
MOUNT GRACE SCHOOL
(A company limited by guarantee)

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



MOUNT GRACE SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 16
Statement on regularity, propriety and compliance	17
Statement of Trustees' responsibilities	18
Independent auditors' report on the financial statements	19 - 21
Independent reporting accountant's assurance report on regularity	22 - 23
Statement of financial activities incorporating income and expenditure account	24
Balance sheet	25
Statement of cash flows	26
Notes to the financial statements	27 - 49

MOUNT GRACE SCHOOL
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

P. Baker
C. Daniel
J. Mackie

Trustees

P. Baker, Headteacher^{1,2,4,6}
C. Daniel, Chair of Trustees^{1,2,3,4,5,6}
P. Harding, Vice Chair of Trustees^{1,2,3}
C. Cardell-Williams^{1,4,5,6}
J. Couzens^{1,2,3,5}
E. Ertanin^{2,5}
K. Forlan^{2,3}
H. Frost^{1,2}
J. Mackie²
P. Pytches^{1,3,4,6}
D. Redington^{1,4,5,6}
D. Gamble^{1,3,4,6}
S. Haws^{1,3,4,6}
V. Horn²
F. O'Hanlon (appointed 23 March 2018)

- ¹ Member of the Finance Committee
- ² Member of the Pupil Achievement Committee
- ³ Member of the Human Resources Committee
- ⁴ Member of the Facilities Committee
- ⁵ Member of the Discipline Committee
- ⁶ Member of the Admissions & Marketing Committee

**Company registered
number**

07695796

Company name

Mount Grace School

**Principal and Registered
office**

Mount Grace School
Church Road
Potters Bar
Hertfordshire
EN6 1EZ

Company secretary

P. Seymour

Head Teacher

P. Baker

Senior leadership team

P. Baker, Headteacher
N. Simpson, Deputy Headteacher
A. Say, Assistant Headteacher
G. Patel, Assistant Headteacher
J. McAleese, Assistant Headteacher
P. Grenyer, Assistant Headteacher
B. Indra, Head of 6th Form

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

Advisers (continued)

P. Seymour, School Business Manager

Independent auditors

Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Bankers

Lloyds Bank PLC
49 Howardsgate
Welwyn Garden City
AL8 6BA

Solicitors

Stone King LLP
Boundary House
91 Charterhouse St
Clerkenwell
London
EC1M 6HR

MOUNT GRACE SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The trust operates an Academy for pupils aged 11 to 18 serving a catchment area of Potters Bar and the surrounding areas of South Herts and North London. It has pupil capacity of 1074 and had a roll of 584 in the school census dated October 2018.

Structure, governance and management

a. CONSTITUTION

Mount Grace School (the Academy Trust) was incorporated on 6 July 2011 and opened as an academy on 1 August 2011 as a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Mount Grace School are also the directors of the charitable company for the purpose of company law. The charitable company is known as Mount Grace School.

b. MEMBERS' LIABILITY

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

c. TRUSTEES' INDEMNITIES

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

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Staff Trustees' are appointed by the staff members of the Academy. The Parent Trustees' must be a parent of a pupil at the Academy at the time when they are elected and are appointed by the parents. All other Trustees are appointed by the Governing body.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. 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.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

e. 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. 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. It is expected that all Trustees take advantage of specific courses offered by the Local Authority and other bodies.

f. ORGANISATIONAL STRUCTURE

- The Board of Trustees normally meets at least four times a 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 meeting at full Governing Body meeting. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 6 committees as follows;

- Pupil Achievement Committee - they meet at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Finance Committee - they meet at least four times a year and are responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with regulatory requirements, reporting, receiving reports from the Responsible Officer and drafting the annual budget. It also incorporates the role of an audit committee.
- Admissions & Marketing Committee - they meet at least twice a year to deal with all matters relating to admissions.
- Facilities Committee - they meet at least three times a year and monitor maintenance, projects, Health & Safety and review regularly building structures, ground works, drainage, building fabric and the condition survey.
- Human Resources Committee - they meet at least three times a year and they review policies, monitor complaints, staff attendance patterns and liaises with the finance committee to establish annual and long term salary budgets.
- Discipline Committee - they meet when necessary to consider the action of the Headteacher in excluding pupils and representation of parents and have the power to reinstate excluded pupils.

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 Headteacher and Clerk to the Trustees, to approve the Annual Improvement 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 Senior Leadership Team (SLT) consists of the Headteacher, one Deputy Headteacher, four Assistant Headteachers, Head of 6th form and the School Business Manager. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher, School Business Manager and Finance Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation.

The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts usually include a Trustee.

