

THE MOUNTBATTEN SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|---|
| Members | Mrs Jill Hall Mr Mark Edgerley Mr Robert LeGrice |
| Trustees | Mrs Jill Hall, Chairman Mrs Heather McIlroy, Executive Headteacher, Accounting Officer and Chief Executive of PBED Mr Robert Le Grice, Chair of Audit and Finance Mr Mark Edgerley, Director of PBED Mr Andrew Gunn Mr Chris Goodrich, Staff Trustee Mrs Charlie Fisher, Staff Trustee (resigned 6 October 2020) Mr Gavin Rumsey (resigned 6 October 2020) Mr Michael Murphy (resigned 6 October 2020) Mr Sean Flood Mrs Amanda Stevens (resigned 7 October 2020) Mr Sam Longmore Mrs Cheryl Parish (resigned 18 June 2020) Mr Paul Urben, Director of PBED Mrs Jane Thompson Mr Tushar Bijur (resigned 22 June 2020) Dr Karl Staples |
| Company registered number | 07560175 |
| Company name | The Mountbatten School |
| Principal and registered office | Whitenap Lane Romsey Hampshire 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 Ian Dunn, Assistant Headteacher Christopher Goodrich, Director of Business Services |
| Company secretary | Christopher Goodrich |
| Independent auditors | James Cowper Kreston Chartered Accountants and Statutory Auditor The White Building 1-4 Cumberland Place Southampton Hampshire SO15 2NP |
| Bankers | Lloyds Bank Plc 1 City Road East Manchester M15 4PU |

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
B2 4BU

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year beginning 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Romsey and surrounding area. It has a pupil capacity of 1420 and had a roll of 1440 in the school census 1 October 2020.

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. 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, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

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 five 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 £5,000,000 for any one claim.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

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 Associate Headteacher 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 adopted for the induction and training of governors

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 sub-committee, and care is taken to find the best fit according to the needs of the school and the strengths of the new governor involved.

Policies and Procedures Adopted for the Induction and Training of the Trustees

All new trustees attend a governor induction course run by Hampshire County Council's Governor Services. Information regarding the school, codes of conduct for governors, etc are provided for governors via Governor Hun, an electronic system used by governors to communicate and store documents. All new trustees meet with the Chair of Trustees and the Executive Headteacher. New trustees are given a 'buddy' to support them in settling in.

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 as part of the Mountbatten Improvement Plan (MIP).

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

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.

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)

Arrangements for setting pay and remuneration of key management personnel

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

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). 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 committee and the PAC 3 Autumn meeting.

Trade union facility time

No employees were relevant union officials during the year.

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 2020-2021 are to:

- Maintain an excellent education throughout the Covid situation, supporting students who must learn at home with blended learning activities, supporting their mental health and an effective transition back to

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

- school.
- Providing the safest possible environment for staff and students during the Covid outbreak.
- Maintain excellent GCSE outcomes for Year 11 students;
- Continue to close the progress gap between disadvantaged and non-disadvantaged students;
- Further develop the campus according to our strategic site development plan;
- Ensure the school continues to remain the school of choice in the locality with strong numbers on roll in all year groups 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 central government, 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.

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

Strategic Report including Key Performance Indicators

The School retained its 'Good' judgment in the Ofsted Report of September 2018. It was by some margin the School's most favourable inspection despite the more demanding GCSE examinations.

The next Ofsted Inspection can be expected during the academic year 2022-2023. GCSE examination outcomes in 2019 maintained the School's excellent examination outcomes. Student recruitment to the new Year 7 was strong and has once again necessitated an increase in our operational PAN from 284 to 300.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

(continued)

1. Teaching & Learning

Teaching and Learning enjoys a high profile in the school. All members of the SLT undertake timetabled learning walks where day-to-day standards are monitored and all teaching staff have a pedagogy focus which forms the basis of ungraded lesson observations which are undertaken by their peers, Middle Leaders and Senior Leaders throughout the academic year. This is creating an 'Open Door' culture where staff feel empowered to support each other in a non-judgemental environment. The staff are supported by a comprehensive CPD framework with identified strands for ITT, NQT, RQT and whole staff and is complemented by bespoke Middle Leadership and coaching programmes. A weekly 'Learning Thursday' provides whole-school CPD and supports the whole school improvement plan. 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 alongside a Personal Pedagogy Appraisal Objective. During lockdown, the school moved swiftly into remote learning. Google Classroom is the school's chosen platform for facilitating online learning and is supplemented by screencast lessons (via Loom), live lessons (via Zoom) and a range of interactive web-based learning resources (e.g. Kerboodle, Seneca, ActiveLearn).

2. Achievement and Performance

Due to the Government changes to the way GCSE results were produced in 2020, due to the pandemic, there are no national benchmarks for the school's performance. We are, however, able to compare our results to previous years in order to evaluate our success. The school's Progress 8 Score in 2020 was 0.48 when compared to 2019 benchmarks, which would be above average. The proportion of students achieving a standard pass in English and Mathematics, another headline measure, remains high at 84%. These are good results when compared to both local and national standards in 2019. The English Baccalaureate Average Points Score remains strong at 5.0. The major focus in 2020-21 will be to ensure that the curriculum and teaching supports students who may have gaps in their learning as a result of the 4 months of school closure due to the pandemic.

