

Company Registration Number: 07560175 (England and Wales)

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Mrs Jill Hall
Mr Mark Edgerley
Mr Robert LeGrice

Trustees

Mrs Jill Hall, Chair of Trustees
Mr Robert LeGrice, Chair of Audit and Finance^{1,2}
Mrs Heather McIlroy, Executive Headteacher^{1,2}
Mr Mark Edgerley^{1,2}
Mrs Charlie Fischer, Staff Trustee
Mr Chris Goodrich, Staff Trustee¹
Mr Andrew Gunn
Mr Stuart McAuliffe¹
Mr Michael Murphy¹
Mrs Helen Overton-Hore (resigned 23 January 2017)
Mrs Cheryl Parish
Mrs Margaret Roberts²
Mrs Jane Thompson²
Mr Paul Urben¹
Mrs Sian Cumming, Staff Trustee
Mr Sean Flood (appointed 14 December 2016)
Mr Karl Staples (appointed 9 February 2017)
Mr Tushar Bijur (appointed 14 December 2016)

¹ Member of Audit & Finance committee

² Member of Human Resources committee

Company registered number

07560175

Company name

The Mountbatten School

Principal and registered office

Whitenap Lane, Romsey, SO51 5SY

Senior Leadership Team

Heather McIlroy, Executive Headteacher
Christopher Cox, Associate Headteacher
Andrew Portas, Senior Deputy Headteacher
Christopher Martin, Deputy Headteacher
Robert Davenport, Assistant Headteacher
Mark Chance, Assistant Headteacher
Ian Dunn, Assistant Headteacher
Terese Swain, Director of Finance

Company secretary

Terese Swain

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditors

James Cowper Kreston, 9th Floor, The White Building, 1-4 Cumberland Place, Southampton, Hampshire, SO15 2NP

Bankers

Lloyds Bank Plc, 1 City Road East, Manchester, M15 4PU

Solicitors

Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year beginning 1 September 2016 to 31 August 2017.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Romsey and surrounding area. It has a pupil capacity of 1420 and had a roll of 1417 in the school census 1 October 2017.

Structure, governance and management

● **CONSTITUTION**

The Mountbatten School is a limited company by guarantee with no share capital (registration number 07560175) and an exempt charity within the meaning of Schedule 2 of the Charities Act 1993. It is not required to be registered with the Charity Commission but it is, however, subject to the Charity Commissioner's regulatory powers which are monitored by the Secretary of State for Education through the ESFA (Education Funding Agency).

The Academy's memorandum and articles of association are the primary governing documents of the academy.

The governors act as the trustees for the charitable activities of The Mountbatten School and are also the directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as The Mountbatten School.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

● **TRUSTEES'**

The governors are directors of the charitable company for the purposes of the Companies Act 1985 and trustees for the purposes of charity legislation.

During the 12 month period the governors have held six meetings and various committee meetings, (the school has five main committees). All governors receive copies of all key documentation such as policies, budgets and procedures in advance of any meetings. Governors are attached to faculties and are encouraged to spend time visiting their faculty links.

The Academy has three members who meet annually where the Trustees annual report is presented.

● **MEMBERS' LIABILITY**

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

● **TRUSTEES' INDEMNITIES**

As part of its overall insurance with Zurich the school has insurance which protects members of the Governing Body against claims arising from negligent acts, errors or omissions. The insurance provides cover up to £2,000,000 for any one claim.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

● **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The governors are split into categories, Academy Trust appointee, Executive Headteacher, staff, community & parent governors. The parent governors are elected by parents or carers of registered pupils and must be such parents or carers at the time of their election. If insufficient parents stand for election the governing body can appoint parent governors from parents or carers of former students. Staff governors are candidates who must be working at the school at the time of the election, nomination and election process ensures there is representation from both teaching and support staff. The academy has the Head of School and Director of Finance as an associate member of the governing body. The Governors may appoint up to 3 co-opted Governors, this enables valuable skills and experience not to be lost when parent governors reach the end of their term. We will also actively recruit co-opted Governors to fill any skills gaps. Each governor is provided with documents on their roles and responsibilities, conduct as a governor and guidance on the general principles of behaviour.

● **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

We subscribe to Hampshire Governor Services who provide a range of courses. We encourage governors to attend as individuals and also to attend local governor conferences, an online information service is also available to all Governors. We have a place in our regular meetings when feedback is encouraged from any governor who has attended training recently. Every year we hold an in-house Whole Board Training session, a trainer from Governor Services presents on a subject that has been agreed by the whole Board. We usually also invite members of the senior leadership team to attend these evening sessions. We have an identified governor who is our Training Liaison Governor whose role involves coordinating our training as governors. In the Autumn and Spring terms we hold a "Governor Experience Day" when all governors are invited in to school to experience a day around a previously agreed theme, usually following an individual student during a normal school day's activities. It is our policy that every governor should serve on at least one committee or subcommittee, and care is taken to find the best fit according to the needs of the school and the strengths of the new governor involved.

● **ORGANISATIONAL STRUCTURE**

The Executive Headteacher is the Accounting Officer of the Academy Trust.

The Board of Governors operates a system of clerked Committees with delegated responsibilities. All minutes are presented and reported on at the half termly Board of Governors.

Major issues will be referred to the Board of Governors for ratification. (Ref the Board of Governors' Standing Orders)

The Board of Governors' sets objectives annually to support the Mountbatten Improvement Plan (MIP).

Each Committee has a set Terms of Reference agreed by the Board of Governors and reviewed annually.

Leadership

To assist the decision making of the Board of Governors, by considering strategic issues, contributing to the school's medium and long term planning. This committee facilitates a very close working relationship between the Governors and the Senior Leadership team.

To regularly make appropriate comments and recommendations, on such matters, to the Board of Governors.

Audit

The Audit committee functions are dealt with separately at the end of the finance meeting. The finance agenda is split to cover the audit functions. The audit committee performs the regularity and probity functions.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Finance and Estates

To assist the decision making of the Board of Governors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Governors' responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

To regularly make appropriate comments and recommendations, on such matters, to the Board of Governors. The meetings of this committee are divided into audit functions and financial matters.

School Improvement

To assist the decision making of the Board of Governors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Governors' responsibility to ensure sound management of the academy's teaching and learning including proper planning, monitoring and probity.