The Headteacher is the Accounting Officer.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Mount Grace School sets pay and remuneration in consultation with the Teachers pay conditions. This is set in line with the School Teachers Review Body (STRB) who make recommendations to the DfE.

Non-teaching staff are set in line with Hertfordshire County Council Pay scales which are in turn set by the National Joint Council.

No Trustees received paid work unless employed by Mount Grace School in a teaching or non-teaching capacity.

h. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	3,501,745
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Academy purchases services from Fusion, Trafalgar Lightings Limited, Philip Stannard and RP Productions who have associations with Trustees. The relevant Trustees have completed the appropriate declaration of interest forms and agreed that any transactions will be provided at cost.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum for pupils of different abilities, with a strong emphasis on English, Maths, Science and vocational subjects.

The aims of the Academy during the year ended 31 August 2018 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to improve the number of students who make better than expected progress in English, Maths, Science and other subjects taken at GCSE.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Mount Grace School we aim to get the best for, and from, each child. We intend to 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 should be part of a happy and caring environment.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

- Key priorities for the year are contained in our School Improvement Plan "SIP".

The latest SIP has been devised to include recommendations following visit from the OfSTED (January 2017), HMI Visits in May and October 2018 and other external advisors to help students make better progress:

- Teachers always plan activities that will enable all disabled students and those who have Special Educational Needs and Disabilities (SEND) to make consistently good progress
- Expectations of what students can achieve, especially the most able, are always high and that all students are given work that challenges them to reach the highest grades of which they are capable.
- Questioning always helps students deepen their knowledge and understanding
- Students consistently receive good-quality marking and feedback that tells them clearly how well they have done and what they need to do to improve

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

In addition, the points below emanate from a variety of sources; the various school boards, internal review, stake-holder surveys and our own rigorous self-evaluation (SEF).

Behaviour and welfare:

- Ensure that student conduct outside of lessons is impeccable
- Improve perceptions of parents, staff and pupils about behaviour and safety to instil a shared sense of values, pride and belonging in the school
- Ensure that students are appropriately rewarded
- Ensure that all students' attitudes to learning are of an equally high standard across subjects, years and classes and with different staff
- Improve attendance to be consistently above national averages

Leadership and management:

- Develop the support and training provided to teachers to enable them to meet the needs of students with SEND
- Develop the role of all teachers particularly middle leaders in driving school improvement
- Manage national reforms to develop the best possible curricular and assessment models for students
- Ensure systematic and full coverage of SMSC in the curriculum and pastoral programme so that modern British values are explored and understood by all students

Student outcomes:

- Raise attainment and progress against national outcomes for all students, and particularly for:
 - o Maths and Science
 - o Students in receipt of Pupil Premium.
 - o Students with SEND
 - o Highly able students
- Ensure that intervention is precisely deployed at all key stages, based on accurate identification of need and appropriate focus on student progress (progress 8 & attainment 8)
- Raise students attainment in literacy, especially those at risk of being held back by an inability to read accurately and fluently
- Ensure that assessment practices are rigorous & consistent & lead to accurate estimates of student outcomes.

c. PUBLIC BENEFIT

The Academy has complied with its duty to have due regard to the guidance on public benefit as per Appendices GL49 of the Charities SORP.

'Public benefit entities are reporting entities whose primary objective is to provide goods or services for the general public or social benefit and where any equity has been provided with a view to supporting that primary objective rather than with a view to providing financial return to shareholders.'

This is continually monitored by the governing body through its delegated committees.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

Strategic report

Achievements and performance

a. REVIEW OF ACTIVITIES

The Academy is about to enter its eighth year of operation and the 2018 KS4 results show further evidence of recovery and provide some evidence of the effectiveness of recent improvement activities. We anticipate levels of progress will be in line with progress nationally.

Student progress overall continues to improve and demonstrates the impact of measures to improve Teaching & Learning, target setting and tracking procedures.

Outcomes for students

KS4 2018 – Progress 8 score was -0.09 (-0.06 in 2017) English P8: -0.08, Maths P8: -0.23.
37% of students achieved a strong pass in English & Maths and 56% of students achieved a standards pass in English & Maths.

Progress 8 score for disadvantaged students was -0.91. Disadvantaged English P8: -0.97, Disadvantaged Maths P8: -0.90. 21% of disadvantaged students achieved a strong pass in English and Maths.

Attendance was 95.0% for all pupils, 91.1% for FSM pupils, 91.6% for Disadvantaged pupils and 92.6% for SEND students.