Students made excellent progress, achieving results above the national average enabling them to access the next appropriate stage of their education. Summary of results:

- Progress 8 Score of 0.48
- Attainment 8 Score of 55.28
- 84% achieving a standard pass in English & Maths
- English Baccalaureate average points score of 5.0

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. During the year, we were fortunate to be successful with two CIF bids in excess of £2 million for the refurbishment of the science department and changing rooms. Funds have also committed from our reserves for a new build on site.

4. Business Development

Personal Best Education, the trading arm of the Mountbatten School, provides a wide range educational services aimed at improving the physical and mental well-being of the local community and beyond, whilst generating strong revenue streams to enable significant annual financial contribution to the school to support improvements to facilities and access to a more diverse educational proposition.

With the appointment of a new Managing Director from the private commercial sector the business is currently undergoing seismic changes to put in place the right foundations to facilitate the newly devised five-year strategic plan.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

(continued)

One of the key goals of the new plan is to maximise the financial potential of the current portfolio – Sports Coaching, Holiday Camps, Football portfolio, lettings, NCS etc. – and gain greater leverage from the assets at its disposal such as the facilities, staff expertise, location and much more with new propositions – Tutoring, Vocational Camps, International provision (in-bound to UK), other funded programmes etc. Furthermore, the objective is to grow and maintain a variety of strong small-medium revenue streams and reduce overreliance on one large dominant proposition, to minimise the vulnerability of the business and ensure its long-term sustainability to provide the required support to the school and the local community.

In the midst of the COVID-19 pandemic, the business has ring-fenced itself for a year of consolidation in 2020-21, whilst embedding some of the new propositions, with a full management fee contribution and rent prior to a budget target of £50,000 operating profit - subject to the approval of the new NCS Repurposed Programme for 2021 by the UK gov. Treasury & DCMS and COVID restrictions easing in December 2020.

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

Attendance

Last year's attendance figure showed 5.6% absenteeism compared to a national figure in 2018-19 of 5.5%. The way that the government measures persistent absenteeism is as the number of students who are absent for more than 10% of the time. The rate of persistent absenteeism at Mountbatten is at 18.6%, slightly below the national figure of 13.7% for 2018-19. Our previous absence figures have been excellent, and we attribute this rise above the national figure to an increase in the number of students with anxiety and mental health issues, especially in the upper school.

Absence rates for SEN and PP students are 13.10% and 8.7%, compared with national figures in 2018-19 of 8.1% and 8.2% respectively. Improving attendance, especially for our most disadvantaged students is a priority for all staff, especially our designated attendance staff and deputy heads of year.

Achievement of Pupil Premium Students

GCSE results for students in receipt of the Pupil Premium 2019-20 based on 2018-19 data in SISRA (national figures unavailable due to COVID lockdown).

| | PP | Non-PP | All students |
|--------------|--------|--------|--------------|
| Boys | -0.434 | -0.055 | -0.110 |
| Girls | 0.216 | 0.594 | 0.534 |
| All students | -0.101 | 0.262 | 0.207 |

The data show a large gender gap, similar for PP and Non-PP students, possibly because the lockdown prevented boys from doing their typical act of leaving their work to the last minute. The Progress 8 figure for this group as a whole is consistent with the progress of all students nationally.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

(continued)

Exclusions and Behaviour

Exclusions data for the previous academic year

| 2018-19 | Number of exclusions | Cumulative days lost | Av'no of days per exclusion | Number of pupils | NOR | % NOR |
|-------------------|----------------------|----------------------|-----------------------------|------------------|------|--------|
| Total | 111 | 216 | 1.95 | 75 | 1417 | 7.83% |
| SEN | 20 | 41.5 | 2.08 | 10 | 110 | 18.18% |
| Non-SEN | 91 | 174.5 | 1.92 | 65 | 1307 | 6.96% |
| Male | 84 | 164.5 | 1.96 | 56 | 727 | 11.55% |
| Female | 27 | 51.5 | 1.91 | 19 | 690 | 3.91% |
| Pupil Premium | 42 | 88 | 2.10 | 29 | 233 | 18.03% |
| Non-Pupil Premium | 69 | 128 | 1.86 | 46 | 1184 | 5.83% |

6. Special Educational Needs

There are currently nine students with EHC Plans at The Mountbatten School, with one student with an assessment in place and four additional consults recently received. At the start of the year, the hours stipulated on the EHCPs ranged from 17.5 hours of support to 25 hours, totalling just over 190 hours of support per week. This increased recently as we admitted a new student with 32 hours requiring external input and a multi-agency approach. We continue to see an increase in the complexity of need, which at times has not been addressed at Primary School making the role more challenging.

The logistics in place to mitigate the risk of transmission of Covid-19 appear to have supported the new starters with SEN, particularly Year 7, as it has helped them to transition to the larger site and busier social areas removing the fears of navigating their way around numerous areas by being based in their bubble zone.

