,562
Current assets	409,925	397,606	11,790	819,321	1,186,170
Creditors due within one year	(9,579)	(303,449)	-	(313,028)	(341,008)
Pension scheme liability	-	(748,000)	-	(748,000)	(714,000)
	<u>400,346</u>	<u>(653,843)</u>	<u>9,259,421</u>	<u>9,005,924</u>	<u>8,529,724</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	453,200	440,537
Returns on investments and servicing of finance	(6,129)	(6,289)
Depreciation of tangible fixed assets	246,551	234,874
Capital grants from DfE	(682,792)	(566,869)
Loss/(Profit) on disposal of assets	(1,722)	2,030
Increase in debtors	(68,000)	(31,694)
(Decrease)/increase in creditors	(27,979)	133,251
Defined benefit pension scheme adjustments	57,000	26,000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(29,871)	231,840

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	6,129	6,289
	2015 £	2014 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,106,465)	(536,693)
Sale of tangible fixed assets	12,567	-
Capital grants from DfE	682,792	566,869
NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(411,106)	30,176

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	31 August 2015 £
Cash at bank and in hand:	1,072,028	(434,848)	637,180
NET FUNDS	1,072,028	(434,848)	637,180

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.

NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall Council. Both are defined benefit 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 £60,339 were payable to the scheme at 31 August 2015 (2014: 59,360) 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 Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £579,173 (2014: £564,520).

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

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 2015 was £113,750, of which employer's contributions totalled £82,750 and employees' contributions totalled £31,000. The agreed contribution rates for future years are 22.9% for employers and range from 5.5% to 7.5% 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.

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.80	521,000	6.20	587,000
Bonds	3.80	636,000	3.20	444,000
Property	3.80	89,000	4.50	67,000
Cash	3.80	25,000	3.30	11,000
Total market value of assets		1,271,000		1,109,000
Present value of scheme liabilities		(2,019,000)		(1,823,000)
Deficit in the scheme		(748,000)		(714,000)

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(2,019,000)	(1,823,000)
Fair value of scheme assets	1,271,000	1,109,000
Net liability	(748,000)	(714,000)

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(138,000)	(105,000)
Interest on obligation	(70,000)	(59,000)
Expected return on scheme assets	57,000	53,000
	<u>(151,000)</u>	<u>(111,000)</u>
Total	<u>(151,000)</u>	<u>(111,000)</u>

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

	2015 £	2014 £
Opening defined benefit obligation	1,823,000	1,223,000
Current service cost	138,000	105,000
Interest cost	70,000	59,000
Contributions by scheme participants	31,000	29,000
Actuarial (Gains)/losses	(42,000)	408,000
Benefits paid	(1,000)	(1,000)
	<u>2,019,000</u>	<u>1,823,000</u>
Closing defined benefit obligation	<u>2,019,000</u>	<u>1,823,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	1,109,000	897,000
Expected return on assets	57,000	53,000
Actuarial gains and (losses)	(19,000)	46,000
Contributions by employer	94,000	85,000
Contributions by employees	31,000	29,000
Benefits paid	(1,000)	(1,000)
	<u>1,271,000</u>	<u>1,109,000</u>
	<u>1,271,000</u>	<u>1,109,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(510,000) (2014: £(533,000)).

The Academy expects to contribute £99,000 to its Defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	41.00 %	53.00 %
Bonds	50.00 %	40.00 %
Property	7.00 %	6.00 %
Cash	2.00 %	1.00 %

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	3.80 %	4.80 %
Rate of increase in salaries	4.60 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.2	22.2 years
Females	24.4	24.4 years
Retiring in 20 years		
Males	24.4	24.4 years
Females	26.8	26.8 years

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015	2014	2013	2012
	£	£	£	£
Defined benefit obligation	(2,019,000)	(1,823,000)	(1,223,000)	(1,018,000)
Scheme assets	1,271,000	1,109,000	897,000	699,000
Deficit	(748,000)	(714,000)	(326,000)	(319,000)
Experience adjustments on scheme liabilities	42,000	(408,000)	(36,000)	(132,000)
Experience adjustments on scheme assets	(19,000)	46,000	51,000	(54,000)

24. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£	£
EXPIRY DATE:		
Within 1 year	20,607	23,072
Between 2 and 5 years	54,714	58,215

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

25. 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 it is inevitable that transactions will take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

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