To regularly make appropriate comments and recommendations, on such matters, to the Board of Governors.

Human Resources

To assist the decision making of the Board of Governors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Governors' responsibility to ensure sound management of the academy's human resources, including proper planning, monitoring and probity.

To regularly make appropriate comments and recommendations, on such matters, to the Board of Governors.

Appraisal & Pay Committee

To assist the Board of Governors in the area of staff remuneration, by enabling more detailed and confidential consideration to be given to the Board of Governors' obligations to ensure sound management of the academy's pay ranges and levels of payment, including proper planning, monitoring the school appraisal process and probity.

Any major issues that arise at any Committee meeting will always be referred to the Board of Governors for ratification. (Ref the Board of Governors' Standing Orders).

SLT Appraisal Process and Salary Review

Annual Appraisal decisions are made by the Pay and Appraisal Committee (PAC) and reported to the Board of Governors.

July - PAC 1 Pay and Appraisal Policy in readiness for new cycle.

October - PAC 2 Review of Teachers and Support Staff

November - PAC 3 – Review of SLT and Directorate.

Objectives are set in the Autumn term for all SLT informed by the school improvement plan.

Interim assessments take place throughout the year through line management structure

Formal review takes place at the end of the one-year cycle where evidence is produced by each member of SLT. A report on outcomes and recommendations is produced by the Executive Headteacher (EHT) in consultation with the Director of Finance. This is presented to the PAC 3 annually in November

The Executive Headteacher and Associate Headteacher undertake the Appraisal Process for both Deputies and AHT.

Executive Headteacher and Associate Headteacher

The Associate Headteacher objectives are set by EHT in liaison with Chair of PAC. Progress is monitored throughout the year by EHT and reported to PAC

The EHT Pay and Appraisal committee, advised by external consultant, (this year the Principal of a large successful sixth form college) meet to review the EHT objectives. Recommendation based on the extent to which objectives have been met/exceeded are made to the PAC 3 meeting. Pay scales are determined by the PAC in line with the Pay Policy. This is reviewed and published annually. The Pay policy is communicated and signed by all staff annually.

Reports on proposals for all SLT and the Directorate are prepared in detail in readiness for the Autumn 2 HR

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

committee and the PAC 3 Autumn meeting.

● **CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Mountbatten School operates independently of other organisations. Our wholly owned subsidiary Mountbatten School Services trading as PBED has a board comprising of senior staff and governors. During the year the Academy became sole shareholder of Romsey Festival of Youth Music Ltd. This company had originally been set up by The Director of Music and his wife.

Objectives and Activities

● **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Board of Governors believe that one of their most important roles is to provide clear and focused guidance in the area of financial management, ensuring through our monitoring processes we meet the requirements of our regulators, achieve value for money and the very best offering for our students that we can afford.

However, given the nature of our core activity the type of key financial performance indicators used by commercial companies is not deemed appropriate to our activity, our financial objectives are focused on achieving value for money, a steady return from low risk investments and a budget that ensures students receive the full benefit from in year funding allocation.

The nature of state funding for education means that opportunities to seek capital funding will continue to be opportunistic.

The Academy's main objectives for 2016-17 were to:

Maintain excellent GCSE outcomes for Year 11 students;
Prepare the school and students for the significant national curriculum and assessment objectives from 2017;
Develop the campus according to our strategic site development plan;
Ensure the school remains the school of choice in the locality with strong numbers on roll and therefore a strong income position.

● **PUBLIC BENEFIT**

The Mountbatten School is funded by the Education Funding Agency to provide free education to 11 to 16 year old students from the Romsey and surrounding area. Some activities fall outside of the scope of this core funding, parents and guardians are requested to make voluntary payments for those activities. Where an activity is considered to be essential to a student's education if parents / guardians are unable to fund an activity consideration will be given to meeting the cost from school funds. Where significant numbers are unable to pay it is possible the whole activity would be cancelled.

Some activities such, as musical instrument tuition, is considered to be outside of the scope of our core education offer and is only offered to students who can fund the activity. When possible the school will endeavour to help students, who find funding these activities difficult, seek external funding for this type of activity. Staff and Governors are considering possible future sources of funding to ensure full access to these activities.

Our trading subsidiary is now firmly established to deliver services using our own facilities and those at other locations. This company now delivers national contracts for Hampshire as well all The Mountbatten School community activity; the company has its own management and support staff structure and receives no funding from our ESFA funding.

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The Governors recognise that the campus exists because of considerable investment of public funds since the original school was constructed in 1969. To that end when pricing of activities aimed at the general community of Romsey charges are generally less than might reasonably be expected to be charged by a totally commercial operation. Governors consider this policy to be fair given the restrictions we have to impose to ensure our students have priority use of facilities in term time. An example would be membership fees for use of the Fitness Suite which is not available during school hours in term time.

When considering new sports facilities or major upgrades to existing facilities Governors' consider the potential for community use and the commercial opportunities new facilities might offer. Our pricing ethos considers the benefits to current students and the young people of the local community who remain our principle target audience.

Strategic report

Achievements and performance

• KEY PERFORMANCE INDICATORS

The School secured 'Good' in the Ofsted Report in March 2015. The next Ofsted Inspection can be expected in academic year 2018-2019. Ofsted can trigger an earlier inspection if certain criteria are met (eg if GCSE results cause concern). School Performance does not suggest an early inspection is expected. GCSE examination outcomes in 2017 maintained the school's excellent examination outcomes. Results placed the school fifth of the county's seventy schools – the second best position ever. Student recruitment to the new Year 7 was strong and has necessitated an increase in our operational PAN from 284 to 300.

1. Teaching & Learning

A new rationale and suite of quality assurance activities for monitoring the quality of Teaching and Learning was trialled and reviewed by the Senior Leadership Team. Ungraded lesson observations are now in place; each teacher has a clearly defined pedagogy objective which provides the focus for lesson observation and subsequent feedback. This is complemented by a 'Student Progress Review' in which the senior leaders meet with each member of staff to carry out work scrutiny of students' work as well as analysis of progress data for the teacher's classes and acts as a professional dialogue with learning at its heart. This work is complemented by Learning Walks. These QA activities identify strengths and areas for improvement for all teachers; the areas for improvement then inform the school's in-house CPD programme so that all areas are addressed through weekly 'Learning Thursday' or after-school sessions. Teaching and Learning is closely linked to Appraisal and acts as a key driver for school improvement. Student outcomes (based on FFT 20 and 50 targets) form a key factor in Appraisal recommendations and support staff in developing their craft of the classroom.

