

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**



---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

---

**CONTENTS**

---

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 12
Governance statement	13 - 17
Statement on regularity, propriety and compliance	18
Statement of trustees' responsibilities	19
Independent auditors' report on the financial statements	20 - 23
Independent reporting accountant's report on regularity	24 - 25
Statement of financial activities incorporating income and expenditure account	26
Balance sheet	27 - 28
Statement of cash flows	29
Notes to the financial statements	30 - 59

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

---

**REFERENCE AND ADMINISTRATIVE DETAILS**

---

**Members**

P. Baker (appointed 1 September 2021)  
C. Cardell-Williams (appointed 17 January 2022)  
C. Daniel  
J. MacKie (resigned 14 January 2022)

**Trustees**

N. Simpson, Head Teacher (resigned 30 April 2022)<sup>1,2</sup>  
C. Daniel, Chair of Trustees<sup>1,2,3,4,5,6</sup>  
P. Harding, Vice Chair of Trustees<sup>1,3,4,6</sup>  
C. Cardell-Williams (appointed 17 January 2022)<sup>4,6</sup>  
J. Couzens<sup>1,2,3,5</sup>  
K. Folan (resigned 16 May 2022)<sup>2,5</sup>  
H. Frost<sup>2,5</sup>  
J. Mackie (resigned 14 January 2022)  
P. Pytches<sup>1,3,4,5,6</sup>  
D. Redington (resigned 1 September 2021)<sup>1,4,5,6</sup>  
A. Ali, Head Teacher (appointed 1 April 2022)<sup>1,2</sup>  
V. Horn<sup>2</sup>  
M. King<sup>2</sup>  
I. Goldsworthy<sup>2,3,5</sup>  
P. Baker (appointed 1 September 2021)

- <sup>1</sup> Member of Finance Committee
- <sup>2</sup> Member of Pupil Achievement Committee
- <sup>3</sup> Member of Human Resources Committee
- <sup>4</sup> Member of Facilities Committee
- <sup>5</sup> Member of the Discipline Committee
- <sup>6</sup> 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

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**Company secretary**

D. Brown

**Senior Leadership team**

A. Ali, Headteacher (appointed 20 April 2022)  
N. Simpson, Headteacher (resigned 19 April 2022)  
G. Patel, Deputy Headteacher  
A. Say, Assistant Headteacher  
P. Grenyer, Assistant Headteacher  
B. Indra, Assistant Headteacher  
L. Daniels, Finance & Resource Manager (resigned 30 January 2022)

**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 2022**

---

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2021 to 31 August 2022. 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 523 in the school census dated October 2021.

**Structure, governance and management**

**a. Constitution**

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

The charitable company's Memorandum and Articles of Association are the primary governing document of the Academy.

The Trustees of Mount Grace School are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Mount Grace School.

Details of the Trustees who served during the year and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**b. Members' liability**

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

**c. Trustees' indemnities**

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees 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 Members.

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 2022**

---

**Structure, governance and management (continued)**

**e. Policies 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 Board of Trustees meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are six 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 regularly review 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 head in excluding pupils and representation of parents and have the power to reinstate.

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, three Assistant Headteachers and, when the post is filled, the Finance & Resource 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, Finance & Resource Manager (when in post) 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 2022**

---

**Structure, governance and management (continued)**

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. Arrangements for setting pay and remuneration of key management personnel**

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

Non-teaching staff salaries 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.

**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 2022 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.

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**Objectives and activities (continued)**

**b. Objectives, strategies and activities**

Key priorities for the year are contained in our School Improvement Plan (SIP).

**The achievement of students**

- Continue to address gaps and weaknesses in learning to 'recover' students to reach individual target grades (including the impact of Covid-19)
- Raise attainment and progress against national performance measures for all students, particularly disadvantaged students, those with SEND, boys and with mid on entry
- Ensure attendance for all groups of students meets and exceeds national figures (target 95%)
- Ensure all subjects are supported to raise standards to meet the agreed benchmarks for progress to at least match the national average by August 2023

**The quality of education**

- Monitor and develop the quality of teaching to support better learning and outcomes
- Review the implementation of the highly effective knowledge-engaged curriculum, consistently driven by the explicit teaching of vocabulary and informed by educational research into how children acquire and retain knowledge
- Ensure teaching is adaptive, so that it addresses misconceptions and engages and meets the needs of all students
- Further develop a whole school reading curriculum that exposes students to wide vocabulary and cultural capital, supports teacher explanations and develops confidence
- Promote a strategy for homework so that it is intrinsically valued and supports students' ability to fill gaps and retain knowledge in long term memory
- Quality assure highly effective assessment systems that accurately assess student retention of the taught curriculum, informs teaching, motivates students and leads to regular informative and useful reports for Parents and Carers

**Behaviour and attitudes**

- Further improve the behaviour and attitudes of students so that learning is never disrupted and there are high standards of student conduct and courtesy around the school and in the wider community
- Further embed a reward system that encourages all students to meet and exceed school expectations for conduct and engagement in lessons

**Personal development**

- Continue to drive Mount Grace School forwards as a 'School of character'
- Further develop support for students' mental health via the Citizenship curriculum, Pastoral programme and engagement with external agencies
- Broaden the experiences and interests of all pupils through wider curricular and extra-curricular opportunities
- Equip pupils to take the next step in their educational journey and be successful

**Leadership & management**

- Continue to develop staff so that CPD is bespoke to improve the quality of education and outcomes in all subjects and year groups
- Ensure effective financial management and long-term sustainability through joining a Multi-Academy Trust (MAT) and reducing the carbon footprint
- Enhance work with the community to increase student numbers and grow the size of the school



---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**Objectives and activities (continued)**

- Develop and embed the whole school Quality Assurance Plan (QAP) to provide better consistency for procedures, setting of higher standards and outcomes for all

**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 Board of Trustees through its delegated committees.

**Strategic report**

**a. Overview**

The Academy is about to enter into its twelfth year of operation.

