

# **Monkton Infants School**

(A company limited by guarantee)

## **Governors' report and financial statements**

**31 August 2016**

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# **Monkton Infants School**

**(A company limited by guarantee)**

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# Monkton Infants School

(A company limited by guarantee)

## Reference and administrative details Year ended 31 August 2016

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<b>Members</b>	Mr WF Armstrong Mrs J Hansen Mrs M Olsen (appointed 24 November 2015)
<b>Governors</b>	Mr WF Armstrong Ms S Furlong (resigned 22 October 2015) Mrs A Pigott (resigned 5 July 2016) Mrs VA Byass, Vice Chair & Responsible Officer (resigned 31 August 2016) Mrs C Askwith, Principal Mrs E Fairbrother Mrs M Olsen, Chair Mrs H Winter, Deputy Principal Mr I Coulter Mr S Johnson Ms L A Porter (resigned 31 August 2015) Ms J Wall Mrs J Hansen (appointed 22 March 2016) Mr R Cheadle (appointed 22 February 2016) Mrs A Sharp (appointed 14 December 2015)
<b>Company registered number</b>	08354212
<b>Company name</b>	Monkton Infants School
<b>Principal and registered office</b>	St. Simon Street South Shields Tyne and Wear NE34 9SD
<b>Company secretary</b>	Mrs C Flynn
<b>Chief executive officer</b>	Mrs C Askwith
<b>Independent auditors</b>	UNW LLP Chartered Accountants Citygate St James Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Lloyds Bank 101 Kings Street South Shields South Tyneside NE33 1DT
<b>Solicitors</b>	Bond Dickinson LLP St Anns Wharf 112 Quayside Road Newcastle upon Tyne NE1 3DX

# **Monkton Infants School**

**(A company limited by guarantee)**

## **Governors' report Year ended 31 August 2016**

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

The trust operates an Academy for pupils aged 4-7 serving a catchment area in South Tyneside. The separate Nursery Unit caters for children aged 3 to 4 years. It has a pupil capacity of 258 and had a roll of 190 as at July 2016.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

### **Structure, governance and management**

#### **Constitution**

The academy is a charitable company limited by guarantee and an exempt charity. It is governed by its Memorandum and Articles of Association dated 1 February 2013.

The principal object of the Academy is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school which shall offer a broad and balanced curriculum.

There have been no changes in the objectives since the last annual report.

#### **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 £1, for the debts and liabilities contracted before they ceased to be a member.

#### **Method of recruitment and appointment or election of Governors**

The management of the academy is the responsibility of the governors who are elected and co-opted under the terms of the Articles of Association. The term of office for any governor shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex-officio. Subject to the remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected.

The make-up of the Governing Body is as follows:

- Principal
- 3 Co-opted Governors
- 3 Parent Governors
- 2 Staff Governors
- 1 Local Authority Governor

# **Monkton Infants School**

(A company limited by guarantee)

## **Governors' report (continued)** **Year ended 31 August 2016**

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### **Policies and procedures adopted for the induction and training of Governors**

The training and induction provided for new governors depends on their existing experience. Where necessary induction and training is provided on educational, legal and financial matters. The Academy buys into an annual Service Level Agreement (SLA) for Governor Training and Support. All new governors are given a tour of the Academy and the chance to meet with staff and students. All newly appointed governors are provided with an induction pack which contains copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake in their role as a governor. As there are normally only one or two new governors a year, induction is undertaken formally and is tailored to the individual.

The Academy buys into a SLA for Governor Services and a training session is provided specifically for the induction of newly appointed governors which is recognised by a certificate at the end of the training. Every year governors receive a personal training planner which highlights training sessions available and governors are encouraged to attend.

### **Pay policy for key management personnel**

Salaries are set for Senior Staff by the Governing Body in accordance with the Pay Policy approved by governors and are subject to successful Annual Performance Management Procedures. The Principal's salary is agreed by a panel of Governors who are advised by the School Improvement Partner and is dependant upon her performance against Annual Performance Management Objectives.