16-19 2018 – Academic VA was 0.03 (up from -0.17 in 2017) A Level points per entry was 32.97 (up from 25.93 in 2017) and Applied General points per entry was 28.61 (exams not comparable to exams in 2017)

To ensure that standards are improved the Academy, the Governing Body and the Senior Leadership Team:

- Has established a robust quality assurance calendar which monitors the quality of teaching and progress of all students a minimum of twice per year
- Undertakes a rigorous self-evaluation of attainment using the IDSR (from OfSTED), Fischer Family Trust (FFT) and Oxford Analytics (KS5), which provide school and individual level performance data.
- Undertakes a rigorous self-review of standards using the stakeholder surveys.

b. KEY PERFORMANCE INDICATORS

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2017/18 were 619 and in 2016/17 were 739, a decrease of 120 pupils. Another key financial performance indicator is staffing costs as a percentage of GAG for the current year compared to the previous year. 2017/18 is 78.06% compared to 2016/2017 of 77.14% (2015/2016 =78.33%)

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

c. GOING CONCERN

The Trustees are content that there is sufficient cash and access to additional resources to ensure that it can keep operating for a period of 12 months from the date of signature of the accounts. In reaching this view the Trustees have taken into account:

- The year end cash balance and the commitments made against this in respect of the roof repair programme
- The steps being taken to reduce cost further
- The discussions that have taken place to date with ESFA which indicate the possibility of access to additional finance when required
- The consideration being given to the School possible joining a Multi-Academy Trust, with the additional support this may entail

Financial review

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these 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.

During the year ended 31 August 2018, total expenditure of £4,897,024 was covered by recurrent grant funding from the DfE, together with other incoming resources of £5,390,175. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £493,151.

The land, buildings and other assets were transferred to the Academy upon conversion. The land was professionally valued by the ESFA at £1,662,826 and the buildings were professionally valued by RD Consultancy at £10,239,273. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives with details in Note 14 to the financial statements.

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 22 to the financial statements.

Trustees have adopted a Responsible Officer Policy and appointed Hillier Hopkins to undertake a programme of internal checks on financial controls. During the year, the Trustees received reports from the Responsible Officer which contained no significant areas of concern.

a. 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.

At the Finance Committee, Trustees will determine the appropriate level of free cash reserves to be held. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Provision should also be made to sustain staffing levels in the event of falling pupil numbers. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £171,473, which is all free reserves.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

The Trustees will also review the future plans of the Academy and set designated reserves for future projects.

b. MATERIAL INVESTMENTS POLICY

At this point no authorisation has been given for investment of surplus funds.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities, other operational areas and its finances.

Currently pupil numbers year on year are below the expected levels so the risks to revenue funding are increasing. The freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs further increases this risk and budgets will be increasingly tight in coming years. National Funding Formula uncertainty and dropping 6th form numbers are areas that need close scrutiny for future budgets.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governing Body 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 where there would be a material effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 22 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. The Governing Body agreed to enter Mount Grace School into the Hertfordshire County Council's pooled pension arrangement spreading the pension risk over a minimum of 450 schools.

Other principal risks and uncertainties are as follows:

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 dependent 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.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - the Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

financial systems and records as required by the Academy Financial Handbook.

Fundraising

There is a PTFA Association (Parent, Teacher and Friends of the Academy) linked to Mount Grace School. This comprises volunteers who raise funds to support the pupils of the school through a variety of events. The PTFA does not employ professional fundraisers and no complaints have been received in regard to fund raising.

Plans for future periods

a. FUTURE DEVELOPMENTS

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.

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

Full details of our plans for the future are given in our School Improvement Plan.

FUNDS HELD AS CUSTODIAN

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 18/12/2018 and signed on its behalf by:



.....
C. Daniel
Chair of Trustees

MOUNT GRACE SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Mount Grace 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 Governing Body 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 Mount Grace School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 Governing Body has formally met 9 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
P. Baker, Headteacher	9	9
C. Daniel, Chair of Trustees	9	9
P. Harding, Vice Chair of Trustees	9	9
C. Cardell-Williams	9	9
J. Couzens	9	9
E. Ertanin	0	9
K. Forlan	6	9
H. Frost	6	9
J. Mackie	2	3
P. Pytches	8	9
D. Redington	6	9
D. Gamble	9	9
S. Haws	8	9
V. Horn	7	9
F. O'Hanlon	2	2

Governance Review

The Governors review their effectiveness on an ongoing basis and in so doing, identify and address aspects of governance that can be improved and training needs. Governors have attended training events throughout the year, including induction for new governors, and some events have been hosted at Mount Grace.

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to monitor, evaluate and review policy and performance in relation to Financial Management.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Baker, Head Teacher	5	5
C Daniel, Chair of Trustees	5	5
P Harding, Vice Chair of Trustees	5	5
C Cardell-Williams	3	5
J Couzens	4	5
D Redington	4	5
H Frost	4	5
D Gamble	2	5
S Haws	3	5
P Pytches	4	5

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer is aware of the Guide to Academy Value for Money Statements published by the Education and Skills Funding Agency and 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 Trust's use of its resources has provided good value for money during each academic year to 31 August 2018.