The school's quality assurance processes are improving and senior leaders aim to bring consistency of performance and monitoring across all services in the school. Senior leaders feel self-evaluation of all school provisions are accurate which enables scarce resources to be targeted more accurately.

The impact of school closure on some pupil groups was profound and has been long-lasting. A significant proportion of pupils did not fully engage with remote learning during the period of school closures, despite the best efforts of the school. There are still current implications for teaching and learning to 'catch-up' academic performance, re-establish relationships and behaviour expectations and re-engage pupils to address low attendance. The school has acted efficiently to support pupils and families with mental health issues and their well-being. Additional expenditure on support in classrooms and tutoring utilising catch-up premium funding has been used well to address the issues presented by the pandemic.

The catch-up funding allocated to the school in 2021/22 has supported the school's tutoring programme to boost knowledge and motivation of pupils in need of 'catch-up' support. The tutoring programme in 2021/22, focused on Maths and English utilising two Academic Mentors, and one external maths tutor. Academic Mentoring was 95% DfE funded, 5% recovery premium, and School Led tutoring used the SLT grant and recovery/PP funding.

Tutoring this year continued to take place in 12 to 15-hour blocks through small group tuition and some 1:1 during timetabled lesson times or after school, so there was no disruption to other subjects. Maths tutors followed faculty schemes of work with a focus on addressing numeracy skills and subject knowledge gaps identified by the maths team. KS3 English tuition focused on developing reading fluency and vocabulary, through participation in the HFL reading fluency project. KS4 English tuition was via supervised HFL webinars for GCSE English.

The school continues to support pupils by impacted by the diagnosis of gaps in specific subject and with improving pupils' exam techniques in Maths. Student survey data is positive, with all feeling that tutoring had a beneficial impact on them in class as they felt they increased their knowledge and received more help in a small group setting.

In English, pupil survey data highlights increasing confidence with reading and responding to questions in class.

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**Strategic report (continued)**

As seen in maths, further work is needed to diagnose and address specific KS3 subject knowledge gaps and improve pupils' exam techniques, in order to support higher levels of attainment. The 16-19 Funding was used to provide Maths tuition for pupils who did not achieve Grade 4 Maths GCSE, additional support for extra music tuition for A level students, and A level History pupils.

In September 2022, funding for the National Tutoring Programme decreased to 60% for all routes. The balance of 40% comes from Recovery Premium / Pupil Premium funding. Tutoring continued with two academic mentors, one Maths, one English, and one external maths tutor.

The school has admitted three Ukrainian students (Y7 & Y8) and has acted to improve their confidence and improvement in forming sentences and reading aloud. Anecdotal notes about tutoring continue to show positive verbal feedback from class teachers and students on how some students' attitudes in class towards learning have changed for the better as a result of tutoring, as confidence improves.

Due to the use of CAGs/TAGs in 2020 & 2021, there are no validated published performance measures for any school for those years. The school has validated results for the summer of 2022 (please see below). Only having the 2022 set of results may have implications for the school in terms of any future OFSTED inspection and the ability to validate the impact of school improvement activities. To counteract this, senior leaders and governors have opted to gain support from external audits from Ashmole Trust and HFL to validate school improvement initiatives and act on any advice gained, to continue the process of school improvement.

The loss of income from lettings has greatly impacted the school since the onset of the pandemic; both regular and one-off lets were suspended during this period. The new Operations Manager (March 2022), has had a real focus on increasing lettings and this is growing strongly. With the completion and handover of the new sports hall (September 2022), we would expect the income from lettings to increase significantly in the next year. Funding available to the school via the PTFA has also been impacted as support for this group has been limited since the pandemic. The Headteacher has begun fund raising through Amazon Smile for the PTFA. All stakeholders have been notified of this strategy.

Numbers on roll have declined in recent years, reducing the income for the school. However, improved and targeted marketing has increased pupil numbers in the current year 7 (September 2022).

**b. Key performance indicators**

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2021/22 were 523 and in 2020/21 were 580, a decrease of 57 (following an increase of 16 the previous year). Another key financial performance indicator is staffing costs as a percentage of GAG for the current year of 84.1% compared to the previous year of 102.8%.

**c. Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate access to resources to continue in operational existence for the next two years. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Academy is currently in a deficit position but has a financial recovery plan that has been agreed with the ESFA and is in receipt of cashflow support to ensure the continuation of its operation. This additional support has started to be repaid. The pupil intake is expected to increase, leading to a higher level of income in future. The Academy is in the process of joining a multi-academy trust.

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**Strategic report (continued)**

**d. Achievements and performance**

Outcomes for students – according to the most recent validated data (2021 & 2022).