### **Organisational structure**

During the year, the Academy has operated a unified leadership structure. The structure consists of two levels: the Governors and the Senior Leadership Team ("SLT"). The SLT works closely with middle leaders through the link strategy, thus ensuring that "leadership" and "management" is devolved accordingly within the Academy.

Governors are responsible for setting general policy, adopting the annual 'Improvement Plan' and agreeing the budget. This also involves monitoring the Academy by the use of budgets, agreeing major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The SLT consist of the Principal, and a Deputy Principal who provide the strategic leadership for the Academy implementing the policies laid down by the governors and reporting back to them via the Principal. The SLT is responsible for the day-to-day running of the Academy, the financial management of the Academy funds and the appointment of staff through interview panels that may contain a governor.

### **Governors' indemnities**

The Academy has purchased insurance to protect governors from claims arising against negligent acts, errors or omissions occurring whilst on Academy business.

# **Monkton Infants School**

**(A company limited by guarantee)**

## **Governors' report (continued)**

**Year ended 31 August 2016**

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### **Objectives and Activities**

#### **Objects and aims**

The principle object and activity of the company is the operation of Monkton Infants School to provide education for students of different abilities between the ages of 3 and 7.

In accordance with the Articles of Association the Academy Trust's objects is specifically to advance, for the public benefit, education in the United Kingdom.

The Academy's main objectives are encompassed in its Mission Statement:

Monkton Infants School strives to help all children to develop their full potential within a happy, safe and challenging environment. We create a positive and supportive ethos in which academic and personal development can flourish through a broad, relevant and balanced curriculum.

Many people, especially staff and governors, have contributed to formulating aims for the Academy, which are given below. Governors and staff are committed to working very hard to make them a reality in the daily working life of the school.

Our aims are:

- To ensure all children are making good progress in all areas of development.
- To help pupils secure high academic attainment.
- To provide a creative, engaging and broad and balanced curriculum.
- To foster a love of learning and school life in pupils.
- To work effectively with parents/carers and the wider community for mutual benefit.
- To provide highly skilled and motivated staff and governors.
- To secure a high quality learning environment in which children can flourish.

#### **Public benefit**

The company's aims and objectives are set out within this report. The activities set out in this report have been undertaken to further the company's charitable purposes for the public benefit. The governors have complied with the duty under Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charities Commission and the governors have paid due regard to this guidance in deciding what activities the school should undertake.

# Monkton Infants School

(A company limited by guarantee)

## Governors' report (continued) Year ended 31 August 2016

### Achievements and performance

#### Key financial performance indicators

Once again we celebrated excellent end of Key Stage 1 results in July. The curriculum was reviewed and revised in response to the requirements of the New National Curriculum, and was ready to be implemented in September. A process of 'assessing without levels' has been implemented across school.

#### Early Years Foundation Stage

Skills on Entry to Nursery	Well below average
Skills on Entry to Reception	Below Average
% Achieving Good Level of Development at July 2016	71%
Achievement	Good

#### Key Stage 1

	2014	2015		2016	2017 Predictions
APS Overall	17.4	17.6		-	-
<b>Reading</b>			<b>Reading</b>		
L2B+	86	91	EXS+	80%	81%
L3	55	46			
APS	18.2	17.9			
<b>Writing</b>			<b>Writing</b>		
L2B+	77	80	EXS+	75%	78%
L3	34	40			
APS	16.3	16.9			
<b>Maths</b>			<b>Maths</b>		
L2B+	91	77	EXS+	78%	84%
L3	46	40			
APS	17.9	17.2			

#### Year 1 Phonics Screen

Year	% Passed	% Boys Passed	% Girls Passed	National Average
2012	66	64	67	58
2013	54	50	57	69
2014	50	54	40	74
2015	74	72	76	76
2016	77	78	75	81