Improving educational results for our students remains our key priority. The Academy has taken the following steps to support school improvement for our students and to raise their attainment and aspirations. The Academy is committed to supporting our students in reaching their full potential through academic achievement, extra-curricular opportunities and extended learning to develop the whole person to help prepare them for their next stage of education.

Targeted improvement: The Academy has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of the students. We have employed skilled staff to support our school improvement agenda and to deliver a broad and challenging curriculum.

Focus on individual students: The Academy offers students a student support service and specialist learning provision in the form of the "Oasis" and the "Retreat". Students benefit from mentoring, small group work, holiday revision classes and a full time in-school counselling service. The school also provides dedicated Teaching Assistants.

The Academy rewards excellence and encourages positive behaviour. We celebrate achievement and encourage students to try new activities to develop their confidence and leadership skills. The school uses a house points system to motivate students.

As an Academy we provide the full range of National Curriculum subjects for Key Stage 3 and Key Stage 4.

Collaboration: The Academy works closely with Chancellors School and Dame Alice Owen School who are part of a consortium arrangement. The headteachers and staff of each school meet regularly to share ideas, good practice and discuss issues.

Quantifying improvements: The Governors' Pupil Achievement Committee meets six times a year to ensure that the quality of provision for students at the Academy is at least good and is clearly addressing improvement plan issues so that the Academy is evidently moving towards delivering outstanding quality in all areas of provision.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Financial governance and oversight: The Academy's Governing Body has a strong oversight of the financial management of the budget. The Academy Finance Committee meets regularly to review the financial position, to receive reports and to challenge decisions. Our external auditors review our financial processes and undertake the role of Responsible Officer to test our internal controls. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.

The Full Governing Body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy remains a 'going concern'. The Governing Body also receives and approves the Annual Accounts and External Auditors Management Report.

Better purchasing: The Finance office is always striving to find Best Value in purchasing and use a number of established suppliers i.e. Crescent Purchasing, Herts Supplies and the Consortium for supply of quotes and goods. Most of the building projects are put through specialised Building Surveyors who in turn apply Best Value principles within a safe and legal framework.

Fitness for purpose: The Academy has a cycle of review for its on-going services from external organisations to ensure those services continue to meet the needs of the school, are the best available to us at that time, and offer good value for money. The Academy works closely with Herts for Learning to achieve best value for its main service contracts such as Grounds, Catering and Cleaning.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

Reviewing Controls and Managing Risk: Regular budget monitoring reports are produced by the Finance Manager. These reports are distributed to the Headteacher and School Business Manager and any remedial action taken to address any significant variances that may have an impact on the budget out-turn. The reports are shared with the Finance Committee to inform their decision making.

The Finance Team are investigating the best options for investing surplus cash balances in interest bearing accounts to maximise interest earning potential.

Reviewing operation to maximise use of resources: The Headteacher and School Business Manager review expenditure and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer, and any new strategies identified in the Academy Development Plan. This is reviewed by the Senior Leadership Team and also the Finance Committee.

Lessons learned: The Academy has reached the end of its seventh year of operations. Our continued curriculum development to support high student achievement remains our top priority. We will be focusing on how best to resource our Development Plan.

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 moved to school audits via another member of the Governorship or another member of staff from another school, for various reasons in reality, this did not happen this year however it did not affect the overall results for the end of year audit.

However, the Governors recognise the risk of not having an internal audit and are keen to see this up and running during the 2018/19 accounting year.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key 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 Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

The Academy Trust'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 Governing Body;
- 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 Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Hillier Hopkins LLP, the external auditors, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

A two day visit has taken place where, the external auditors report to the Governing Body through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

No material control issues arising as a result of the additional auditor's work have been identified.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

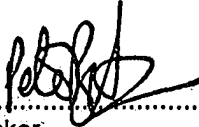
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust 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.

and signed on their behalf, by:


.....
C. Daniel
Chair of Trustees


.....
P. Baker
Accounting Officer

MOUNT GRACE SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Mount Grace School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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


.....
P. Baker, Headteacher
Accounting Officer

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 18/12/2018 and signed on its behalf by:



.....
C. Daniel
Chair of Governors

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of Mount Grace School (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1.2 in the financial statements, which indicates that the reserves held at the year end will be diminished by the end of the following year. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Alexander Bottom (ACA) (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date:

19th December 2018

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 20 July 2011 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mount Grace School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Mount Grace School's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MOUNT GRACE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: 19th December 2018

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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