2. Achievement and Performance

The schools Progress 8 Score, the key headline measure, was 0.24 which was defined by the DfE School performance tables as 'above average'. The proportion of students achieving a strong pass (new grades 4 to 9) in English and Mathematics, another headline measure, was maintained at the high level of 81%. These are very good results when compared to both local and national standards. The proportion achieving the English Baccalaureate remained strong. The major focus in 2017-18 will be to maintain and build on these high standards as the curriculum and the key performance indicators for schools continue to change.

Students made excellent progress, achieving results above the national average. Summary of results:
Progress 8 Score of 0.24
Attainment 8 Score of 53.25*
81% achieving the new grade 4 and above in English & Maths
40% achieving the English Baccalaureate

* Please note that the points for each grade have changed this year so this is not comparable with the 2016 figure.

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TRUSTEES' REPORT (continued)
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3. To maintain a medium / long term plan for The Mountbatten School

Trustees have been part of some major strategic decisions, particularly with regard to curriculum and campus developments. There has been the refurbishment of our largest teaching block, the Brabourne Building. 17 classrooms have had a major refurbishment following a successful ESFA capital bid of £1.5million.

4. Business Development

The depth and breadth of the work of Personal Best Education, our trading subsidiary continues to thrive, they are constantly looking for new educational business opportunities. Students in school have benefited from the involvement of our Business Patron's network in many areas of school activity.

Our main source of income continues to be derived from the National Citizen Service programme, again delivering programme to over 1400 students. The social action projects have contributed to many aspects of local community partnerships, as well as enhancing the employability of the hundreds of young people involved. During their social action projects, a total of £46,000 was raised for various charities and over 35,000 hours dedicated to volunteering.

5. Pastoral Developments (including attendance and Pupil Premium student achievement)

Attendance

Last year's attendance figure showed 5% absenteeism. Persistent absenteeism at Mountbatten was higher than previous years due to increased traveller numbers. Disadvantaged students and SEN students attendance was in line with their peers with no significant gaps. The desire to attend school for these young people contributed heavily to the exam success of SEN students.

Achievement of Pupil Premium Students

Importantly the impact of targeted intervention from AHOYs with the PP students has seen the gap between PP and non-PP students decrease significantly and the same for students with SEN. In 2016, our SEN students achieved a higher Progress 8 score than non-SEN students.

In 2017, the gap between PP and non-PP students widened, but this was largely due to a small number of students who underperformed for reasons outside school's control, even though a number of interventions were put in place. In 2017, the progress 8 score for SEN students remains positive.

Exclusions and Behaviour

There were 71 exclusions last academic year, just 5% of the school roll and the slight increase was attributed to 2 groups of students being excluded for theft at 2 local shops. This was 13 students in total. Behaviour logs across the year fell, with particular excellence in year 10 who reduced low-level behaviour compared to the previous academic year.

Special Educational Needs

This was another very positive year for the Student Services Learning team. Our two specialist SEN teachers in the department have meant that we have been able to support more students with a broader and more diverse suite of interventions. Outcome measures for SEN interventions are extremely positive. We have moved specialist-teaching rooms to the Student Services block which is a great environment for vulnerable students to learn in. The increase in EHCP request and the demands of the new SEN code of practice means the SENCO role has changed dramatically and so additional staffing has been a necessity and a great success.

6. The Development of the Music Academy

The extensive enrichment programme that the Expressive Arts faculty offers has developed further in scope and scale, depth and breadth. We have had hugely successful autumn and summer concerts. A highlight was the participation of the school's immensely talented bands at the North Sea and Montreux Jazz Festival. The work of the Academy now extends into six linked feeder schools and two non-linked feeder schools.

● **GOING CONCERN**

The governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The half termly monitoring information, 5 year financial planning processes and the annual accounts have informed this statement. For this reason it continues to

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

adopt the going concern basis in the preparation of financial statements.

The Academy has a working balance at the end of the period of £1,696k (excluding the LGPS pension liability).

Financial review

The majority of the academy's income is obtained from the ESFA in the form of the General Annual Grant, this is split between school budget share, ESG and Rates allowance, the funds are restricted as shown in the statement of financial activities. The academy also receives other income and grants such as pupil premium and Low Incidence (Special needs funding) which still comes from the Local Authority and in accordance with SORP (Statement of Recommended Practice) these items are also shown in the statement of financial activities as restricted funding. Any other items of funding have been assigned in the financial statements in accordance with the guidelines set down by SORP.

During the period 1 September 2016 - 31 August 2017 the total expenditure of £7,480k was covered by the General Annual Grant along with other incoming resources. The net current assets for the period are £1,760k. The School Investments have all been in low risk Government Deposit Accounts, due to current market conditions and low interest rates the return has been low.

The creditors for this period were £753k with outstanding payments to contractors for our major capital project, HMRC and pension providers making up the majority of this amount.

The majority of the school's expenditure has been salary and buildings payments. Any expenditure for key objectives will be implemented over the next 12 months in line with the Mountbatten Improvement Plan.

At 31 August 2017 the net book value of fixed assets was £26,326k of which £26,175k is for land and buildings. The assets were used to provide education/community facilities and the associated support services to the students of The Mountbatten School and its wider community.

This year has seen a large fall in pension liability this has decreased by £704k to £1,917k (2016: £2,380k). The impact of this has been the available restricted funds (excluding fixed assets) reduce to a deficit of £1,606k.

● **RESERVES POLICY**

The Governors' policy is to review the levels of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The policy of the Governing body is to maintain a level of reserves that will be adequate to provide a stable base for continuing the operation of the Academy whilst ensuring excessive funds are not accumulated. The main aim of the Academy is to ensure that the level of curriculum provision will be maintained in future years. The Governing Body uses the 5 year plan to inform the decision making. There is a commitment to ensuring regular capital investment (whilst balances allow), to improve facilities to meet long term development plans. Reserves have been used to appoint an architect to prepare a site feasibility plan to ensure future capital projects will provide the best value. For any capital project we wish to undertake detailed, costed plans are prepared prior to bidding for the funds.