#### Attendance

	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
% PA's	5.3	8.3	6.45	9.7	12.4
% Attendance	93.61	94.53	94.10	94.10	94.42
% Girls	95.4	93.17	94.16	94.16	94.63
% Boys	92.83	95.42	94.06	94.06	94.27

# **Monkton Infants School**

(A company limited by guarantee)

## **Governors' report (continued)** **Year ended 31 August 2016**

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### **Review of activities**

The Academy has performed well over the year and all pupils have made at least satisfactory, but generally good, progress in all areas of learning. The curriculum is broad and balanced and enrichment activities are utilised regularly in order to stimulate and maintain the interest of the pupils.

Outside visits and visitors are used effectively to add interest to topics: e.g. walks around the local area, visits to Durham Cathedral, the Newcastle Synagogue, a farm, Beamish, the beach and Newcastle Keep. Visitors have included: the police, health professionals, musicians etc. The enriched curriculum, combined with colourful resources and a variety of teaching approaches ensure children develop a love of learning and become resilient and resourceful when facing new challenges.

Parents are supportive of the Academy and have attended weekly community assemblies, concerts and performances throughout the year. They have attended parents' meetings held twice during the year, in order to inform parents as to their child's progress; these meetings were well attended.

The learning environment within the Academy is utilised in such a way as to enhance learning and provide a safe and welcoming place in which to learn. Staff are motivated and knowledgeable, undertaking regular training in all areas of the curriculum to ensure their subject knowledge is relevant and effective.

### **Financial review**

During the year ended 31 August 2016, total expenditure of £952,672 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains) was £8,729.

All of the expenditure shown in the SOFA is in furtherance of the Academy's objectives.

At 31 August 2016 the net book value of fixed assets was £1,340,877 and movements in tangible fixed assets are shown in the Financial Statements. The assets are used exclusively for providing education and the associated support services to the students of the Academy.

The provision of Financial Reporting Standard 102 in relation to defined benefit pension schemes, have been applied in full, resulting in a deficit of £434,000 recognised on the balance sheet.

The Academy held fund balances at 31 August 2016 of £1,329,826 comprising of £1,151,266 of restricted funds and £178,560 of unrestricted funds.

### **Investment policy and performance**

£100,000 was invested in to a high interest deposit account with Lloyds, in order to maximise the return on cash held in excess on immediate requirements without placing the asset at risk.

### **Going concern**

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



# **Monkton Infants School**

(A company limited by guarantee)

## **Governors' report (continued)** **Year ended 31 August 2016**

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### **Principal risks and uncertainties**

Monkton Infants School has in place procedures to identify and mitigate financial risks. The principal risks and uncertainties are centred around the changes in the level of funding from the DfE/EFA. In addition the Academy is a member of the Tyne and Wear Pension Fund (LGPS), which results in the recognition of a significant deficit on the Academy balance sheet. The governors monitor these risks regularly.

### **Reserves policy**

The governors aim to hold sufficient reserves to meet the day-to-day commitments of the Academy, and to invest surplus funds to earn an acceptable rate of return without undue risk. The Academy's level of free reserves (total funds less the amount held in restricted fixed asset funds and restricted pension funds) are in surplus by £182,164 at the end of the financial year.

### **Principal funding**

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year 1 September 2015 and 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

The Academy also receives grants for fixed assets from the DfE/EFA. In accordance with the charities Statement of recommended practice, "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the SOFA as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. All of the expenditure shown in the SOFA is in furtherance of the Academy's objectives.

# **Monkton Infants School**

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## **Governors' report (continued)** **Year ended 31 August 2016**

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### **Plans for future periods**

Over the coming months, the Academy seeks to:

- Submit a bid through the Condition Improvement Fund for new car parking facilities.
- Further adapt the Nursery outside areas; making the nursery more colourful and attractive while enhancing pupil learning.
- Work to ensure the Nursery layout is suitable for pupils when the 30 hours a week comes in to place in September 2017.