KS4 2022 – Progress 8 score was -0.48 (-0.10 in 2018, -0.39 in 2019) In 2021 English P8: -0.51, Maths P8: -0.63. For 2022 English P8: -0.7, Maths P8: -0.7.

24.47% of students achieved a strong pass in English & Maths and 53% of students achieved a standard pass in English & Maths.

Progress 8 score for disadvantaged students was -0.54 (-0.78 in 2019). Disadvantaged English P8: -0.66, Disadvantaged Maths P8: -0.97. 2022 - 38% of disadvantaged students achieved a standard pass in English and Maths. 14.29% of disadvantaged students achieved a strong pass in English & Maths.

Attendance was 90.3% for all pupils, 80.4% for FSM pupils, 80.8% for Disadvantaged pupils and 82.3% for SEN students.

16-19 – Academic VA was -0.31 in 2019 – pending for 2022. A Level points per entry was 33 and Applied General points per entry was 24.5.

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

- Has established a robust quality assurance plan (QAP) for the whole school, including support staff to have greater consistency, direction and accountability in line management meetings. Foci for line management meetings are based on questions to analyse data, teaching and learning practice and reflection for improvement
- 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. The school has now enlisted the support of a specialist data manager, Esin de Silva
- Undertakes a rigorous self-review of standards using the stakeholder surveys

**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 2022 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 2022, total expenditure of £4,179,711 was covered by recurrent grant funding from the DfE together with other incoming resources totalling £5,493,313. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £1,313,602.

The land, buildings and other assets were transferred to the Academy upon conversion. The land was professionally valued by the EFA 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.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

**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 reserves (total funds less the amount held in fixed assets and restricted funds) is a deficit of £70,194, of which £25,715 is a deficit in free reserves.

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

**b. Investment 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.

The Trustees examine the financial health formally every month, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Board of Trustees 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 Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 26 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 Board of Trustees 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.

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

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 an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. The programme of internal audits for 2021/22 was completed successfully.

**Plans for future periods**

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

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community. The school is working towards joining a Multi Academy Trust during the academic year 2022/23.

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

**Funds held as custodian on behalf of others**

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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**

The auditors, Hillier Hopkins LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on  
14 December 2022 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibility statement. The Board of Trustees has formally met 5 times during the year.

Attendance during the year at meetings of the Board of Trustees is as follows:

Trustee	Meetings attended	Out of a possible
N. Simpson, Head Teacher	4	4
C. Daniel, Chair of Trustees	5	5
P. Harding, Vice Chair of Trustees	5	5
C. Cardell-Williams	0	0
J. Couzens	4	5
K. Folan	1	2
H. Frost	3	5
J. Mackie	0	0
P. Pytches	5	5
D. Redington	0	0
A. Ali, Head Teacher	2	2
V. Horn	0	0
M. King	0	5
I. Goldsworthy	5	5
P. Baker	0	0

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

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Governance (continued)**

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A. Ali, Headteacher	2	2
N. Simpson, Headteacher	4	4
C. Daniel, Chair of Trustees	4	6
P. Harding, Vice Chair of Trustees	6	6
J. Couzens	5	6
P. Pytches	6	6



---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Review of value for money**

As Accounting Officer, the Headteacher has responsibility and accountability for ensuring that the Academy 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 understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer sets out below how she has ensured that the Academy Trust's use of its resources has provided good value for money during the academic year to 31st August 2022.

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". Students benefit from mentoring, outreach work, small group work and holiday revision classes. 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 via the Thrive programme. The school uses a merit 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 who are part of a consortium arrangement. The headteachers and staff of each school meet regularly to share ideas, good practice and discuss issues. The school is working towards joining a Multi Academy Trust in 2022/23.

**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.

**Financial governance and oversight:** The Academy's Board of Trustees has a strong oversight of the financial management of the budget. The Academy's Finance Committee meets regularly to review the financial position, to receive reports and to challenge decisions. Our external auditors review our financial processes and have previously undertaken 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 Board of Trustees 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 Board of Trustees also receives and approves the Annual Accounts and External Auditor's 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

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Review of value for money (continued)**

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 Finance & Resource 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 Finance & Resource 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 eleventh 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.

Internal controls are reviewed by our appointed internal auditor who undertakes a programme of visits and reviews during the year.

**Capacity to handle risk**

The board of Trustees 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 board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance Committee of reports which indicate financial performance against the

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**The risk and control framework (continued)**

- forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has decided to buy-in an internal audit service from Rashdown & Company Limited

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Academy's financial systems. The checks carried out during 2021/22 included procurement; monthly financial closedown; payroll and HR; efficiency, funding and budgets; fraud, theft and bribery; safeguarding and whistleblowing; management information and reports; data and IT; premises issues; governance structure.

On a termly basis, the internal auditor reports to the Board through the Finance Committee on the operation of the systems of control and annually prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The areas identified as requiring improvement were HR/payroll, purchase/payment, lettings, health and safety, single central record, risk register and website. Recommendations were made to make improvements in these areas and all have been accepted by the school's leadership. Many of the recommendations are due for completion within the first term of 2022/23.

**Review of effectiveness**

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

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

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

Approved by order of the members of the Board of Trustees and signed on their behalf by:



.....  
**C. Daniel**  
Chair of Trustees  
Date: 14/12/2022



.....  
**A. Ali**  
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 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, under the funding agreement in place between the Academy 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 2021.