	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	10,382	-	904,444	914,826	76,733
Charitable activities	3	382,462	4,024,468	-	4,406,930	4,747,855
Other trading activities	4	27,252	-	-	27,252	37,127
Investments	5	389	-	-	389	549
Other income	6	3,478	37,300	-	40,778	35,886
TOTAL INCOME		423,963	4,061,768	904,444	5,390,175	4,898,150
EXPENDITURE ON:						
Charitable activities		419,079	4,215,660	262,285	4,897,024	5,443,674
TOTAL EXPENDITURE	7	419,079	4,215,660	262,285	4,897,024	5,443,674
NET BEFORE TRANSFERS		4,884	(153,892)	642,159	493,151	(545,524)
Transfers between Funds	17	(12,635)	9,892	2,743	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(7,751)	(144,000)	644,902	493,151	(545,524)
Actuarial gains on defined benefit pension schemes	22	-	333,000	-	333,000	918,000
NET MOVEMENT IN FUNDS		(7,751)	189,000	644,902	826,151	372,476
RECONCILIATION OF FUNDS:						
Total funds brought forward		179,224	(942,000)	11,502,995	10,740,219	10,367,743
TOTAL FUNDS (DEFICIT) CARRIED FORWARD		171,473	(753,000)	12,147,897	11,566,370	10,740,219

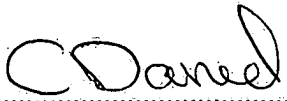
MOUNT GRACE SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07695796

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		11,523,249		11,502,995
CURRENT ASSETS					
Debtors	15	558,531		180,955	
Cash at bank and in hand		660,383		524,334	
		<u>1,218,914</u>		<u>705,289</u>	
CREDITORS: amounts falling due within one year	16	(422,793)		(526,065)	
NET CURRENT ASSETS			<u>796,121</u>		<u>179,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,319,370</u>		<u>11,682,219</u>
Defined benefit pension scheme liability	22		(753,000)		(942,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>11,566,370</u></u>		<u><u>10,740,219</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability		12,147,897		11,502,995	
Pension reserve		<u>(753,000)</u>		<u>(942,000)</u>	
Total restricted income funds			<u>11,394,897</u>		<u>10,560,995</u>
Unrestricted income funds	17		<u>171,473</u>		<u>179,224</u>
TOTAL FUNDS			<u><u>11,566,370</u></u>		<u><u>10,740,219</u></u>

The financial statements on pages 24 to 49 were approved by the Trustees, and authorised for issue, on 18/12/2018 and are signed on their behalf, by:


.....
P. Baker, Head Teacher


.....
C. Daniel, Chair of Trustees

MOUNT GRACE SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	19	<u>(486,245)</u>	<u>(248,072)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		389	-
Purchase of tangible fixed assets		(282,539)	(95,107)
Capital grants from DfE Group		904,373	58,515
Capital funding received from sponsors and others		71	5,023
Net cash provided by/(used in) investing activities		<u>622,294</u>	<u>(31,569)</u>
Change in cash and cash equivalents in the year		136,049	(279,641)
Cash and cash equivalents brought forward		<u>524,334</u>	<u>803,975</u>
Cash and cash equivalents carried forward	20	<u><u>660,383</u></u>	<u><u>524,334</u></u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 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.

The Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the immediate future. Although the reserves held at the year of £171,423 this is expected to be diminished by the end of the next financial year.

In order to improve the situation and return the school to a surplus, the allocated budgets across the school have been reduced to ensure savings can be made wherever possible. The Academy has also submitted an application to ESFA for further financial support in subsequent years. The Trustees have been investigating their options at becoming a Multi-Academy Trust and are planning to implement this in the near future.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Freehold buildings	-	50 years straight line
Furniture and fixtures	-	5 years straight line
Freehold land	-	not depreciated

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.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

1.9 Liabilities and provisions

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Fund accounting

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

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

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

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

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation and residual values:

The trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	10,382	-	71	10,453	13,195
Capital grants	-	-	904,373	904,373	63,538
	<u>10,382</u>	<u>-</u>	<u>904,444</u>	<u>914,826</u>	<u>76,733</u>
Total 2017	<u>13,195</u>	<u>-</u>	<u>63,538</u>	<u>76,733</u>	

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,848,456	3,848,456	4,160,102
Pupil premium	-	136,034	136,034	159,751
Rates relief	-	20,171	20,171	19,395
Other DfE grants	-	8,326	8,326	9,224
	-	4,012,987	4,012,987	4,348,472
Other government grants				
Other government grants	-	3,000	3,000	5,931
	-	3,000	3,000	5,931
Other funding				
Music services income	18,126	-	18,126	19,928
Other income	30,265	8,481	38,746	37,255
Catering income	171,220	-	171,220	181,317
Trip income	162,851	-	162,851	154,952
	382,462	8,481	390,943	393,452
	382,462	4,024,468	4,406,930	4,747,855
<i>Total 2017</i>	385,704	4,362,151	4,747,855	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings Income	27,252	-	27,252	29,515
Other income	-	-	-	7,612
	27,252	-	27,252	37,127
<i>Total 2017</i>	37,127	-	37,127	