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

Each of the persons who are governors at the time when this governors' report is approved has confirmed that:

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

This report was approved by order of the board of trustees as the company directors, on 1 December 2016 and signed on its behalf by:



**Mrs M Olsen**  
**Chair of Trustees**

# Monkton Infants School

(A company limited by guarantee)

## Governance Statement

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### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Monkton Infants 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 governors' report and in the statement of governors' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Mr WF Armstrong	4	5
Ms S Furlong	0	5
Mrs A Pigott	0	5
Mrs VA Byass, Vice Chair & Responsible Officer	3	5
Mrs C Askwith, Principal	5	5
Mrs E Fairbrother	3	5
Mrs M Olsen, Chair	3	5
Mrs H Winter, Deputy Principal	1	1
Mr I Coulter	4	5
Mr S Johnson	1	5
Ms L A Porter	4	5
Ms J Wall	0	0
Mrs J Hansen	2	2
Mr R Cheadle	1	1
Mrs A Sharp	2	2

During 2015-16, Hayley Winter became the permanent Deputy Principal of Monkton Infants School. At the end of the 2015-16 academic year, Mrs S Furlong, Mrs A Piggott and Mrs V Byass resigned from the Governing Body. Mr R Cheadle, Mrs J Hansen and Mrs A Sharp joined the Governing Body.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to provide further assistance to the Senior Leadership Team in managing the financial and regulatory aspects of the Academy.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs C Askwith, Principal	2	2
Mr I Coulter	1	2
Mrs VA Byass, Vice Chair & Responsible Officer	2	2
Mrs M Olsen, Chair of Governors	1	2

### Review of Value for money

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

# **Monkton Infants School**

(A company limited by guarantee)

## **Governance Statement (continued)**

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

- Applying the agreed tendering process when seeking contractors to work within the Academy.
- Renewing SLA's with reputable agencies, several of which incurred a loyalty bonus.
- Implementing rigid purchasing procedures within the Academy whereby all purchased are agreed by the Principal and Office Manager.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Monkton Infants School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

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

### **The Risk and Control Framework**

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

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

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the appointee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

# Monkton Infants School

(A company limited by guarantee)

## Governance Statement (continued)

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### Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 1 December 2016 and signed on their behalf, by:



**Mrs M Olsen**  
Chair of Trustees



**Mrs C Askwith**  
Accounting Officer

# Monkton Infants School

(A company limited by guarantee)

## Statement on Regularity, Propriety and Compliance

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

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

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



**Mrs C Askwith**  
**Accounting Officer**

Date: 1 December 2016

# **Monkton Infants School**

(A company limited by guarantee)

## **Statement of governors' responsibilities Year ended 31 August 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 1 December 2016 and signed on its behalf by:



**Mrs M Olsen  
Chair of Trustees**

## **Independent auditors' report on the financial statements to the members of Monkton Infants School**

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

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

### **Respective responsibilities of governors and auditors**

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

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

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





## **Independent auditors' report on the financial statements to the members of Monkton Infants School**

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

A handwritten signature in black ink, appearing to read 'Michael Morris'.

Michael Morris FCA ACCA (Senior Statutory Auditor)  
**for and on behalf of UNW LLP, Statutory Auditor**

Chartered Accountants

Newcastle upon Tyne  
1 December 2016

# **Monkton Infants School**

**(A company limited by guarantee)**

## **Independent reporting accountants' assurance report on regularity to Monkton Infants School and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 21 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Monkton Infants School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Monkton Infants School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Monkton Infants School's funding agreement with the Secretary of State for Education dated 1 February 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

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

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

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

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

## **Monkton Infants School**

(A company limited by guarantee)

### **Independent reporting accountants' assurance report on regularity to Monkton Infants School and the Education Funding Agency (continued)**

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The work undertaken to support our conclusion includes:

- testing a sample of expenditure to verify that the trust's procurement procedures have been followed for the items selected;
- testing a sample of payments to ensure that they are correctly authorised in accordance with the trust's policies;
- testing a sample of expenditure to verify that the nature of the spend is in line with funding agreements: and
- testing a sample of income and expenditure to ensure systems and controls are being implemented in line with the trust policies.