The total reserves held at 31 August 2017 are £1,696k.

Restricted £331k.

Unrestricted reserves £1,385k.

The unrestricted reserves include a sum of £75k which has been transferred to fixed assets as a sink fund for the 3G pitch. The Governors are concerned that reserves are reducing annually due to lack of funding being received to meet core provision. The board are continue to closely monitor the five-year plan. We are hopeful that the National Funding Formula may bring additional resource to the Academy.

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TRUSTEES' REPORT (continued)
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● **PRINCIPAL RISKS AND UNCERTAINTIES**

The Board of Governors have adopted a Risk Management Policy and delegates the monitoring and reporting of matters covered by the policy to the Audit & Finance Committee.

Principal risks relate to funding uncertainties and student numbers. Future major housing proposals will protect our student numbers, however the risk of these being delayed could have an adverse effect on our income. To ensure that we can maintain current income levels we have increased our intake from 284 to 300.

The Finance Committee has developed a process to identify financial and operational risks and drawn these up as a Risk Register which includes appropriate mitigations for risks that are agreed with the SLT.

Areas of principal risk monitored and mitigated for are:

- Losing highly skilled staff in key leadership positions. We have put succession planning measures in place to reduce the risk.
- Failing to maintain student numbers at PAN
- Loss of reputation through poor publicity related to incidents we should control
- Drop of standards identified in formal external assessment, for example OfSTED inspection
- Unexpected reduction of core funding
- A Health and Safety incident especially if proved to be caused by a management failure
- Failing to achieve improving examination results
- Inappropriate operational decisions from SLT and poor decision making by the Board of Governors or the principal committees
- Failing to implement effective communication processes
- Risks associated with deficit within the Local Authority Pension Scheme

The Risk Register is reviewed annually unless there is a material change to our operation in year.

A five year plan is produced, this is reviewed and updated regularly as circumstances change. All budget expenditure is scrutinised in close detail to ensure that overspends do not occur.

Budgets are always set based on needs.

Actual and Forecast key financial performance indicators, using ESFA benchmark data, are reported to the Audit and Finance Committee twice yearly.

● **INVESTMENT POLICY**

The school aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the school aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no tangible risk to the loss of these cash funds.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to-day working capital requirements
- To ensure there is no tangible risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Investments were held in short term bonds and 90 day savings accounts. Total investment income received for year ending 31 August 2017 was £10k.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

● **FUTURE DEVELOPMENTS**

The Board of Governors has a five year financial budget plan and takes a prudent 'worst case scenario' view in terms of likely school budget settlements. Additional funding streams are being pursued which will enhance the Personal Best Education offer, and see future site developments.

The Academy has established a Strategic Estate Development Group to co-ordinate bids, plan for the possibility of increases in student numbers, and ensure the buildings and site serve the school's core purpose. The Governors have agreed to a capital commitment of £300K per year for the next 3 years to undertake items identified in the site feasibility study and to accommodate increase in student numbers.

There are a number of longer term strategic issues which the school is planning:

Consideration of the provision of a nursery on site to help secure and retain the highest quality teaching staff.

Consideration of Multi Academy Trust status.

Consideration of a multi-million pound appeal to coincide with our Golden Jubilee in 2019; this could support the work of our Music Academy.

Consideration of developing links with school abroad in a strategic partnership.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

AUDITORS

In line with best practice the contract for the provision of our external audit services ceased in 15/16. Following a tender process new auditors were appointed for the year 2016/17.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on _____ and signed on its behalf by:

.....
Mrs Jill Hall
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Mountbatten 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 Executive 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 The Mountbatten School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Jill Hall, Chair of Trustees	6	6
Mr Robert LeGrice, Chair of Audit and Finance	5	6
Mrs Heather McIlroy, Executive Headteacher	5	6
Mr Mark Edgerley	6	6
Mrs Charlie Fischer, Staff Trustee	6	6
Mr Chris Goodrich, Staff Trustee	5	5
Mr Andrew Gunn	5	6
Mr Stuart McAuliffe	4	6
Mr Michael Murphy	3	4
Mrs Helen Overton-Hore	0	0
Mrs Cheryl Parish	5	5
Mrs Margaret Roberts	6	6
Mrs Jane Thompson	5	6
Mr Paul Urben	5	5
Mrs Sian Cumming, Staff Trustee	6	6
Mr Sean Flood	4	4
Mr Karl Staples	3	3
Mr Tushar Bijur	4	4

The Audit and Finance Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Board of Governors', by enabling more detailed consideration to be given to all financial matters and ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. It also performs an audit and monitoring role for all financial transactions undertaken and to monitor procurement to ensure that the Academy is following best value principles.

At least once a term the audit functions of the committee appear as a separate section on the agenda.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Jill Hall	5	5
Mr Mark Edgerley	5	5
Mr Robert LeGrice	4	5
Mrs Heather McIlroy	4	5
Mr Paul Urben	2	5
Mr Chris Goodrich	5	5
Mr Stuart McAuliffe	2	5
Mr Michael Murphy	2	5

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

Principals

- Senior staff and governors are given regular management accounts to track, and hold to account, the finances of the Academy. These reports are used to make informed decisions about the best use of the Academy funds. A schedule of delegation is reviewed and ratified annually by the Full Governing Body.
- The Audit and Finance Committee received detailed monitoring reports half termly showing expenditure against budget. The Business Manager/Director of Finance is challenged on any exceptional items. The members of the Audit and Finance committee are drawn from various business backgrounds with both the knowledge and ability to challenge financial decisions made by the executive staff of the Academy.
- Development of trading subsidiary that has been awarded National Contracts thereby generating additional income which is spent on the development of Academy facilities.
- In addition to External Auditors, Responsible Officer checks are undertaken on the school's finances and a report submitted to the Governors' Audit and Finance Committee.
- Strong internal controls are in place to ensure that all ordering is signed off by budget holders with final authorisation by the School Business Manager/Director of Finance. The budget holders are tasked with running their department on a prudent budget but to maintain and improve the learning and teaching environment and exam results. Resources are shared where appropriate.
- When significant expenditure is due to take place different options are appraised and competitive quotations (normally 3) are sought to ensure that the best value for money is obtained and that the investment will generate the best possible results for the Academy. Large expenditure projects outside the authorisation limits are taken to the Audit and Finance Committee for approval. A full tender process is followed if expenditure exceeds the OJEU thresholds. Where appropriate the Audit and Finance Committee will analyse tender returns and interview a shortlist of companies prior to awarding the contract.
- Staffing budget and deployment of staff is reviewed annually by the Governors HR Committee.
- The Academy works with other Academies in the Hampshire network to obtain best value for money in service contracts. Benchmarking is undertaken where appropriate.