In addition to the students with EHC Plans, students across the school with a range of special educational needs require the support of the Learning Support team. There is a greater level of need identified by both parents and Primary Schools which has led an expansion of the Learning Support Faculty. New teaching assistants were recruited during the lockdown between March and September and bring a range of experience and subject specialisms. They have quickly established themselves within the classes that they support and developed positive working relationships with the students. The Assistant SENCo who was appointed last year, returns from maternity leave shortly and will add another dimension of leadership to this evolving faculty.

Due to COVID-19 restrictions, intervention and support from external agencies has been limited so far, due to altered ways of working in a virtual environment.

7. The Development of the Music Academy

In common with the rest of the UK Music industry, the Mountbatten Music Academy has been hit particularly hard by the pandemic, and the majority of our regular activities have been curtailed. Outreach work into our feeder Primary schools is currently limited to one school, with others hoping to welcome us back in January. Following government guidelines, all of our extra-curricular activities have been suspended, although we are now beginning to arrange for small, ensembles such as saxophone quartets and trombone trios (formed within each bubble) to begin rehearsing again. Peripatetic instrumental/vocal lessons have resumed, with strict bubble groupings and social distancing. Teachers are working from behind screens, due to the risk of aerosol spread from wind instruments and singers. Major public performances have been cancelled. These include our Autumn Concert and the Annual Carol Service, both of which should have taken place in Romsey Abbey.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

(continued)

During the lockdown we made a good appointment of Amy Wardle, to replace Michael Whiteside, who leaves us to take up a post as Head of Music at Bournemouth School for Girls. We plan to make another appointment later in the academic year when the Outreach resumes.

Our partnership with the Band of HM Royal Marines has been strengthened with an additional ex-Mountbatten instrumentalist joining their ranks as Solo Clarinetist. This brings the total alumni in the band to 5. We look forward to resuming our performances and Outreach work in the coming months.

8. The Development of the Sports Academy

The new Sports Academy was established in 2019 and work has begun on the four-strand development plan.

Within our academy teams we have created a structured training programme for Lower & Upper School students in Rugby, Football & Netball. Sessions are structured with all students working towards a set ethos and philosophy created for each sport. All Mountbatten squads continue to compete at district, county and national level in our three focus sports but this is a common theme across a range of sports. Considerable development has been made within football and this has seen a number of squads perform exceptionally well in the ESFA National Cup, with special mention to the U14 girls' squad who reached the last eight of the competition.

In October of 2019 we launched the academy to our Upper School students and offered them an opportunity to become an Academy student. We appointed a group of Year 10 students to join the Upper School Academy, who would work closely with the faculty and gain access to S&C sessions, mentoring and opportunities to develop their leadership, coaching and officiating.

A key focus area of the academy teams and Upper School Academy students was to develop students' strength and conditioning to improve them as athletes. The purchase of the new S&C equipment has meant that Upper School Academy students have been given access to the suite and has meant that Tom Robinson is able to create individual plans for each student to develop key focus areas.

We have a number of students at Mountbatten who can be defined as High Performance athletes who perform at national or international level. We have identified those students and have made them part of our High-Performance programme. We have networked with a number of leading sports Universities; however, a strong link has been made with Bath University. This group of students have visited Bath University and accessed their first-class facilities, whilst also raising aspirations for students who wish to join a top sporting university, in the future. We continue to work with Bath University and students, last academic year, were each given an individual action plan to work on based on the testing we conducted at Bath.

Finally, in February of last academic year we hosted our first Club Links & Further/Higher Education Sports Evening. We had a number of our community club representatives attend to give students opportunities to develop their skills or interests further by gathering information about external clubs. Furthermore, we had sports representatives from four local colleges, two local universities and a USA sports scholarship company join us. Students were given access to those representatives to gather invaluable information about their next step in their sporting journey.

9. 3D Curriculum

At The Mountbatten School we know that we achieve excellent test and examination results. What makes our school special is that we value other qualities and characteristics just as highly as academic success.

We prepare students to become:

- Rounded individuals of integrity
- Successful in the world of work

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

(continued)

- Happy and fulfilled young people

The 3D Curriculum is how we describe the qualities and characteristics that we value, develop and reward in every aspect of school life.

The 3D Curriculum

WE CARE – We are:

Compassionate – caring for and supporting others

Resilient – keeping going and doing our best, even when things get tricky

Cooperative – working with others to succeed together

Thoughtful – thinking carefully about our opinions and actions

WE RESPECT – We show:

Excitement – by being enthusiastic and putting effort into our learning

Curiosity – by showing interest in everything and asking questions

Independence – by taking responsibility for our learning and our decisions

Tolerance – by understanding that others are different to us, not better or worse

WE ACHIEVE – We become:

Leaders – taking action and inspiring others to make the world a better place

Communicators – listening, and using words to make ourselves understood

Problem-solvers – using all our skills and learning to find solutions

Creators – using our imaginations to make (and think) new things

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. The trust has assessed the risk of COVID-19 and have concluded that the risk is minimal. For this reason, it continues to adopt the going concern basis in the preparation of financial statements.