#### **Conclusion**

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

UNW LLP

**UNW LLP**

Chartered Accountants

Newcastle upon Tyne

1 December 2016

# Monkton Infants School

(A company limited by guarantee)

## Statement of financial activities incorporating income and expenditure account Year ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>Income from:</b>						
Charitable activities	2	26,073	804,225	128,327	958,625	1,259,267
Investments	3	786	-	-	786	272
Other income	4	1,990	-	-	1,990	18,166
<b>Total income</b>		<b>28,849</b>	<b>804,225</b>	<b>128,327</b>	<b>961,401</b>	<b>1,277,705</b>
<b>Expenditure on:</b>						
Charitable activities		4,315	850,303	98,054	952,672	911,530
<b>Total expenditure</b>	5	<b>4,315</b>	<b>850,303</b>	<b>98,054</b>	<b>952,672</b>	<b>911,530</b>
<b>Net income / (expenditure) before transfers</b>		<b>24,534</b>	<b>(46,078)</b>	<b>30,273</b>	<b>8,729</b>	<b>366,175</b>
Transfers between Funds	16	-	(63,453)	63,453	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>24,534</b>	<b>(109,531)</b>	<b>93,726</b>	<b>8,729</b>	<b>366,175</b>
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(278,000)	-	(278,000)	13,000
<b>Net movement in funds</b>		<b>24,534</b>	<b>(387,531)</b>	<b>93,726</b>	<b>(269,271)</b>	<b>379,175</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		154,026	(42,865)	1,487,936	1,599,097	1,219,922
<b>Total funds carried forward</b>		<b>178,560</b>	<b>(430,396)</b>	<b>1,581,662</b>	<b>1,329,826</b>	<b>1,599,097</b>

# Monkton Infants School

(A company limited by guarantee)

## Balance sheet

As at 31 August 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	13		1,340,877		1,363,708
<b>Current assets</b>					
Debtors	14	37,199		150,698	
Cash at bank and in hand		488,048		437,213	
		<u>525,247</u>		<u>587,911</u>	
<b>Creditors:</b> amounts falling due within one year	15	(102,298)		(198,522)	
<b>Net current assets</b>			<u>422,949</u>		<u>389,389</u>
<b>Total assets less current liabilities</b>			<u>1,763,826</u>		<u>1,753,097</u>
Defined benefit pension scheme liability	20	(434,000)		(154,000)	
<b>Net assets including pension scheme liabilities</b>			<u><u>1,329,826</u></u>		<u><u>1,599,097</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	16	3,604		121,135	
Restricted fixed asset funds	16	1,581,662		1,487,936	
Restricted income funds excluding pension liability		1,585,266		1,609,071	
Pension reserve		(434,000)		(164,000)	
Total restricted income funds			<u>1,151,266</u>		<u>1,445,071</u>
Unrestricted funds	16		<u>178,560</u>		<u>154,026</u>
<b>Total funds</b>			<u><u>1,329,826</u></u>		<u><u>1,599,097</u></u>

The financial statements were approved by the governors, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:



**Mrs M Olsen**  
**Chair of Trustees**

The notes on pages 21 to 38 form part of these financial statements.

# Monkton Infants School

(A company limited by guarantee)

## Statement of cash flows Year ended 31 August 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	(60,460)	122,523
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(17,032)	(169,588)
Capital grants from DfE/EFA		128,327	287,709
<b>Net cash provided by investing activities</b>		111,295	118,121
<b>Change in cash and cash equivalents in the year</b>		50,835	240,644
Cash and cash equivalents brought forward		437,213	196,569
<b>Cash and cash equivalents carried forward</b>	19	488,048	437,213

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

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### 1. Accounting policies

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

#### 1.1 Basis of preparation of financial statements

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

Monkton Infants School constitutes a public benefit entity as defined by FRS 102.