I confirm that I and the Academy board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2021.

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.



.....  
**A. Ali**  
Accounting Officer  
Date: 14/12/2022

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



.....  
**C. Daniel**  
Chair of Trustees  
Date: 14/12/2022

---

**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 2022 which comprise the statement of financial activities, 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 2019 and the Academies Accounts Direction 2021 to 2022 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 2022 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 2019 and the Academies Accounts Direction 2021 to 2022 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 2.2 in the financial statements, which indicates that the reserves are in a deficit position at the year end. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, 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 (CONTINUED)**

---

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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.

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

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

**Responsibilities of trustees**

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MOUNT GRACE SCHOOL (CONTINUED)**

---

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Academy Trust's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the academy trust operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2021 to 2022 and relevant tax legislation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.



---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF MOUNT GRACE SCHOOL (CONTINUED)**

---

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). 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: *20<sup>th</sup> December 2022*

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MOUNT GRACE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 16 November 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 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 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 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by 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 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.

---

MOUNT GRACE SCHOOL  
(A company limited by guarantee)

---

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

---

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has 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: 20<sup>th</sup> June 2022

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>						
Donations and capital grants	4	1,446	-	1,449,281	1,450,727	810,404
Other trading activities		20,582	-	-	20,582	14,067
Investments	7	65	-	-	65	49
Charitable activities		173,196	3,848,743	-	4,021,939	3,743,283
<b>Total income</b>		<b>195,289</b>	<b>3,848,743</b>	<b>1,449,281</b>	<b>5,493,313</b>	<b>4,567,803</b>
<b>Expenditure on:</b>						
Charitable activities		221,004	3,697,618	261,089	4,179,711	4,291,487
<b>Total expenditure</b>		<b>221,004</b>	<b>3,697,618</b>	<b>261,089</b>	<b>4,179,711</b>	<b>4,291,487</b>
<b>Net (expenditure)/income</b>		<b>(25,715)</b>	<b>151,125</b>	<b>1,188,192</b>	<b>1,313,602</b>	<b>276,316</b>
Transfers between funds	18	-	(44,636)	44,636	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(25,715)</b>	<b>106,489</b>	<b>1,232,828</b>	<b>1,313,602</b>	<b>276,316</b>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	2,412,000	-	2,412,000	(518,000)
<b>Net funds movement</b>		<b>(25,715)</b>	<b>2,518,489</b>	<b>1,232,828</b>	<b>3,725,602</b>	<b>(241,684)</b>
<b>Reconciliation of funds:</b>						
Funds brought forward		-	(2,625,968)	13,097,639	10,471,671	10,713,355
Net funds movement		(25,715)	2,518,489	1,232,828	3,725,602	(241,684)
<b>Total funds carried forward</b>		<b>(25,715)</b>	<b>(107,479)</b>	<b>14,330,467</b>	<b>14,197,273</b>	<b>10,471,671</b>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 30 to 59 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	13,562,413	12,435,874
<b>Current assets</b>			
Debtors	15	1,441,288	985,715
Cash at bank and in hand		655,424	266,213
		<u>2,096,712</u>	<u>1,251,928</u>
Creditors: amounts falling due within one year	16	<u>(1,200,852)</u>	<u>(703,131)</u>
<b>Net current assets</b>		<u>895,860</u>	<u>548,797</u>
<b>Total assets less current liabilities</b>		<u>14,458,273</u>	<u>12,984,671</u>
Creditors: amounts falling due after more than one year	17	<u>(198,000)</u>	<u>(273,000)</u>
<b>Net assets excluding pension liability</b>		<u>14,260,273</u>	<u>12,711,671</u>
Defined benefit pension scheme liability	26	<u>(63,000)</u>	<u>(2,240,000)</u>
<b>Total net assets</b>		<u><u>14,197,273</u></u>	<u><u>10,471,671</u></u>
<b>Funds of the Academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	14,330,467	13,097,639
Restricted income funds	18	(44,479)	(385,968)
		<u>14,285,988</u>	<u>12,711,671</u>
Restricted funds excluding pension asset	18	14,285,988	12,711,671
Pension reserve	18	(63,000)	(2,240,000)
<b>Total restricted funds</b>	18	<u>14,222,988</u>	<u>10,471,671</u>
<b>Unrestricted income funds</b>	18	<u>(25,715)</u>	<u>-</u>
<b>Total funds</b>		<u><u>14,197,273</u></u>	<u><u>10,471,671</u></u>

---

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

---

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2022**

---

The financial statements on pages 26 to 59 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....  
**C. Daniel**  
Chair of Trustees  
Date: 14/12/2022

The notes on pages 30 to 59 form part of these financial statements.

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2022**

---

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	20	370,937	(290,252)
<b>Cash flows from investing activities</b>	22	44,301	65,373
<b>Cash flows from financing activities</b>	21	(26,027)	101,733
<b>Change in cash and cash equivalents in the year</b>		389,211	(123,146)
Cash and cash equivalents at the beginning of the year		266,213	389,359
<b>Cash and cash equivalents at the end of the year</b>	23, 24	<u>655,424</u>	<u>266,213</u>

The notes on pages 30 to 59 from part of these financial statements

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**1. General information**

Mount Grace School is a private company limited by guarantee and incorporated in England and Wales. The registered office is Mount Grace School, Church Road, Potters Bar, Hertfordshire, EN6 1EZ.