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	389	-	389	549
<i>Total 2017</i>	549	-	549	

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Sundry income	3,478	37,300	40,778	35,886
<i>Total 2017</i>	4,090	31,796	35,886	

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational activities:					
Direct costs	2,942,326	-	584,346	3,526,672	3,991,143
Support costs	559,419	286,207	524,726	1,370,352	1,452,531
	3,501,745	286,207	1,109,072	4,897,024	5,443,674
<i>Total 2017</i>	3,868,735	520,192	1,054,747	5,443,674	

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational activities	3,526,672	1,370,352	4,897,024	5,443,674
<i>Total 2017</i>	<i>3,991,143</i>	<i>1,452,531</i>	<i>5,443,674</i>	

Analysis of support costs

	Educational activities £	Total 2018 £	Total 2017 £
Pension income	25,000	25,000	35,000
Staff costs	559,419	559,419	545,513
Depreciation	262,285	262,285	268,507
Technology Costs	99,094	99,094	139,637
Premises Costs	286,207	286,207	298,941
Other support costs	126,522	126,522	149,208
Governance costs	11,825	11,825	15,725
	1,370,352	1,370,352	1,452,531
<i>At 31 August 2017</i>	<i>1,452,531</i>	<i>1,452,531</i>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	262,285	268,507
Auditors' remuneration - audit	7,300	7,000
Auditors' remuneration - other services	4,925	8,725

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,668,360	2,893,742
Social security costs	260,878	281,583
Operating costs of defined benefit pension schemes	529,702	551,732
	<u>3,458,940</u>	<u>3,727,057</u>
Agency staff costs	42,110	141,678
Staff restructuring costs	695	-
	<u><u>3,501,745</u></u>	<u><u>3,868,735</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u><u>695</u></u>	<u><u>-</u></u>
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b. Staff numbers

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

	2018 No.	2017 No.
Teaching	52	52
Support/Administration	48	51
Management	8	8
	<u><u>108</u></u>	<u><u>111</u></u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £100,001 - £110,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, employer pension contributions amounted to £28,225 (2017 - £38,983).

d. Key management personnel

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £644,315 (2017: £665,254).

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
P Baker, HeadTeacher	Remuneration	105,000-110,000	105,000-110,000
	Pension contributions paid	15,000-20,000	15,000-20,000
D Gamble, Staff Trustee	Remuneration	25,000-30,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
S Haws, Staff Trustee	Remuneration	15,000-20,000	15,000-20,000
	Pension contributions paid	0-5,000	0-5,000
V Horne, Staff Trustee	Remuneration	45,000-50,000	30,000-35,000
	Pension contributions paid	5,000-10,000	5,000-10,000

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

12. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,366 (2017 - £1,366).

13. OTHER FINANCE Income

	2018 £	2017 £
Interest income on pension scheme assets	66,000	45,000
Interest on pension scheme liabilities	(91,000)	(80,000)
	<u>(25,000)</u>	<u>(35,000)</u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

14. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	12,725,432	204,091	91,165	13,020,688
Additions	276,033	3,283	3,223	282,539
At 31 August 2018	13,001,465	207,374	94,388	13,303,227
Depreciation				
At 1 September 2017	1,304,172	144,437	69,084	1,517,693
Charge for the year	226,773	21,593	13,919	262,285
At 31 August 2018	1,530,945	166,030	83,003	1,779,978
Net book value				
At 31 August 2018	11,470,520	41,344	11,385	11,523,249
At 31 August 2017	11,421,260	59,654	22,081	11,502,995

Included within Freehold property is land of £1,662,826 which has not been depreciated.

15. DEBTORS

	2018 £	2017 £
Trade debtors	5,682	7,070
VAT recoverable	67,197	66,379
Other debtors	419,316	34,556
Prepayments	66,336	72,950
	<u>558,531</u>	<u>180,955</u>

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	45,053	113,238
Other taxation and social security	69,755	72,973
Other creditors	210,951	203,520
Accruals and deferred income	97,034	136,334
	<u>422,793</u>	<u>526,065</u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