#### First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 23.

#### 1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the governors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

#### 1.3 Fund accounting

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

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

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

# **Monkton Infants School**

(A company limited by guarantee)

## **Notes to the financial statements Year ended 31 August 2016**

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### **1. Accounting policies (continued)**

#### **1.4 Income**

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

#### **1.5 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 and Governance costs 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.

#### **1.6 Going concern**

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



# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

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### 1. Accounting policies (continued)

#### 1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

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

Long-term leasehold property	-	50 years straight line
Fixtures and fittings	-	7 years straight line
Computer equipment	-	3 years straight line

#### 1.8 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 Bank.

#### 1.9 Debtors

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

#### 1.10 Cash at Bank and in hand

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

#### 1.11 Liabilities and provisions

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

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

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### 1. Accounting policies (continued)

#### 1.12 Taxation

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

#### 1.13 Pensions

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

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

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

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

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

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### 1. Accounting policies (continued)

#### 1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgement:

The governors consider that the only critical area of judgement in the preparation of these financial statements is the useful economic lives of the academy's fixed assets.

### 2. Income from charitable activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Educational operations	26,073	932,552	958,625	1,259,267

In 2015, of the total income from charitable activities, £17,150 related to unrestricted funds and £1,242,117 related to restricted funds.

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

### Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant	-	585,829	585,829	660,174
Other DfE/EFA grants	3,648	106,031	109,679	116,335
School standard fund	16,607	-	16,607	13,584
Other non capital government grants	-	-	-	4,580
Local authority nursery funding	-	112,365	112,365	176,888
Capital Improvement Fund grant	5,818	128,327	134,145	287,706
	<u>26,073</u>	<u>932,552</u>	<u>958,625</u>	<u>1,259,267</u>

### 3. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	<u>786</u>	<u>-</u>	<u>786</u>	<u>272</u>

In 2015, of the total investment income, £ 272 related to unrestricted funds and £ NIL related to restricted funds.

### 4. Other incoming resources

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other income	<u>1,990</u>	<u>-</u>	<u>1,990</u>	<u>18,166</u>

In 2015, of the total other incoming resources, £ 17,981 related to unrestricted funds and £ 185 related to restricted funds.

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

### 5. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Educational activities:					
Direct costs	468,082	-	33,667	501,749	504,378
Support costs	132,625	153,005	165,293	450,923	407,152
	<b>600,707</b>	<b>153,005</b>	<b>198,960</b>	<b>952,672</b>	<b>911,530</b>

In 2016, of the total expenditure, £8,559 (2015 - £NIL) related to unrestricted funds and £952,672 (2015 - £911,529) related to restricted funds.

### 6. Support costs

	Activities £	Total 2016 £	Total 2015 £
Pension interest cost	5,000	5,000	5,000
Educational support costs	4,829	4,829	7,607
Other costs	55,760	55,760	38,435
Insurance	10,320	10,320	3,748
Technology costs	9,056	9,056	25,539
Cleaning	4,892	4,892	5,498
Rent and rates	10,048	10,048	10,891
Light and heat	13,474	13,474	14,310
Security and transport	1,489	1,489	1,855
Catering costs	56,061	56,061	61,409
Accountancy	1,703	1,703	1,703
Legal and professional fees	106	106	212
Audit fee	6,750	6,750	6,750
Support staff agency costs	21,492	21,492	42,607
Maintenance of premises and equipment	98,947	98,947	47,223
Wages and salaries	60,372	60,372	57,052
National insurance	10,761	10,761	7,465
Pension cost	40,000	40,000	35,000
Depreciation	39,863	39,863	39,848
	<b>450,923</b>	<b>450,923</b>	<b>412,152</b>

During the year ended 31 August 2016, the academy incurred the following Governance costs:

£8,559 (2015 - £8665) included within the table above in respect of audit, legal and accountancy support.