**2. 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.

**2.1 Basis of preparation of financial statements**

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Mount Grace School meets the definition of a public benefit entity under FRS 102.

**2.2 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. The academy is in a deficit position at the year end although financial assistance, in the form of a loan from the ESFA, has been received (to date totalling £273,000 of which £25,000 had been repaid at the year end) to assist in the interim.

To improve the situation a revised recovery plan has been put in place using the recommendations for cost savings made by the School Resource Management Advisers during the year which forecasts an in-year surplus for the financial year ending 31st August 2026.

The Board of Trustees also remain committed to joining a Multi-Academy Trust when it becomes possible which would assist in reducing costs further through economies of scale.



---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**2. Accounting policies (continued)**

**2.3 Income**

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

**2.4 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.

- **Charitable activities**

These are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**2. Accounting policies (continued)**

**2.5 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the statement of financial activities as the related expenditure is incurred.

**2.6 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**2.7 Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following basis:

Freehold property	-	2%
Furniture and equipment	-	20%
Computer equipment	-	33%
Motor vehicles	-	25%

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.

**2.8 Debtors**

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

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**2. Accounting policies (continued)**

**2.9 Cash at bank and in hand**

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

**2.10 Liabilities**

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

**2.11 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases 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.

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 cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**2.12 Finance leases and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Academy. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.13 Operating leases**

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

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**2. Accounting policies (continued)**

**2.14 Pensions**

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

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 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.

**2.15 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to the 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 30.

The academy trust acts as an agent in distributing Family support worker funds from the Hertsmere Partnership. Payments received and subsequent disbursements are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 30.

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

---

**2. Accounting policies (continued)**

**2.16 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 the 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.

**3. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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:

**Valuation of tangible fixed assets:**

Trustees have considered the value of tangible fixed assets. Changes in the circumstances of expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgment and may to a large extent depend on the assumptions made in its evaluation. The trustees have concluded that the valuation of tangible fixed assets at the year end are appropriate.

**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.

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**4. Income from donations and capital grants**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Donations	1,446	-	17,417	18,863
Government grants	-	-	1,431,864	1,431,864
	<u>1,446</u>	<u>-</u>	<u>1,449,281</u>	<u>1,450,727</u>
	<u><u>1,446</u></u>	<u><u>-</u></u>	<u><u>1,449,281</u></u>	<u><u>1,450,727</u></u>
	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Donations	2,569	373	-	2,942
Government grants	-	-	807,462	807,462
	<u>2,569</u>	<u>373</u>	<u>807,462</u>	<u>810,404</u>
	<u><u>2,569</u></u>	<u><u>373</u></u>	<u><u>807,462</u></u>	<u><u>810,404</u></u>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**5. Funding for the Academy's charitable activities**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
<b>Educational activities</b>			
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	3,483,500	3,483,500
Other DfE/ESFA grants			
Pupil Premium	-	135,067	135,067
Rates relief	-	19,558	19,558
Teacher's pay and pension grants	-	61,261	61,261
Other ESFA grants	-	12,557	12,557
	-	3,711,943	3,711,943
<b>Other Government grants</b>			
SEN funding grants	-	67,588	67,588
	-	67,588	67,588
<b>Other income from the Academy's educational activities</b>	173,196	35,129	208,325
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	20,663	20,663
Mass testing grants	-	13,420	13,420
	-	34,083	34,083
<b>Total Educational activities</b>	173,196	3,848,743	4,021,939
	173,196	3,848,743	4,021,939

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**5. Funding for the Academy's charitable activities (continued)**

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
<b>Educational activities</b>			
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	3,134,903	3,134,903
Other DfE/ESFA grants			
Pupil Premium	-	127,093	127,093
Rates relief	-	19,558	19,558
Teachers pay and pension grants	-	158,503	158,503
Free school meals grants	-	8,268	8,268
Other ESFA grants	-	21,142	21,142
	-	3,469,467	3,469,467
<b>Other Government grants</b>			
SEN funding grants	-	35,005	35,005
	-	35,005	35,005
<b>Other income from the Academy's educational activities</b>	135,097	44,964	180,061
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	39,320	39,320
Mass testing grants	-	19,430	19,430
	-	58,750	58,750
	135,097	3,608,186	3,743,283
	135,097	3,608,186	3,743,283

**6. Income from other trading activities**

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Hire of facilities	20,582	20,582



**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**6. Income from other trading activities (continued)**

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Hire of facilities	14,067	14,067

**7. Investment income**

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Investment income	65	65

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Investment income	49	49

**8. Expenditure**

	<b>Staff Costs 2022 £</b>	<b>Premises 2022 £</b>	<b>Other costs 2022 £</b>	<b>Total 2022 £</b>
Educational activities:				
Direct costs	2,312,044	-	387,557	2,699,601
Allocated support costs	543,414	604,305	332,391	1,480,110
	<u>2,855,458</u>	<u>604,305</u>	<u>719,948</u>	<u>4,179,711</u>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**8. Expenditure (continued)**

	<i>Staff Costs 2021 £</i>	<i>Premises 2021 £</i>	<i>Other 2021 £</i>	<i>Total 2021 £</i>
Educational activities:				
Direct costs	2,719,061	-	285,486	3,004,547
Allocated support costs	504,560	494,100	288,280	1,286,940
	<u>3,223,621</u>	<u>494,100</u>	<u>573,766</u>	<u>4,291,487</u>