The Academy has a working balance at the end of the period of £1,110,750 (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 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 2019 - 31 August 2020 the total expenditure of £9,926,958 was covered by the General Annual Grant along with other incoming resources. The net current assets for the period are £1,255,738. The School Investments have all been in low risk Deposit Accounts, due to current market conditions and low interest rates the return has been low.

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FOR THE YEAR ENDED 31 AUGUST 2020

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 2020 the net book value of fixed assets was £27,621,994 of which £27,511,112 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 increase in pension liability by £866,000 to £3,593,000 in 2020, (2019: £2,727,000).

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 architects 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 2020 are £25,268,284, Restricted £14,068 and unrestricted reserves £1,096,682.

The restricted fixed asset reserves includes a sum of £150,000 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 continuing to closely monitor the five-year plan.

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 2020 was £3,739.

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 296.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The Audit and 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:

- Impact of COVID-19 on staff and students. Risk assessments are in place to manage all scenarios.
- 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 inspections
- Unexpected reduction of core funding
- A Health and Safety incident especially if proved to be caused by a management failure
- Failing to achieve excellent 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

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

A five-year budget 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.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

The Board of Governors takes a prudent 'worst case scenario' view in terms of likely school budget settlements and has a prudent five-year rolling financial plan. 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.

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

- Consideration of additional school joining our Multi Academy Trust (including a likely new primary school).
- Continued development of the Music and Sports Academy to mirror the success.
- Consideration of developing links with schools 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Disclosure of information to auditors (continued)

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

.....
Mrs Jill Hall
Chair of Governors
Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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.

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

The board of Trustees has delegated the day-to-day responsibility to the 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 5 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, Chairman | 5 | 5 |
| Mrs Heather McIlroy, Executive Headteacher, Accounting Officer and Chief Executive of PBED | 5 | 5 |
| Mr Robert Le Grice, Chair of Audit and Finance | 4 | 5 |
| Mr Mark Edgerley, Director of PBED | 5 | 5 |
| Mr Andrew Gunn | 3 | 5 |
| Mr Chris Goodrich, Staff Trustee | 5 | 5 |
| Mrs Charlie Fisher, Staff Trustee | 3 | 5 |
| Mr Gavin Rumsey | 4 | 5 |
| Mr Michael Murphy | 4 | 5 |
| Mr Sean Flood | 4 | 5 |
| Mrs Amanda Stevens | 2 | 5 |
| Mr Sam Longmore | 5 | 5 |
| Mrs Cheryl Parish | 4 | 4 |
| Mr Paul Urben, Director of PBED | 4 | 5 |
| Mrs Jane Thompson | 4 | 5 |
| Mr Tushar Bijur | 3 | 4 |
| Dr Karl Staples | 3 | 5 |

The Audit & 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 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.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------|-------------------|-------------------|
| Mrs Jill Hall | 6 | 6 |
| Mr Mark Edgerley | 5 | 6 |
| Mr Robert Le Grice | 5 | 6 |
| Mrs Heather McIlroy | 6 | 6 |
| Mr Paul Urben | 6 | 6 |
| Mr Chris Goodrich | 6 | 6 |
| Mr Sam Longmore | 5 | 6 |
| Mr Michael Murphy | 3 | 6 |
| Mr Sean Flood | 5 | 6 |

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

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

- Six successful ESFA projects have, as well as upgrading teaching and learning environment, reduced costs on heating and future maintenance burden.

THE MOUNTBATTEN SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

- 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 the Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Mountbatten School for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The Governing Body is of the view that there is a recognised, on-going process for identifying and managing the Academy Trust's significant risks that have been in place for the period 1 September 2019 to 31 August 2020 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 school'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 which are clearly set out in the school's Financial Regulations Policy. In particular, it includes:

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, they will engage with external companies to carry out the internal scrutiny work as informed by the risk register. HWB charter accountants were employed to carry out the majority of this work. This involved the following areas:

- Budgeting
- Management information and reports
- Fraud, theft and bribery

THE MOUNTBATTEN SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The report was presented to the Audit and Finance Committee with key findings and recommendations. These have been considered by the committee and implemented where necessary.

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 internal scrutiny works;
- 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 committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

.....
Mrs Jill Hall
Chair of Governors
Date:

.....
Heather McIlroy
Accounting Officer
Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Mountbatten School I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2019.