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

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### 7. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	<u>39,863</u>	<u>39,848</u>

### 8. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £5,750 (2015: £5,750) and fees for other services of £1,500 (2015: £1,500)

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

### 9. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	409,476	399,754
Social security costs	31,422	27,112
Operating costs of defined benefit pension schemes	73,787	72,360
	<u>514,685</u>	<u>499,226</u>
Supply teacher costs	64,530	64,508
Support staff agency costs	21,492	42,607
	<u>600,707</u>	<u>606,341</u>

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

	2016 No.	2015 No.
Teaching Staff	5	6
Administration and support staff	13	11
Management	1	1
	<u>19</u>	<u>18</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teaching staff	5	6
Administration and support staff	11	11
	<u>16</u>	<u>17</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1

The above employee participates in the Teachers Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for this person amounted to £10,665 (2015: £8,081).

The key management personnel of the school comprise the Principal, Deputy Principal and Office Manager. The aggregate salary and benefits paid to them during the year totalled £163,552 (2015: £154,274).

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

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### 10. Governors' remuneration and expenses

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

		2016 £	2015 £
Mrs C Askwith	Remuneration	60,000-65,000	60,000-65,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Mrs H Winter	Remuneration	50,000-55,000	50,000-55,000
	Pension contributions paid	5,000-10,000	5,000-10,000
J Wall	Remuneration	25,000-30,000	
	Pension contributions paid	0-5,000	
Ms L A Porter			25,000-30,000
	Remuneration	0	0-5,000

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



# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

### 11. Governors' 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 £690,000 on any one claim and the cost for the year ended 31 August 2016 was £375 (2015 - £375).

### 12. Other finance income

	2016 £	2015 £
Interest income on pension scheme assets	17,000	-
Interest on pension scheme liabilities	(22,000)	(5,000)
	<u>(5,000)</u>	<u>(5,000)</u>

### 13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2015	1,391,094	28,195	27,188	1,446,477
Additions	12,119	1,235	3,678	17,032
At 31 August 2016	<u>1,403,213</u>	<u>29,430</u>	<u>30,866</u>	<u>1,463,509</u>
<b>Depreciation</b>				
At 1 September 2015	54,022	13,624	15,123	82,769
Charge for the year	25,644	9,810	4,409	39,863
At 31 August 2016	<u>79,666</u>	<u>23,434</u>	<u>19,532</u>	<u>122,632</u>
<b>Net book value</b>				
At 31 August 2016	<u>1,323,547</u>	<u>5,996</u>	<u>11,334</u>	<u>1,340,877</u>
At 31 August 2015	<u>1,337,072</u>	<u>14,571</u>	<u>12,065</u>	<u>1,363,708</u>

Included in land and buildings is leasehold land at valuation of £121,000 (2015 - £121,000), which is not depreciated.

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

### 14. Debtors

	2016 £	2015 £
Other debtors	14,968	32,001
Prepayments and accrued income	22,231	118,697
	<u>37,199</u>	<u>150,698</u>

### 15. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	32,586	67,986
Other taxation and social security	18,663	21,033
Accruals and deferred income	51,049	109,503
	<u>102,298</u>	<u>198,522</u>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	(92,667)	-
Resources deferred during the year	(42,007)	(92,667)
Amounts released from previous years	92,667	-
	<u>(42,007)</u>	<u>(92,667)</u>

# Monkton Infants School

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 August 2016

### 16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	154,026	28,849	(4,315)	-	-	178,560
<b>Restricted funds</b>						
Restricted General Funds	121,135	804,225	(858,303)	(63,453)	-	3,604
Pension reserve	(164,000)	-	8,000	-	(278,000)	(434,000)
	(42,865)	804,225	(850,303)	(63,453)	(278,000)	(430,396)
<b>Restricted fixed asset funds</b>						
Restricted Fixed asset fund	1,487,936	128,327	(98,054)	63,453	-	1,581,662
Total restricted funds	1,445,071	932,552	(948,357)	-	(278,000)	1,151,266
Total of funds	1,599,097	961,401	(952,672)	-	(278,000)	1,329,826

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

The restricted fixed asset fund represents the net book value of assets held, plus unspent capital grant received.