Specific Examples

- Three successful ESFA re-clad projects have, as well as upgrading teaching and learning environment, reduced costs on heating and future maintenance burden.
- Surplus cash is invested in safe short term deposits to generate additional income. Investment report is reviewed by the Audit and Finance Committee at their half termly meeting.
- Site Manager has successfully created a close working relationship with the probation service – small grounds projects are undertaken for the cost of materials only.
- Internal refurbishment of school buildings is part of an annual programme to maintain a good learning environment.
- Robust admission systems and control of the waiting list ensures that school is always full, thereby maximising income.
- We use central procurement services (Hampshire County Council and CPC) which allow us to obtain best value and take advantage of economies of scale.

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 The Mountbatten School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed HWB chartered accountants, as a responsible officer to undertake additional checks outside of the audit period.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

On an annual basis, the RO reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the board of trustees on

and signed on their behalf, by:

.....
Mrs Jill Hall
Chair of Trustees

.....
Mrs Heather McIlroy
Accounting Officer

THE MOUNTBATTEN SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Mountbatten School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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.

.....
Heather McIlroy
Accounting Officer

THE MOUNTBATTEN SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of The Mountbatten School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group 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 and the group 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 group'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 _____ and signed on its behalf by:

.....
Mrs Jill Hall
Chair of Trustees

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

OPINION

We have audited the financial statements of The Mountbatten School (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditor's 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent academy's affairs as at 31 August 2017 and of the group's 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- the parent academy has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent academy financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 group's and the parent 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 group's or the parent academy's or to cease operations, or have no realistic alternative but to do so.

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

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

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

Louise Hallsworth FCA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP
Date:

THE MOUNTBATTEN SCHOOL
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
MOUNTBATTEN SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 May 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Mountbatten School during the year 1 September 2016 to 31 August 2017 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 The Mountbatten School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Mountbatten School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Mountbatten School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE MOUNTBATTEN SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Mountbatten School's funding agreement with the Secretary of State for Education dated 24 March 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
MOUNTBATTEN SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year a new trading subsidiary, Festival of Youth Music Limited, was set up which did not apply the correct group accounting procedure or internal controls for purchases or recording cash. The amounts were trivial but the breach was deemed significant to the school by nature.

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	-	781,446	781,446	407,349
Charitable activities	5	453,574	6,823,986	-	7,277,560	7,325,061
Other trading activities	3	3,030,702	-	-	3,030,702	3,035,043
Investments	4	9,791	-	-	9,791	15,412
TOTAL INCOME		<u>3,494,067</u>	<u>6,823,986</u>	<u>781,446</u>	<u>11,099,499</u>	<u>10,782,865</u>
EXPENDITURE ON:						
Raising funds		2,903,593	-	-	2,903,593	2,729,131
Charitable activities		452,234	7,480,384	473,811	8,406,429	8,043,390
TOTAL EXPENDITURE	6	<u>3,355,827</u>	<u>7,480,384</u>	<u>473,811</u>	<u>11,310,022</u>	<u>10,772,521</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	21	138,240 (147,465)	(656,398) -	307,635 147,465	(210,523) -	10,344 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(9,225)	(656,398)	455,100	(210,523)	10,344
Actuarial gains/(losses) on defined benefit pension schemes	26	-	704,000	-	704,000	(1,211,000)
NET MOVEMENT IN FUNDS		<u>(9,225)</u>	<u>47,602</u>	<u>455,100</u>	<u>493,477</u>	<u>(1,200,656)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,394,095	(1,653,472)	25,837,377	25,578,000	26,778,656
TOTAL FUNDS CARRIED FORWARD		<u>1,384,870</u>	<u>(1,605,870)</u>	<u>26,292,477</u>	<u>26,071,477</u>	<u>25,578,000</u>

The notes on pages 26 to 47 form part of these financial statements.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07560175

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	15		26,325,668		25,898,332
CURRENT ASSETS					
Stocks	17	11,520		8,191	
Debtors	18	576,696		790,267	
Investments	19	1,058,630		1,554,107	
Cash at bank and in hand		769,076		826,473	
			<u>2,415,922</u>	<u>3,179,038</u>	
CREDITORS: amounts falling due within one year	20	(753,113)		(1,119,370)	
NET CURRENT ASSETS			<u>1,662,809</u>		<u>2,059,668</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>27,988,477</u>		<u>27,958,000</u>
Defined benefit pension scheme liability	26		(1,917,000)		(2,380,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>26,071,477</u></u>		<u><u>25,578,000</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	21	311,130		726,528	
Restricted fixed asset funds	21	26,292,477		25,837,377	
Restricted income funds excluding pension liability		26,603,607		26,563,905	
Pension reserve		(1,917,000)		(2,380,000)	
Total restricted income funds			<u>24,686,607</u>		<u>24,183,905</u>
Unrestricted income funds	21		<u>1,384,870</u>		<u>1,394,095</u>
TOTAL FUNDS			<u><u>26,071,477</u></u>		<u><u>25,578,000</u></u>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

.....
Mrs Jill Hall
Chair of Trustees

The notes on pages 26 to 47 form part of these financial statements.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07560175

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	15		26,217,477		25,787,377
Investments	16		3		1
			<u>26,217,480</u>		<u>25,787,378</u>
CURRENT ASSETS					
Debtors	18	455,962		643,088	
Investments	19	1,058,630		1,554,107	
Cash at bank and in hand		696,674		784,362	
			<u>2,211,266</u>	<u>2,981,557</u>	
CREDITORS: amounts falling due within one year	20		<u>(451,333)</u>	<u>(821,999)</u>	
NET CURRENT ASSETS			<u>1,759,933</u>		2,159,558
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	26		<u>(1,917,000)</u>		<u>(2,380,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>26,060,413</u>		<u>25,566,936</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds		474,059		889,457	
Restricted fixed asset funds		26,292,477		25,837,377	
Restricted funds excluding pension asset		26,766,536		26,726,834	
Pension reserve		<u>(1,917,000)</u>		<u>(2,380,000)</u>	
Total restricted funds			24,849,536		24,346,834
Unrestricted funds			<u>1,210,877</u>		<u>1,220,102</u>
TOTAL FUNDS			<u>26,060,413</u>		<u>25,566,936</u>

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

and

.....
Mrs Jill Hall
Chair of Trustees

The notes on pages 26 to 47 form part of these financial statements.