16. CREDITORS: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	102,772	146,332
Resources deferred during the year	53,874	102,772
Amounts released from previous years	(102,772)	(146,332)
Deferred income at 31 August 2018	<u>53,874</u>	<u>102,772</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips and other income relating to the school year 2018.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains £	Balance at 31 August 2018 £
Unrestricted funds						
General Fund	179,224	423,963	(419,079)	(12,635)	-	171,473
Restricted funds						
General Annual Grant (GAG)	-	3,848,456	(3,858,348)	9,892	-	-
Pupil Premium	-	136,034	(136,034)	-	-	-
Other DfE Funding	-	8,326	(8,326)	-	-	-
Rates relief	-	20,171	(20,171)	-	-	-
Other Grant Income	-	3,000	(3,000)	-	-	-
Other restricted income	-	45,781	(45,781)	-	-	-
Pension reserve	(942,000)	-	(144,000)	-	333,000	(753,000)
	<u>(942,000)</u>	<u>4,061,768</u>	<u>(4,215,660)</u>	<u>9,892</u>	<u>333,000</u>	<u>(753,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	11,502,995	904,444	(262,285)	2,743	-	12,147,897
Total restricted funds	<u>10,560,995</u>	<u>4,966,212</u>	<u>(4,477,945)</u>	<u>12,635</u>	<u>333,000</u>	<u>11,394,897</u>
Total of funds	<u>10,740,219</u>	<u>5,390,175</u>	<u>(4,897,024)</u>	<u>-</u>	<u>333,000</u>	<u>11,566,370</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education Skills and Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy.

The other material restricted general funds represent incoming resources for the following specific purposes:

- a) ESFA grant funding for part of the staff costs of the school's sports co-ordinator
- b) ESFA capital grant to maintain and improve school buildings
- c) Pupil premium grant allocated to schools with pupils that are known to be eligible for free school meals to raise attainment for pupils from low income families.

School fund income is derived largely from contributions from parents for school trips and also funds raised from charity events at the school.

The pension reserve represents the net deficit on the Local Government Pension Scheme (LGPS) defined

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

17. STATEMENT OF FUNDS (continued)

benefit pension scheme. The deficit arose because of the pension scheme deficit inherited on conversion and future GAG funding agreed by the Education Skills and Funding Agency is expected to be sufficient to take the fund back into surplus.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains £	Balance at 31 August 2017 £
General funds						
General Funds	274,804	440,665	(428,355)	(107,891)	-	179,223
	<u>274,804</u>	<u>440,665</u>	<u>(428,355)</u>	<u>(107,891)</u>	<u>-</u>	<u>179,223</u>
Restricted funds						
General Annual Grant (GAG)	122,028	4,160,102	(4,358,451)	76,321	-	-
Pupil Premium	-	159,751	(159,751)	-	-	-
SEN Funding	-	5,931	(5,931)	-	-	-
Rates relief	-	19,395	(19,395)	-	-	-
Other Grant Income	-	9,224	(9,224)	-	-	-
Other restricted income	-	39,544	(39,544)	-	-	-
Pension reserve	(1,709,000)	-	(151,000)	-	918,000	(942,000)
	<u>(1,586,972)</u>	<u>4,393,947</u>	<u>(4,743,296)</u>	<u>76,321</u>	<u>918,000</u>	<u>(942,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	11,663,750	63,538	(255,863)	31,570	-	11,502,995
Donations	16,160	-	(16,160)	-	-	-
	<u>11,679,910</u>	<u>63,538</u>	<u>(272,023)</u>	<u>31,570</u>	<u>-</u>	<u>11,502,995</u>
Total restricted funds	<u>10,092,938</u>	<u>4,457,485</u>	<u>(5,015,319)</u>	<u>107,891</u>	<u>918,000</u>	<u>10,560,995</u>
Total of funds	<u>10,367,742</u>	<u>4,898,150</u>	<u>(5,443,674)</u>	<u>-</u>	<u>918,000</u>	<u>10,740,218</u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	11,523,249	11,523,249
Current assets	213,640	380,626	624,648	1,218,914
Creditors due within one year	(42,167)	(380,626)	-	(422,793)
Provisions for liabilities and charges	-	(753,000)	-	(753,000)
	<u>171,473</u>	<u>(753,000)</u>	<u>12,147,897</u>	<u>11,566,370</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	11,502,995	11,502,995
Current assets	249,965	455,323	-	705,289
Creditors due within one year	(70,742)	(455,323)	-	(526,065)
Provisions for liabilities and charges	-	(942,000)	-	(942,000)
	<u>179,223</u>	<u>(942,000)</u>	<u>11,502,995</u>	<u>10,740,219</u>

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	493,151	(545,524)
Adjustment for:		
Depreciation charges	262,285	268,507
Dividends, interest and rents from investments	(389)	-
Loss on the sale of fixed assets	-	3,516
(Increase)/decrease in debtors	(377,576)	36,362
Decrease in creditors	(103,272)	(98,395)
Capital grants from DfE and other capital income	(904,444)	(63,538)
Defined benefit pension scheme cost less contributions payable	144,000	116,000
Defined benefit pension scheme finance cost	-	35,000
Net cash used in operating activities	<u>(486,245)</u>	<u>(248,072)</u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	660,383	524,334
Total	<u>660,383</u>	<u>524,334</u>