The restricted fund includes all remaining grant funds for the general running of the academy trust.

The pension reserve equates to the academy's share of the deficit on the Local Government Pension Scheme in which it participates.

Unrestricted funds are all other funds of the academy trust.

During the year a transfer has been made from the general restricted fund to the restricted fixed asset fund, representing capital maintenance works carried out not funded through direct capital grant.

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

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## Notes to the financial statements Year ended 31 August 2016

### 17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	1,340,877	1,340,877	1,363,708
Current assets	178,560	105,902	240,785	525,247	587,911
Creditors due within one year	-	(102,298)	-	(102,298)	(198,522)
Provisions for liabilities and charges	-	(434,000)	-	(434,000)	(154,000)
	<u>178,560</u>	<u>(430,396)</u>	<u>1,581,662</u>	<u>1,329,826</u>	<u>1,599,097</u>

### 18. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	8,729	366,175
<b>Adjustment for:</b>		
Depreciation charges	39,863	39,848
Decrease/(increase) in debtors	111,499	(108,500)
(Decrease)/increase in creditors	(96,224)	110,709
Capital grants from DfE and other capital income	(128,327)	(287,709)
Defined benefit pension scheme cost less contributions payable	4,000	2,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(60,460)</u>	<u>122,523</u>

### 19. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	488,048	437,213
<b>Total</b>	<u>488,048</u>	<u>437,213</u>

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## Notes to the financial statements Year ended 31 August 2016

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### 20. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

##### Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £31,360 (2015 - £38,732).

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

# Monkton Infants School

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## Notes to the financial statements Year ended 31 August 2016

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### 20. Pension commitments (continued)

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £43,000 (2015 - £38,000), of which employer's contributions totalled £43,000 (2015 - £38,000) and employees' contributions totalled £11,000 (2015 - £9,000). The agreed contribution rates for future years are 15.5% for employers and 5.8% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.40 %	3.60 %
Rate of increase for pensions in payment / inflation	1.90 %	2.10 %
Inflation assumption (CPI)	1.90 %	2.10 %

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

	2016	2015
Retiring today		
Males	23.2	23.1
Females	24.8	24.7
Retiring in 20 years		
Males	25.3	25.1
Females	27.1	27.0

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## Notes to the financial statements Year ended 31 August 2016

### 20. Pension commitments (continued)

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	359	271
Other	29	25
Property	54	38
Government bonds	21	15
Corporate bonds	62	48
Cash	17	13
Total market value of assets	<u>542</u>	<u>410</u>

The actual return on scheme assets was £79,000 (2015 - £13,000).

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

	2016 £	2015 £
Net interest cost	(5,000)	(5,000)
Current Service Cost	(40,000)	(34,000)
Total	<u>(45,000)</u>	<u>(39,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	564,000	516,000
Interest cost	22,000	19,000
Contributions by employees	11,000	9,000
Actuarial losses/(gains)	340,000	(14,000)
Current service cost	40,000	35,000
Benefits paid	(1,000)	(1,000)
Closing defined benefit obligation	<u>976,000</u>	<u>564,000</u>

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## Notes to the financial statements Year ended 31 August 2016

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### 20. Pension commitments (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	410,000	351,000
Interest income	17,000	14,000
Actuarial gains and (losses)	62,000	(1,000)
Contributions by employer	43,000	38,000
Contributions by employees	11,000	9,000
Benefits paid	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	542,000	410,000
	<hr/>	<hr/>

### 21. 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 £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

### 22. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

### 23. First time adoption of FRS 102

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

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.