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
Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

Company law requires the Trustees to prepare financial statements for each financial . 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 Group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

The Trustees are responsible for ensuring that in their conduct and operation the Group and the charitable company apply 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 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 and signed on its behalf by:

.....
Mrs Jill Hall
Chair of Governors
Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Academy balance sheet, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent academy's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the 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 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 or the parent academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Louise Hallsworth FCA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

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

Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S 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 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 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 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 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

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

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

James Cowper Kreston
Chartered Accountants and Statutory Auditor

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 2020**

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and capital grants | 3 | - | - | 16,750 | 1,116,269 |
| Charitable activities | 4 | 235,163 | 7,414,915 | - | 7,414,992 |
| Other trading activities | 5 | 1,595,265 | - | - | 3,456,017 |
| Investments | 6 | 3,739 | - | - | 9,180 |
| Other income | 7 | 88,000 | - | - | - |
| Total income | 1,922,167 | 7,414,915 | 16,750 | 9,353,832 | 11,996,458 |
| Expenditure on: | | | | | |
| Raising funds | 8 | 1,442,868 | - | - | 3,345,637 |
| Charitable activities | 9 | 183,144 | 7,762,884 | 538,062 | 8,248,432 |
| Total expenditure | 1,626,012 | 7,762,884 | 538,062 | 9,926,958 | 11,594,069 |
| Net income/(expenditure) | 296,155 | (347,969) | (521,312) | (573,126) | 402,389 |
| Transfers between funds | 21 | (144,856) | 85,037 | 59,819 | - |
| Net movement in funds before other recognised gains/(losses) | | 151,299 | (262,932) | (461,493) | 402,389 |
| Other recognised gains/(losses): | | | | | |
| Actuarial losses on defined benefit pension schemes | 27 | - | (589,000) | - | (589,000) |
| Net movement in funds | | 151,299 | (851,932) | (461,493) | (1,162,126) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 945,383 | (2,727,000) | 28,212,027 | 26,430,410 |
| Net movement in funds | | 151,299 | (851,932) | (461,493) | (478,611) |
| Total funds carried forward | | 1,096,682 | (3,578,932) | 27,750,534 | 25,268,284 |

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

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

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|------|---------------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 27,621,994 | 28,138,091 |
| Current assets | | | |
| Stocks | 16 | 3,479 | 14,418 |
| Debtors | 17 | 369,770 | 922,847 |
| Investments | 18 | 766,068 | 521,221 |
| Cash at bank and in hand | 25 | 1,171,580 | 711,101 |
| | | <u>2,310,897</u> | <u>2,169,587</u> |
| Creditors: due within one year | 19 | <u>(1,055,159)</u> | <u>(1,142,099)</u> |
| Net current assets | | 1,255,738 | 1,027,488 |
| Total assets less current liabilities | | <u>28,877,732</u> | <u>29,165,579</u> |
| Creditors: due after more than one year | 20 | <u>(16,448)</u> | <u>(8,169)</u> |
| Net assets excluding pension liability | | 28,861,284 | 29,157,410 |
| Defined benefit pension scheme liability | 27 | <u>(3,593,000)</u> | <u>(2,727,000)</u> |
| Total net assets | | <u><u>25,268,284</u></u> | <u><u>26,430,410</u></u> |
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 21 | 27,750,534 | 28,212,027 |
| Restricted income funds | 21 | 14,068 | - |
| Pension reserve | 21 | <u>(3,593,000)</u> | <u>(2,727,000)</u> |
| Total restricted funds | 21 | 24,171,602 | 25,485,027 |
| Unrestricted income funds | 21 | 1,096,682 | 945,383 |
| Total funds | | <u><u>25,268,284</u></u> | <u><u>26,430,410</u></u> |

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

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 27 to 59 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

.....
Mrs Jill Hall
Chair of Trustees

Date:

The notes on pages 33 to 59 form part of these financial statements.

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

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------|-------------|
| Fixed assets | | | |
| Tangible assets | 14 | 27,600,534 | 28,087,026 |
| Investments | 15 | 1 | 1 |
| | | 27,600,535 | 28,087,027 |
| Current assets | | | |
| Debtors | 17 | 637,197 | 622,540 |
| Investments | 18 | 766,068 | 521,221 |
| Cash at bank and in hand | | 488,692 | 584,746 |
| | | 1,891,957 | 1,728,507 |
| Creditors: amounts falling due within one year | 19 | (615,032) | (650,227) |
| Net current assets | | 1,276,925 | 1,078,280 |
| Total assets less current liabilities | | 28,877,460 | 29,165,307 |
| Creditors: amounts falling due after more than one year | 20 | (16,448) | (8,169) |
| Net assets excluding pension liability | | 28,861,012 | 29,157,138 |
| Defined benefit pension scheme liability | 27 | (3,593,000) | (2,727,000) |
| Total net assets | | 25,268,012 | 26,430,138 |
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 21 | 27,750,535 | 28,212,027 |
| Pension reserve | 21 | (3,593,000) | (2,727,000) |
| Total restricted funds | 21 | 24,157,535 | 25,485,027 |
| Total unrestricted funds | | 1,096,409 | 945,111 |
| Total funds | | 25,268,012 | 26,430,138 |

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

ACADEMY BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 27 to 59 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

.....
Mrs Jill Hall
Chair of Trustees

Date:

The notes on pages 33 to 59 form part of these financial statements.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|-------------|------------------|-------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 23 | 513,167 | 1,755,123 |
| Cash flows from investing activities | 24 | (52,688) | (2,496,230) |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the year | | 460,479 | (741,107) |
| Cash and cash equivalents at the beginning of the year | | 711,101 | 1,452,208 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the year | 25, 26 | 1,171,580 | 711,101 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 33 to 59 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 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Consolidated statement of financial activities (SOFA) and Consolidated 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.