**9. Analysis of expenditure by activities**

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Educational activities	<u>2,699,601</u>	<u>1,480,110</u>	<u>4,179,711</u>

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Educational activities	<u>3,004,547</u>	<u>1,286,940</u>	<u>4,291,487</u>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>2022</b>	<b>Total funds 2022</b>
	<b>£</b>	<b>£</b>
Pension finance costs	38,000	<b>38,000</b>
Staff costs	543,414	<b>543,414</b>
Depreciation	261,089	<b>261,089</b>
Technology costs	67,264	<b>67,264</b>
Premises costs	343,217	<b>343,217</b>
Other support costs	223,026	<b>223,026</b>
Governance costs	4,100	<b>4,100</b>
<b>Total 2022</b>	<b>1,480,110</b>	<b>1,480,110</b>

	<i>2021</i>	<i>Total funds 2021</i>
	<i>£</i>	<i>£</i>
Pension finance costs	27,000	27,000
Staff costs	504,559	504,559
Depreciation	276,310	276,310
Technology costs	72,720	72,720
Premises costs	241,566	241,566
Other support costs	148,783	148,783
Governance costs	14,175	14,175
Other support costs	1,827	1,827
<i>Total 2021</i>	<i>1,286,940</i>	<i>1,286,940</i>

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**10. Net (expenditure)/income**

Net (expenditure)/income for the year includes:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating lease rentals	<b>12,529</b>	<b>23,281</b>
Depreciation of tangible fixed assets	<b>261,089</b>	<b>276,310</b>
Fees paid to auditors for:		
- audit	<b>8,850</b>	<b>8,200</b>
- other services	<b>2,775</b>	<b>5,975</b>

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

---

**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	2,030,605	2,325,617
Social security costs	206,261	227,936
Pension costs	618,592	616,049
	<u>2,855,458</u>	<u>3,169,602</u>
Agency staff costs	70,790	54,019
	<u><u>2,926,248</u></u>	<u><u>3,223,621</u></u>

**b. Staff numbers**

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

	2022 No.	2021 No.
Teaching	27	33
Support/Administration	7	40
Management	35	7
	<u>69</u>	<u>80</u>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**11. Staff (continued)**

**c. Higher paid staff**

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	-	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2022, employer pension contributions amounted to £33,164 (2021 - £52,216).

**d. Key management personnel**

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £445,467 (2021 - £655,605).

**12. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2022 £	2021 £
N. Simpson, Headteacher	Remuneration	50,000 - 55,000	80,000 - 85,000
	Pension contributions paid	10,000 - 15,000	15,000 - 20,000
A. Ali, Head Teacher	Remuneration	25,000 - 30,000	
	Pension contributions paid	5,000 - 10,000	
V Horn, Staff Trustee	Remuneration	40,000 - 45,000	40,000 - 45,000
	Pension contributions paid	0 - 5,000	10,000 - 15,000

During the year, retirement benefits were accruing to 3 Trustees (2021 - 2) in respect of defined contribution pension schemes.

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**13. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2022 was £2,500 (2021 - £1,360). The cost of this insurance is included in the total insurance cost.

**14. Tangible fixed assets**

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2021	14,696,080	230,361	97,280	32,160	15,055,881
Additions	1,368,724	18,904	-	-	1,387,628
At 31 August 2022	16,064,804	249,265	97,280	32,160	16,443,509
<b>Depreciation</b>					
At 1 September 2021	2,271,902	220,035	95,910	32,160	2,620,007
Charge for the year	252,415	7,304	1,370	-	261,089
At 31 August 2022	2,524,317	227,339	97,280	32,160	2,881,096
<b>Net book value</b>					
At 31 August 2022	13,540,487	21,926	-	-	13,562,413
At 31 August 2021	12,424,178	10,326	1,370	-	12,435,874

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2022 £	2021 £
Freehold land	1,662,826	1,662,826

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**15. Debtors**

	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	37,190	2,446
Other debtors	126,630	73,611
Prepayments and accrued income	1,277,468	909,658
	<u>1,441,288</u>	<u>985,715</u>

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

	2022 £	2021 £
Other loans	56,160	7,187
Trade creditors	688,841	401,914
Other taxation and social security	49,224	57,085
Obligations under finance lease and hire purchase contracts	7,440	7,440
Other creditors	252,491	184,880
Accruals and deferred income	146,696	44,625
	<u>1,200,852</u>	<u>703,131</u>

	2022 £	2021 £
Deferred income at 1 September 2021	13,363	14,644
Resources deferred during the year	46,950	13,363
Amounts released from previous periods	(13,363)	(14,644)
	<u>46,950</u>	<u>13,363</u>

At the balance sheet date the Academy Trust was holding funds received in advance for other income relating to the school year 2022/23.

Included within other loans is a salix loan of £6,160 and the part of the ESFA loan which is repayable within 1 year totalling £50,000.



---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other loans	<b>198,000</b>	<b>273,000</b>

The total loan due to the ESFA as part of the Long Term advance as at the 31 August 2022 is £248,000. Of this amount, £50,000 is due within 1 year with the remainder being paid in bi-annual installments until January 2025.