THE MOUNTBATTEN SCHOOL
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	23	897,672	805,905
Cash flows from investing activities:			
Dividends, interest and rents from investments		9,791	15,412
Purchase of tangible fixed assets		(964,860)	(585,858)
Net cash used in investing activities		(955,069)	(570,446)
Change in cash and cash equivalents in the year		(57,397)	235,459
Cash and cash equivalents brought forward		826,473	591,014
Cash and cash equivalents carried forward	24	769,076	826,473

The notes on pages 26 to 47 form part of these financial statements.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Mountbatten School constitutes a public benefit entity as defined by FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

1.2 Fund accounting

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

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.

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of financial activities 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 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 receipt is probable and the amount can be reliably measured.

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

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Basis of consolidation

The financial statements consolidate the accounts of The Mountbatten School and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The academy has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Straight line over the life of the lease, or estimated useful life of the asset
Motor vehicles	-	Straight line over 5 years
Fixtures and fittings	-	Straight line over 3 - 5 years

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.

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 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.

1.10 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.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 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.

1.13 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.

1.14 Liabilities and provisions

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

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.16 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 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.

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	-	-	19,588
Capital Grants	-	781,446	781,446	387,761
	<hr/>	<hr/>	<hr/>	<hr/>
	-	781,446	781,446	407,349
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	19,588	387,761	407,349	
	<hr/>	<hr/>	<hr/>	

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising events	34,792	-	34,792	13,987
Football League NCS contract income	-	-	-	48,729
Other income	28,554	-	28,554	27,230
Trading subsidiary income	2,967,356	-	2,967,356	2,945,097
	<u>3,030,702</u>	<u>-</u>	<u>3,030,702</u>	<u>3,035,043</u>
<i>Total 2016</i>	<u>3,035,043</u>	<u>-</u>	<u>3,035,043</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	9,791	-	9,791	15,412
	<u>9,791</u>	<u>-</u>	<u>9,791</u>	<u>15,412</u>
<i>Total 2016</i>	<u>15,412</u>	<u>-</u>	<u>15,412</u>	

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
DfE/ESFA grants	-	6,518,210	6,518,210	6,605,070
Other DfE/ESFA grants	-	289,337	289,337	273,367
	<u>-</u>	<u>6,807,547</u>	<u>6,807,547</u>	<u>6,878,437</u>
Other government grants				
Local authority grants	-	16,439	16,439	35,338
	<u>-</u>	<u>16,439</u>	<u>16,439</u>	<u>35,338</u>
Other funding				
Music tuition	92,151	-	92,151	81,065
Trip income	315,628	-	315,628	288,427
Minibus	42,252	-	42,252	36,843
Exams	3,543	-	3,543	4,951
	<u>453,574</u>	<u>-</u>	<u>453,574</u>	<u>411,286</u>
	<u>453,574</u>	<u>6,823,986</u>	<u>7,277,560</u>	<u>7,325,061</u>
<i>Total 2016</i>	<u>411,286</u>	<u>6,913,775</u>	<u>7,325,061</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	1,241,201	31,165	1,631,227	2,903,593	2,729,131
Activities:					
Direct costs	5,267,970	-	633,189	5,901,159	5,627,820
Support costs	826,363	479,283	1,199,624	2,505,270	2,415,570
	<u>7,335,534</u>	<u>510,448</u>	<u>3,464,040</u>	<u>11,310,022</u>	<u>10,772,521</u>
<i>Total 2016</i>	<u>6,955,695</u>	<u>450,232</u>	<u>3,366,594</u>	<u>10,772,521</u>	

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. DIRECT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Educational supplies	205,076	205,076	262,874
Examination fees	104,956	104,956	119,879
Staff development	49,521	49,521	63,931
Technology costs	86,633	86,633	108,898
Other costs	187,003	187,003	135,542
Wages and salaries	4,048,774	4,048,774	3,986,498
National insurance	383,846	383,846	336,042
Pension cost	835,350	835,350	614,156
	<u>5,901,159</u>	<u>5,901,159</u>	<u>5,627,820</u>
<i>At 31 August 2016</i>	<u>5,627,820</u>	<u>5,627,820</u>	

8. SUPPORT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Pension income	45,000	45,000	39,000
Technology costs	54,968	54,968	78,808
Other costs	120,772	120,772	117,105
Recruitment and support	29,174	29,174	34,061
Maintenance of premises and equipment	235,360	235,360	222,936
Cleaning	115,180	115,180	107,735
Rent and rates	47,428	47,428	44,571
Energy costs	81,315	81,315	90,991
Insurance	48,952	48,952	54,525
Security and transport	68,738	68,738	70,587
Catering	26,748	26,748	32,273
Governance costs	19,299	19,299	15,135
Trip expenditure	312,163	312,163	266,972
Wages and salaries	637,878	637,878	673,175
National insurance	41,686	41,686	38,555
Pension cost	146,799	146,799	158,165
Depreciation	473,810	473,810	370,976
	<u>2,505,270</u>	<u>2,505,270</u>	<u>2,415,570</u>
<i>At 31 August 2016</i>	<u>2,415,570</u>	<u>2,415,570</u>	

During the year ended 31 August 2017, the academy incurred the following Governance costs:
£19,299 (2016 - £15,315) included within the table above in respect of Educational operations..