The academy has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

1.2 Going concern

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

1.3 Fund accounting

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

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

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

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

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

1.5 Interest receivable

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

1.6 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**

This includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Expenditure (continued)

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.7 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 Part 11, chapter 3 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.

1.8 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

| | |
|------------------------------|---|
| Long term leasehold property | - Buildings - Straight line over 50 years. Leasehold land - Straight line over 125 years |
| Furniture and equipment | - Straight line over 3 - 5 years |
| Motor vehicles | - Straight line over 5 years |
| Asset under construction | - N/a |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 Consolidated statement of financial activities.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Investments

Investments in subsidiaries in the academy's own balance sheet are valued at cost less provision for impairment.

1.10 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.

1.11 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.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group 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

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Pensions (continued)

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 Consolidated 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.

1.14 Operating leases

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

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Operating lease commitments

The academy trust has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the academy trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Critical accounting estimates and areas of judgement (continued)

Sheet.

3. Income from donations and capital grants

| | Unrestricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|-------------------|------------------------------------|---|-----------------------------|-----------------------------|
| Donations | - | - | - | 245 |
| Capital Grants | - | 16,750 | 16,750 | 1,116,024 |
| Total 2020 | - | 16,750 | 16,750 | 1,116,269 |
| Total 2019 | 245 | 1,116,024 | 1,116,269 | |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the academy's educational operations

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|-----------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 6,729,824 | 6,729,824 | 6,645,053 |
| Other DfE/ESFA grants | - | 628,824 | 628,824 | 325,393 |
| | - | 7,358,648 | 7,358,648 | 6,970,446 |
| Other government grants | | | | |
| Local authority grants | - | 30,217 | 30,217 | 29,442 |
| | - | 30,217 | 30,217 | 29,442 |
| Other funding | | | | |
| Grants from other external bodies | - | 26,050 | 26,050 | 49,355 |
| Trips income | 142,548 | - | 142,548 | 206,437 |
| Minibus | 20,276 | - | 20,276 | 56,824 |
| Music Tuition | 70,928 | - | 70,928 | 99,016 |
| Exam income | 1,411 | - | 1,411 | 3,472 |
| | 235,163 | 26,050 | 261,213 | 415,104 |
| Total 2020 | 235,163 | 7,414,915 | 7,650,078 | 7,414,992 |
| Total 2019 | 365,749 | 7,049,243 | 7,414,992 | |

5. Income from other trading activities

| | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---------------------------|------------------------------------|-----------------------------|-----------------------------|
| Fundraising events | 88,750 | 88,750 | 36,283 |
| Other income | 20,532 | 20,532 | 29,984 |
| Trading subsidiary income | 1,485,983 | 1,485,983 | 3,389,750 |
| Total 2020 | 1,595,265 | 1,595,265 | 3,456,017 |
| Total 2019 | 3,456,017 | 3,456,017 | |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. Investment income

| | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|--------------------------|--|---------------------------------------|---------------------------------------|
| Bank interest receivable | 3,739 | 3,739 | 9,180 |
| | <u>3,739</u> | <u>3,739</u> | <u>9,180</u> |

7. Other incoming resources

| | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|--|--|---------------------------------------|---------------------------------------|
| Coronavirus Job Retention Scheme grant | 88,000 | 88,000 | - |
| | <u>88,000</u> | <u>88,000</u> | <u>-</u> |

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The academy furloughed some of its support staff under the government's CJRS. The funding received of £88k relates to staff costs in respect of 29 staff which are included within note 11 below as appropriate.

8. Expenditure

| | Staff Costs 2020 £ | Premises 2020 £ | Other 2020 £ | Total 2020 £ | Total 2019 £ |
|--|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fundraising trading activities: | | | | | |
| Direct costs | 849,115 | 29,605 | 564,148 | 1,442,868 | 3,345,637 |
| Educational operations | | | | | |
| Direct costs | 5,557,908 | 538,063 | 436,045 | 6,532,016 | 6,134,877 |
| Support costs | 1,003,754 | 403,418 | 544,902 | 1,952,074 | 2,113,555 |
| Total 2020 | <u>7,410,777</u> | <u>971,086</u> | <u>1,545,095</u> | <u>9,926,958</u> | <u>11,594,069</u> |
| Total 2019 | <u>7,632,775</u> | <u>1,007,435</u> | <u>2,953,859</u> | <u>11,594,069</u> | |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Analysis of expenditure by activities

| | Activities undertaken directly 2020 £ | Support costs 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational operations | 6,532,016 | 1,952,074 | 8,484,090 | 8,248,432 |
| Total 2019 | 6,134,877 | 2,113,555 | 8,248,432 | |