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**18. Statement of funds**

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
<b>Unrestricted funds</b>						
General Funds - all funds	-	195,289	(221,004)	-	-	(25,715)
<b>Restricted general funds</b>						
GAG	(385,968)	3,483,500	(3,097,375)	(44,636)	-	(44,479)
Pupil Premium	-	135,067	(135,067)	-	-	-
Other ESFA grants	-	87,238	(87,238)	-	-	-
Rates Relief	-	19,558	(19,558)	-	-	-
Other government grants	-	67,588	(67,588)	-	-	-
Other restricted income	-	35,129	(35,129)	-	-	-
Catch-up Premium	-	20,663	(20,663)	-	-	-
Pension reserve	(2,240,000)	-	(235,000)	-	2,412,000	(63,000)
	<u>(2,625,968)</u>	<u>3,848,743</u>	<u>(3,697,618)</u>	<u>(44,636)</u>	<u>2,412,000</u>	<u>(107,479)</u>
<b>Restricted fixed asset funds</b>						
Class II Restricted Funds - all funds	13,097,639	1,449,281	(261,089)	44,636	-	14,330,467
<b>Total Restricted funds</b>	<u>10,471,671</u>	<u>5,298,024</u>	<u>(3,958,707)</u>	<u>-</u>	<u>2,412,000</u>	<u>14,222,988</u>
<b>Total funds</b>	<u>10,471,671</u>	<u>5,493,313</u>	<u>(4,179,711)</u>	<u>-</u>	<u>2,412,000</u>	<u>14,197,273</u>

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**18. Statement of funds (continued)**

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 funds represent incoming resources for the following specific purposes:*

- a) ESFA capital grant to maintain and improve school buildings.
- b) 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 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 it could carry forward at 31 August 2022.

The Academy is carrying a net deficit of £51,290 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason:

The deficit that has arisen over the last few years is due to the reduction in pupil numbers. This is having a significant impact on the level of income that can be received in the school in order to provide the educational services.

The Academy is taking the following action to return these funds to surplus:

The Academy have continued to revise their financial recovery plan following the recommendations made by the School Resource Management Advisors. The recovery plan focuses on continuing to reduce costs where possible.

The Board of Trustees remain committed to joining a Multi-Academy Trust when the opportunity arises in order to assist in reducing costs further through economies of scale.

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**18. Statement of funds (continued)**

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
General Funds - all funds	-	151,782	(168,374)	16,592	-	-
<b>Restricted general funds</b>						
GAG	(296,132)	3,134,903	(3,208,147)	-	-	(385,968)
Pupil Premium	-	127,093	(127,093)	-	-	-
Other ESFA grants	-	207,343	(207,343)	-	-	-
Rates Relief	-	19,558	(19,558)	-	-	-
Other government grants	-	35,005	(35,005)	-	-	-
Other restricted income	-	44,964	(44,964)	-	-	-
Donations	-	373	(373)	-	-	-
Catch-up Premium	-	39,320	(39,320)	-	-	-
Pension reserve	(1,557,000)	-	(165,000)	-	(518,000)	(2,240,000)
	<u>(1,853,132)</u>	<u>3,608,559</u>	<u>(3,846,803)</u>	<u>-</u>	<u>(518,000)</u>	<u>(2,625,968)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	12,566,487	807,462	(276,310)	-	-	13,097,639
<b>Total Restricted funds</b>	<u>10,713,355</u>	<u>4,416,021</u>	<u>(4,123,113)</u>	<u>-</u>	<u>(518,000)</u>	<u>10,471,671</u>
<b>Total funds</b>	<u>10,713,355</u>	<u>4,567,803</u>	<u>(4,291,487)</u>	<u>16,592</u>	<u>(518,000)</u>	<u>10,471,671</u>

---

**MOUNT GRACE SCHOOL**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**18. Statement of funds (continued)**

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	13,562,413	<b>13,562,413</b>
Current assets	51,040	1,277,618	768,054	<b>2,096,712</b>
Creditors due within one year	(125,878)	(1,074,974)	-	<b>(1,200,852)</b>
Creditors due in more than one year	49,123	(247,123)	-	<b>(198,000)</b>
Provisions for liabilities and charges	-	(63,000)	-	<b>(63,000)</b>
<b>Total</b>	<b>(25,715)</b>	<b>(107,479)</b>	<b>14,330,467</b>	<b>14,197,273</b>

**Analysis of net assets between funds - prior year**

	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	12,435,874	<b>12,435,874</b>
Current assets	590,163	661,765	<b>1,251,928</b>
Creditors due within one year	(703,131)	-	<b>(703,131)</b>
Creditors due in more than one year	(273,000)	-	<b>(273,000)</b>
Provisions for liabilities and charges	(2,240,000)	-	<b>(2,240,000)</b>
<b>Total</b>	<b>(2,625,968)</b>	<b>13,097,639</b>	<b>10,471,671</b>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**20. Reconciliation of net income to net cash flow from operating activities**

	2022 £	2021 £
Net income for the year (as per statement of financial activities)	1,313,602	276,316
<b>Adjustments for:</b>		
Depreciation	261,088	276,310
Capital grants from DfE and other capital income	(1,431,864)	(807,462)
Interest receivable	(65)	(49)
Defined benefit pension scheme cost less contributions payable	197,000	138,000
Defined benefit pension scheme finance cost	38,000	27,000
Increase in debtors	(378,576)	(524,250)
Increase in creditors	371,752	323,883
<b>Net cash provided by/(used in) operating activities</b>	<b>370,937</b>	<b>(290,252)</b>