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	473,810	370,976
	<u><u>473,810</u></u>	<u><u>370,976</u></u>

10. AUDITORS' REMUNERATION

	2017	2016
	£	£
Fees payable to the academy's auditor and its associates in respect of:		
The auditing of accounts of associates of the academy	7,000	6,750
Audit accrual overstated 2015	-	(400)
Audit of trading subsidiary	3,250	3,000
All other non-audit services not included above	3,000	2,130
	<u><u>3,000</u></u>	<u><u>2,130</u></u>

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,620,019	4,612,238
Social security costs	425,532	374,597
Operating costs of defined benefit pension schemes	982,149	772,321
	<u>6,027,700</u>	<u>5,759,156</u>
Apprenticeship levy	3,542	-
Supply teacher costs	66,633	47,435
Trading subsidiary staff costs	1,237,659	1,149,104
	<u><u>7,335,534</u></u>	<u><u>6,955,695</u></u>

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

	2017	2016
	No.	No.
Teaching staff	103	99
Administration and support staff	202	177
Management staff	8	7
	<u>313</u>	<u>283</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	4	4
In the band £70,001 - £80,000	2	1
In the band £100,001 - £200,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 employers' pension contributions for these staff amounted to £87,910 (2016: £79,575).

Key Management Personnel remuneration and benefits:

The total amount of remuneration paid to key management personnel was £655,890 (2016: £569,101).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017	2016
		£	£
Chris Goodrich	Remuneration	40,000-45,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Sian Cumming	Remuneration	45,000-50,000	
	Pension contributions paid	5,000-10,000	
Charlie Fischer	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Jon Neal	Remuneration		25,000-30,000
	Pension contributions paid		0-5,000
Heather McIlroy	Remuneration	130,000-135,000	125,000-130,000
	Pension contributions paid	20,000-25,000	20,000-25,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

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 £2,000,000 on any one claim and the cost for the year ended 31 August 2017 is included in the insurance cost.

14. OTHER FINANCE INCOME

	2017	2016
	£	£
Interest income on pension scheme assets	59,000	87,000
Interest on pension scheme liabilities	(104,000)	(126,000)
	(45,000)	(39,000)

THE MOUNTBATTEN SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. TANGIBLE FIXED ASSETS

Group	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 September 2016	27,598,436	92,902	552,823	28,244,161
Additions	887,658	23,601	53,601	964,860
Write-off assets	(28,549)	(5,000)	-	(33,549)
	<u>28,457,545</u>	<u>111,503</u>	<u>606,424</u>	<u>29,175,472</u>
At 31 August 2017	28,457,545	111,503	606,424	29,175,472
Depreciation				
At 1 September 2016	1,821,875	23,782	500,172	2,345,829
Charge for the year	461,054	16,687	31,234	508,975
Write-off assets	-	(5,000)	-	(5,000)
	<u>2,282,929</u>	<u>35,469</u>	<u>531,406</u>	<u>2,849,804</u>
At 31 August 2017	2,282,929	35,469	531,406	2,849,804
Net book value				
At 31 August 2017	<u>26,174,616</u>	<u>76,034</u>	<u>75,018</u>	<u>26,325,668</u>
At 31 August 2016	<u>25,776,561</u>	<u>69,120</u>	<u>52,651</u>	<u>25,898,332</u>
Academy				
Cost				
At 1 September 2016	27,598,436	22,610	476,539	28,097,585
Additions	887,658	17,925	26,876	932,459
Write-off assets	(28,549)	(5,000)	-	(33,549)
	<u>28,457,545</u>	<u>35,535</u>	<u>503,415</u>	<u>28,996,495</u>
At 31 August 2017	28,457,545	35,535	503,415	28,996,495
Depreciation				
At 1 September 2016	1,821,875	22,610	465,723	2,310,208
Charge for the year	461,054	1,494	11,262	473,810
Write-off assets	-	(5,000)	-	(5,000)
	<u>2,282,929</u>	<u>19,104</u>	<u>476,985</u>	<u>2,779,018</u>
At 31 August 2017	2,282,929	19,104	476,985	2,779,018
Net book value				
At 31 August 2017	<u>26,174,616</u>	<u>16,431</u>	<u>26,430</u>	<u>26,217,477</u>
At 31 August 2016	<u>25,776,561</u>	<u>-</u>	<u>10,816</u>	<u>25,787,377</u>

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. FIXED ASSET INVESTMENTS

Academy	Shares in group undertakings £
Market value	
At 1 September 2016	1
Additions	2
	3
At 31 August 2017	3
Historical cost	1

17. STOCKS

	Group		Academy	
	2017 £	2016 £	2017 £	2016 £
Raw materials	11,520	8,191	-	-
	11,520	8,191	-	-

18. DEBTORS

	Group		Academy	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	70,823	253,743	5,845	11,158
Amounts owed by group undertakings	-	-	188,763	305,163
Other debtors	88,157	80,565	88,157	79,221
Prepayments and accrued income	417,716	455,959	173,197	247,546
	576,696	790,267	455,962	643,088
	576,696	790,267	455,962	643,088

19. CURRENT ASSET INVESTMENTS

	Group		Academy	
	2017 £	2016 £	2017 £	2016 £
Unlisted investments	1,058,630	1,554,107	1,058,630	1,554,107
	1,058,630	1,554,107	1,058,630	1,554,107

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. CREDITORS: Amounts falling due within one year

	Group		Academy	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	149,218	94,011	147,598	49,174
Other taxation and social security	163,003	111,431	112,190	111,431
Other creditors	75,723	141,973	4,038	105,446
Accruals and deferred income	365,169	771,955	187,507	555,948
	753,113	1,119,370	451,333	821,999
	£	£	£	£
Deferred income				
Deferred income at 1 September 2016	320,660	133,201	163,668	90,136
Resources deferred during the year	273,298	320,660	130,718	163,668
Amounts released from previous years	(320,660)	(133,201)	(163,668)	(90,136)
Deferred income at 31 August 2017	273,298	320,660	130,718	163,668

Deferred income includes amounts paid in advance for trips, music tuition and clubs for the term commencing September 2017.