Analysis of direct costs

| | Activities 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|-----------------------|----------------------------------|---------------------------------------|---------------------------------------|
| Pension finance costs | 14,499 | 14,499 | 12,108 |
| Staff costs | 5,557,908 | 5,557,908 | 5,123,508 |
| Depreciation | 538,062 | 538,062 | 494,183 |
| Educational supplies | 167,243 | 167,243 | 184,865 |
| Examination fees | 90,379 | 90,379 | 116,312 |
| Staff development | 21,384 | 21,384 | 31,205 |
| Technology costs | 61,108 | 61,108 | 70,775 |
| Other direct costs | 81,433 | 81,433 | 101,921 |
| Total 2020 | 6,532,016 | 6,532,016 | 6,134,877 |
| Total 2019 | 6,134,877 | 6,134,877 | |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Activities 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|
| Pension finance costs | 35,501 | 35,501 | 28,892 |
| Staff costs | 1,003,754 | 1,003,754 | 1,027,952 |
| Technology costs | 64,406 | 64,406 | 69,784 |
| Other support costs | 85,101 | 85,101 | 88,201 |
| Recruitment and support | 28,538 | 28,538 | 40,646 |
| Maintenance of premises and equipment | 136,344 | 136,344 | 204,740 |
| Cleaning | 133,689 | 133,689 | 130,811 |
| Rent and rates | 58,047 | 58,047 | 56,224 |
| Energy costs | 79,748 | 79,748 | 90,287 |
| Insurance | 36,249 | 36,249 | 35,996 |
| Security and transport | 17,851 | 17,851 | 67,146 |
| Catering | 62,254 | 62,254 | 36,531 |
| Governance costs | 28,213 | 28,213 | 18,821 |
| Trip expenditure | 182,379 | 182,379 | 217,524 |
| Total 2020 | <u>1,952,074</u> | <u>1,952,074</u> | <u>2,113,555</u> |
| Total 2019 | <u>2,113,555</u> | <u>2,113,555</u> | |

10. Net expenditure

Net expenditure for the year includes:

| | 2020 £ | 2019 £ |
|--|---------------------|-------------------|
| Operating lease rentals | 14,868 | 13,554 |
| Depreciation of tangible fixed assets | 567,667 | 525,372 |
| Fees paid to auditors for: | | |
| - audit of the academy | 7,420 | 7,200 |
| - other services provided to the academy | 3,700 | 4,090 |
| - audit of trading subsidiary | 4,000 | 3,350 |
| | <u>7,120</u> | <u>14,640</u> |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff

a. Staff costs

Staff costs during the year were as follows:

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|---------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Wages and salaries | 5,484,514 | 6,005,951 | 4,734,305 | 4,649,983 |
| Social security costs | 524,520 | 534,463 | 471,603 | 446,961 |
| Pension costs | 1,305,719 | 1,030,027 | 1,259,730 | 992,182 |
| | 7,314,753 | 7,570,441 | 6,465,638 | 6,089,126 |
| Agency staff costs | 90,945 | 36,988 | 90,945 | 36,988 |
| Staff restructuring costs | 5,079 | 25,346 | 5,079 | 25,346 |
| | 7,410,777 | 7,632,775 | 6,561,662 | 6,151,460 |

Staff restructuring costs comprise:

| | | | | |
|---------------------|--------------|--------|--------------|--------|
| Redundancy payments | 5,079 | 25,346 | 5,079 | 25,346 |
|---------------------|--------------|--------|--------------|--------|

b. Staff numbers

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

| | Group 2020 No. | Group 2019 No. | Academy 2020 No. | Academy 2019 No. |
|----------------------------------|-------------------------------|----------------------|---------------------------------|------------------------|
| Teaching staff | 92 | 100 | 92 | 100 |
| Administration and support staff | 134 | 173 | 77 | 76 |
| Management staff | 8 | 8 | 8 | 8 |
| | 234 | 281 | 177 | 184 |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff (continued)

c. Higher paid staff

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

| | Group 2020 No. | Group 2019 No. |
|---------------------------------|-------------------------------|-------------------------------|
| In the band £60,001 - £70,000 | 3 | 2 |
| In the band £70,001 - £80,000 | 2 | 2 |
| In the band £80,001 - £90,000 | 1 | 1 |
| In the band £150,000 - £160,000 | 1 | 1 |
| | ===== | ===== |

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, Employers' pension contributions for these staff amounted to £103,406 (2019: £59,840).

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £833,341 (2019 £652,809).

12. Trustees' remuneration and expenses

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

| | | 2020 | 2019 |
|----------------------|----------------------------|--------------------------|-------------------|
| | | £ | £ |
| Heather McIlroy | Remuneration | 155,000 - 160,000 | 150,000 - 155,000 |
| Christopher Goodrich | Remuneration | 50,000 - 55,000 | 45,000 - 50,000 |
| | Pension contributions paid | 5,000 - 10,000 | 5,000 - 10,000 |
| Gavin Rumsey | Remuneration | 45,000 - 50,000 | 45,000 - 50,000 |
| | Pension contributions paid | 10,000 - 15,000 | 5,000 - 10,000 |
| Charlie Fisher | Remuneration | 60,000 - 65,000 | 55,000 - 60,000 |
| | Pension contributions paid | 10,000 - 15,000 | 5,000 - 10,000 |

During the year ended 31 August 2020, no expenses were reimbursed or paid directly to any Trustee (2019 - £1,208 to 4 Trustees). The expense reimbursed to the trustees were from activities carried out in their day to day role as a teacher.