**21. Cash flows from financing activities**

	2022 £	2021 £
Cash inflows from new borrowing	(25,877)	110,000
Repayments of borrowing	-	(1,027)
Repayments of finance leases	(150)	(7,240)
<b>Net cash (used in)/provided by financing activities</b>	<b>(26,027)</b>	<b>101,733</b>

**22. Cash flows from investing activities**

	2022 £	2021 £
Dividends, interest and rents from investments	65	49
Purchase of tangible fixed assets	(1,387,628)	(742,138)
Capital grants from DfE Group	1,431,864	807,462
<b>Net cash provided by investing activities</b>	<b>44,301</b>	<b>65,373</b>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**23. Analysis of cash and cash equivalents**

	2022 £	2021 £
Cash in hand and at bank	<u>655,424</u>	<u>266,213</u>

**24. Analysis of changes in net debt**

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	266,213	389,211	655,424
Debt due within 1 year	(7,187)	(48,973)	(56,160)
Debt due after 1 year	(273,000)	75,000	(198,000)
Finance leases	(7,440)	-	(7,440)
	<u>(21,414)</u>	<u>415,238</u>	<u>393,824</u>

**25. Capital commitments**

	2022 £	2021 £
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of tangible fixed assets	<u>529,245</u>	<u>644,169</u>

**26. Pension commitments**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme 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 schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £34,085 were payable to the schemes at 31 August 2022 (2021 - £40,565) and are included within creditors.



---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

---

**26. Pension commitments (continued)**

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £302,796 (2021 - £357,800).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

---

**26. Pension commitments (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £177,000 (2021 - £180,000), of which employer's contributions totalled £140,000 (2021 - £143,000) and employees' contributions totalled £37,000 (2021 - £37,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

**Principal actuarial assumptions**

	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
Discount rate for schemes liabilities	<b>4.25</b>	1.65 %
Rate of increase in salaries	<b>3.45</b>	3.30 %
Rate of increase for pensions in payment/inflation	<b>3.05</b>	2.90 %

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

	<b>2022</b>	<b>2021</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	<b>21.9</b>	22.1
Females	<b>24.4</b>	24.5
<i>Retiring in 20 years</i>		
Males	<b>22.9</b>	23.2
Females	<b>26.0</b>	26.2

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**26. Pension commitments (continued)**

**Sensitivity analysis**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Discount rate -0.1%	84	134
CPI rate +0.1%	77	121
Salary rate +0.1%	7	11

**Share of scheme assets**

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

	<b>At 31 August 2022 £</b>	<b>At 31 August 2021 £</b>
Equities	1,948,000	2,140,670
Corporate bonds	896,080	1,171,310
Property	584,400	444,290
Cash and other liquid assets	467,520	282,730
<b>Total market value of assets</b>	<b>3,896,000</b>	<b>4,039,000</b>

The actual return on scheme assets was -£261,000 (2021 - £462,000).

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

	<b>2022 £</b>	<b>2021 £</b>
Current service cost	(337,000)	(281,000)
Interest income	68,000	60,000
Interest cost	(106,000)	(87,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(375,000)</b>	<b>(308,000)</b>

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**26. Pension commitments (continued)**

Changes in the present value of the defined benefit obligations were as follows:

	2022 £	2021 £
<b>At 1 September</b>	<b>6,279,000</b>	<b>5,005,000</b>
Current service cost	337,000	281,000
Interest cost	106,000	87,000
Employee contributions	37,000	37,000
Actuarial (gains)/losses	(2,741,000)	920,000
Benefits paid	(59,000)	(51,000)
<b>At 31 August</b>	<b>3,959,000</b>	<b>6,279,000</b>

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2022 £	2021 £
<b>At 1 September</b>	<b>4,039,000</b>	<b>3,448,000</b>
Interest income	68,000	60,000
Actuarial (losses)/gains	(329,000)	402,000
Employer contributions	140,000	143,000
Employee contributions	37,000	37,000
Benefits paid	(59,000)	(51,000)
<b>At 31 August</b>	<b>3,896,000</b>	<b>4,039,000</b>

**27. Operating lease commitments**

At 31 August 2022 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	12,529	23,281
Later than 1 year and not later than 5 years	-	12,529
	<b>12,529</b>	<b>35,810</b>

---

**MOUNT GRACE SCHOOL**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

---

**28. 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.

**29. Related party transactions**

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

	2022 £	2021 £
Purchases from Fusion Electrical Limited	918	1,105
	<u>918</u>	<u>1,105</u>

A member of P Pytches, a Trustee, close family is employed by the Academy Trust within the Finance department. The appointments were made in open competition and P Pytches 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. This individual left the Academy in the current year.

**30. Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2022 the trust received £5,288 (2021: £7,932) and disbursed £7,421 (2021: £8,973) from the fund. An amount of £28,421 (2021: £30,544) 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 2022 the trust received £204,710 (2021: £151,148) and disbursed £131,762 (2021: £147,093) from the fund. An amount of £174,232 (2021: £101,285) is included in other creditors relating to undistributed funds that is potentially repayable to the funders.