21. CAPITAL COMMITMENTS

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>601,853</u>	<u>-</u>

22. PENSION COMMITMENTS

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

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

Contributions amounting to £36,600 were payable to the schemes at 31 August 2018 (2017 - 53,557) 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

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:

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

22. PENSION COMMITMENTS (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £244,828 (2017 - £278,732).

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

Under the definitions set out in FRS 102, the TPS is 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 2018 was £236,000 (2017 - £253,000), of which employer's contributions totalled £190,000 (2017 - £204,000) and employees' contributions totalled £46,000 (2017 - £49,000). The agreed contribution rates for future years are 25.3% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.50 %	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

22. 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:

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.9	24.9
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	1,531,700	1,650,350
Corporate bonds	1,011,500	634,750
Property	231,200	177,730
Cash and other liquid assets	115,600	76,170
Total market value of assets	<u>2,890,000</u>	<u>2,539,000</u>

The actual return on scheme assets was £143,000 (2017 - £173,000).

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

	2018 £	2017 £
Current service cost	(309,000)	(320,000)
Interest income	66,000	45,000
Interest cost	(91,000)	(80,000)
Total	<u>(334,000)</u>	<u>(355,000)</u>
Actual return on scheme assets	<u>143,000</u>	<u>173,000</u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

22. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	3,481,000	3,856,000
Current service cost	309,000	320,000
Interest cost	91,000	80,000
Employee contributions	46,000	49,000
Actuarial gains	(256,000)	(790,000)
Benefits paid	(28,000)	(34,000)
	<u>3,643,000</u>	<u>3,481,000</u>
Closing defined benefit obligation	<u>3,643,000</u>	<u>3,481,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,539,000	2,147,000
Interest income	66,000	45,000
Actuarial losses	77,000	128,000
Employer contributions	190,000	204,000
Employee contributions	46,000	49,000
Benefits paid	(28,000)	(34,000)
	<u>2,890,000</u>	<u>2,539,000</u>
Closing fair value of scheme assets	<u>2,890,000</u>	<u>2,539,000</u>

23. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	28,986	21,571
Between 1 and 5 years	13,253	10,513
	<u>42,239</u>	<u>32,084</u>
Total	<u>42,239</u>	<u>32,084</u>

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

24. 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.

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the Academy entered into transactions with Fusion Electrical Limited, a company which provides Electrical services, and C Daniel, a Trustee of the Academy, is a director. The total amount paid to Fusion in the year was £3,798 (2017: £11,228). This was approved by the Headteacher and conducted at arm's length. The procurement policy is to seek comparative tendering for works in excess of £2,000. At the year end there was an amount due to Fusion Electrical (Contracts) Limited of £1,063 (2017: £9,047).

During the year the Academy entered into transactions with Philip Stannard Associates, a company which provides lighting services, and P Pyches, a Trustee of the Academy, as a contractor. The total amount paid to Philip Stannard Associates in the year was £87 (2017: £2,086). This was approved by the Headteacher and conducted at arm's length. The procurement policy is to seek comparative tendering for works in excess of £2,000.

During the year the Academy entered into transactions with Trafalgar Lighting Limited, a company which provides lighting services, and P Pyches, a Trustee of the Academy, is a director. The total amount paid to Trafalgar Lighting Limited in the year was £3,159 (2017: £Nil). This was approved by the Headteacher and conducted at arm's length. The procurement policy is to seek comparative tendering for works in excess of £2,000.

A member of P Pyches, a Trustee, close family is employed by the Academy Trust within the Finance department. The appointments were made in open competition and P Pyches was not involved in the decision making process regarding the appointments. The individuals concerned are paid within the normal pay scale for their roles and they receive no special treatment as a result of their relationship to a trustee.

MOUNT GRACE SCHOOL
(A company limited by guarantee)

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

26. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £15,331 (2017: £15,622) and disbursed £5,561 (2017: £4,406) from the fund. An amount of £37,809 (2017: £28,039) is included in other creditors relating to undistributed funds that is potentially repayable to ESFA.

The Academy Trust receives income on behalf of Hertsmere Partnership to provide family support workers to all schools within the partnership. In the accounting period ending 31 August 2018 the trust received £163,089 (2017: £146,443) and disbursed £165,125 (2017: £164,803) from the fund. An amount of £119,835 (2017: £121,871) is included in other creditors relating to undistributed funds that is potentially repayable to the funders.