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. STATEMENT OF FUNDS

	Balance brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance carried forward £
Unrestricted funds						
General Funds - all funds	1,394,095	3,494,067	(3,355,827)	(147,465)	-	1,384,870
Restricted funds						
General Annual Grant (GAG)	726,528	6,566,209	(6,981,607)	-	-	311,130
Other Dfe/ESFA Grants	-	50,430	(50,430)	-	-	-
Local Authority Grants	-	16,439	(16,439)	-	-	-
Pupil premium	-	190,908	(190,908)	-	-	-
Pension reserve	(2,380,000)	-	(241,000)	-	704,000	(1,917,000)
	<u>(1,653,472)</u>	<u>6,823,986</u>	<u>(7,480,384)</u>	<u>-</u>	<u>704,000</u>	<u>(1,605,870)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	25,787,377	781,446	(473,811)	122,465	-	26,217,477
Sinking fund	50,000	-	-	25,000	-	75,000
	<u>25,837,377</u>	<u>781,446</u>	<u>(473,811)</u>	<u>147,465</u>	<u>-</u>	<u>26,292,477</u>
Total restricted funds	<u>24,183,905</u>	<u>7,605,432</u>	<u>(7,954,195)</u>	<u>147,465</u>	<u>704,000</u>	<u>24,686,607</u>
Total of funds	<u><u>25,578,000</u></u>	<u><u>11,099,499</u></u>	<u><u>(11,310,022)</u></u>	<u><u>-</u></u>	<u><u>704,000</u></u>	<u><u>26,071,477</u></u>

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

Unrestricted funds

These funds are for the general use of the academy and may be used towards meeting any of the charitable objects if the academy trust, at the discretion of the trustees.

Restricted funds

These funds include monies received from DfE/ESFA and other local authority grants which fund the academies' day to day running costs. Included within these funds are LGPS contributions and movements on the fund relating to the academy trust.

Restricted fixed asset funds

Included in these funds are assets transferred to the academy on conversion together with capital grants received and monies transferred from restricted funds to finance fixed asset purchases. The amount of £26,292,477 is represented by the net book value of fixed assets in the balance sheet and a sinking fund of £75,000 to provide for future costs of maintaining the football pitch.

Fund transfers

During the year funds were transferred from unrestricted funds to restricted fixed asset funds to fund capital works, and to increase the balance of the sinking fund.

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

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 2017.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	108,191	-	26,217,477	26,325,668
Current assets	2,029,792	311,130	75,000	2,415,922
Creditors due within one year	(753,113)	-	-	(753,113)
Provisions for liabilities and charges	-	(1,917,000)	-	(1,917,000)
	<u>1,384,870</u>	<u>(1,605,870)</u>	<u>26,292,477</u>	<u>26,071,477</u>

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

	Group	
	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(210,523)	10,344
Adjustment for:		
Depreciation charges	508,975	384,776
Loss on the sale of fixed assets	28,549	-
Dividends, interest and rents from investments	(9,791)	(15,412)
Increase in stocks	(3,329)	(8,191)
Increase/(decrease) in current asset investment	495,477	(53,138)
Decrease in debtors	213,571	71,566
(Decrease)/increase in creditors	(366,257)	356,960
Defined benefit pension scheme finance cost	241,000	59,000
Net cash provided by operating activities	<u>897,672</u>	<u>805,905</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2017 £	2016 £
Cash in hand	769,076	826,473
Total	<u>769,076</u>	<u>826,473</u>

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25. CAPITAL COMMITMENTS

At 31 August 2017 the group and academy had capital commitments as follows:

	Group		Academy	
	2017	2016	2017	2016
	£	£	£	£
Contracted for but not provided in these financial statements	-	880,081	-	880,081
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

26. PENSION COMMITMENTS

The group'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 Hampshire County Council. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £Nil were payable to the schemes at 31 August 2017 (2016 - £98,133) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- 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

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FOR THE YEAR ENDED 31 AUGUST 2017

26. PENSION COMMITMENTS (continued)

- 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £574,046 (2016 - £575,764).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £271,000 (2016 - £255,000), of which employer's contributions totalled £208,000 (2016 - £194,000) and employees' contributions totalled £63,000 (2016 - £61,000). The agreed contribution rates for future years are 17.4% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (RPI)	3.10 %	3.10 %
Inflation assumption (CPI)	2.00 %	2.00 %

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

	2017	2016
Retiring today:		
Males	24.0	24.6
Females	26	26.4
Retiring in 20 years:		
Males	27	26.7
Females	29.3	28.7

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26. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,163,000	1,620,000
Government bonds	877,000	750,000
Corporate bonds	39,000	51,000
Property	230,000	211,000
Cash and other liquid assets	106,000	148,000
Other	120,000	73,000
	<hr/> 3,535,000 <hr/>	<hr/> 2,853,000 <hr/>

The actual return on scheme assets was £504,000 (2016 - £466,000).

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

	2017 £	2016 £
Current service cost	(404,000)	(214,000)
Interest income	59,000	87,000
Interest cost	(104,000)	(126,000)
	<hr/> (449,000) <hr/>	<hr/> (253,000) <hr/>
Actual return on scheme assets	<hr/> 504,000 <hr/>	<hr/> 466,000 <hr/>

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

	2017 £	2016 £
Opening defined benefit obligation	5,233,000	3,321,000
Current service cost	404,000	214,000
Interest cost	104,000	126,000
Employee contributions	63,000	61,000
Actuarial (gains)/losses	(259,000)	1,590,000
Benefits paid	(93,000)	(79,000)
	<hr/> 5,452,000 <hr/>	<hr/> 5,233,000 <hr/>

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FOR THE YEAR ENDED 31 AUGUST 2017

26. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,853,000	2,211,000
Return on plan assets (excluding net interest on the net defined pension liability)	59,000	87,000
Actuarial gains	445,000	379,000
Employer contributions	208,000	194,000
Employee contributions	63,000	61,000
Benefits paid	(93,000)	(79,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,535,000	2,853,000
	<hr/> <hr/>	<hr/> <hr/>

27. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group	2017 £	2016 £
Amounts payable:		
Within 1 year	22,067	23,558
Between 1 and 5 years	14,454	16,932
	<hr/>	<hr/>
Total	36,521	40,490
	<hr/> <hr/>	<hr/> <hr/>

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

30. CONTROLLING PARTY

There is no overall controlling party.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

31. PRINCIPAL SUBSIDIARIES

Mountbatten School Services Limited

Subsidiary name	Mountbatten School Services Limited
Basis of control	Ordinary shares
Equity shareholding %	100%
Total assets as at 31 August 2017	£ 499,365
Total liabilities as at 31 August 2017	£ (488,300)
Total equity as at 31 August 2017	£ 11,065
Turnover for the year ended 31 August 2017	£ 2,962,676
Expenditure for the year ended 31 August 2017	£ (2,962,676)
Result for the year ended 31 August 2017	£ -