THE MOUNTBATTEN SCHOOL
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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 2020 was £Nil (2019 - £Nil). The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

Group

| | Long-term leasehold property £ | Furniture and equipment £ | Motor vehicles £ | Assets under constructio n £ | Total £ |
|--------------------------|---|------------------------------------|------------------------|--|--------------------------|
| Cost or valuation | | | | | |
| At 1 September 2019 | 31,221,770 | 664,597 | 111,503 | 4,704 | 32,002,574 |
| Additions | 56,274 | - | - | - | 56,274 |
| Disposals | - | - | - | (4,704) | (4,704) |
| At 31 August 2020 | <u>31,278,044</u> | <u>664,597</u> | <u>111,503</u> | <u>-</u> | <u>32,054,144</u> |
| Depreciation | | | | | |
| At 1 September 2019 | 3,208,073 | 583,383 | 73,027 | - | 3,864,483 |
| Charge for the year | 518,859 | 30,029 | 18,779 | - | 567,667 |
| At 31 August 2020 | <u>3,726,932</u> | <u>613,412</u> | <u>91,806</u> | <u>-</u> | <u>4,432,150</u> |
| Net book value | | | | | |
| At 31 August 2020 | <u><u>27,551,112</u></u> | <u><u>51,185</u></u> | <u><u>19,697</u></u> | <u><u>-</u></u> | <u><u>27,621,994</u></u> |
| At 31 August 2019 | <u><u>28,013,697</u></u> | <u><u>81,214</u></u> | <u><u>38,476</u></u> | <u><u>4,704</u></u> | <u><u>28,138,091</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. Tangible fixed assets (continued)

Academy

| | Long-term leasehold property £ | Furniture and equipment £ | Motor vehicles £ | Assets under constructio n £ | Total £ |
|--------------------------|---|------------------------------------|------------------------|--|-------------------|
| Cost or valuation | | | | | |
| At 1 September 2019 | 31,221,770 | 550,866 | 35,535 | 4,704 | 31,812,875 |
| Additions | 56,274 | - | - | - | 56,274 |
| Disposals | - | - | - | (4,704) | (4,704) |
| At 31 August 2020 | <u>31,278,044</u> | <u>550,866</u> | <u>35,535</u> | <u>-</u> | <u>31,864,445</u> |
| Depreciation | | | | | |
| At 1 September 2019 | 3,208,073 | 491,502 | 26,274 | - | 3,725,849 |
| Charge for the year | 518,859 | 15,618 | 3,585 | - | 538,062 |
| At 31 August 2020 | <u>3,726,932</u> | <u>507,120</u> | <u>29,859</u> | <u>-</u> | <u>4,263,911</u> |
| Net book value | | | | | |
| At 31 August 2020 | <u>27,551,112</u> | <u>43,746</u> | <u>5,676</u> | <u>-</u> | <u>27,600,534</u> |
| At 31 August 2019 | <u>28,013,697</u> | <u>59,364</u> | <u>9,261</u> | <u>4,704</u> | <u>28,087,026</u> |

15. Fixed asset investments

| | Shares in group undertakings £ |
|--------------------------|--------------------------------------|
| Academy | |
| Cost or valuation | |
| At 1 September 2019 | 1 |
| At 31 August 2020 | <u>1</u> |
| Net book value | |
| At 31 August 2020 | <u>1</u> |
| At 31 August 2019 | <u>1</u> |

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15. Fixed asset investments (continued)

Principal subsidiaries

The following was a subsidiary undertaking of the academy:

| Name | Company number | Holding | Included in consolidation |
|-------------------------------------|-----------------------|----------------|----------------------------------|
| Mountbatten School Services Limited | 07889300 | 100% | Yes |

The financial results of the subsidiary for the year were:

| Name | Income £ | Expenditure £ | Profit for the year £ | Net assets £ |
|-------------------------------------|---------------------|--------------------------|--------------------------------------|-------------------------|
| Mountbatten School Services Limited | 1,579,671 | (1,559,218) | 20,453 | 273 |

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FOR THE YEAR ENDED 31 AUGUST 2020

16. Stocks

| | Group 2020 £ | Group 2019 £ |
|-------|-----------------------------|--------------------|
| Stock | 3,479 | 14,418 |

17. Debtors

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|------------------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Due within one year | | | | |
| Trade debtors | 6,656 | 298,211 | 230 | 316 |
| Amounts owed by group undertakings | - | - | 289,442 | 274,631 |
| Other debtors | 67,404 | 8,658 | 64,497 | 8,658 |
| Prepayments and accrued income | 243,048 | 557,319 | 231,319 | 284,914 |
| VAT recoverable | 52,662 | 58,659 | 51,709 | 54,021 |
| | 369,770 | 922,847 | 637,197 | 622,540 |

18. Current asset investments

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|---------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Term deposits | 766,068 | 521,221 | 766,068 | 521,221 |

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19. Creditors: Amounts falling due within one year

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|--|-----------------------------|--------------------|-------------------------------|----------------------|
| Salix loan | 2,644 | 1,167 | 2,644 | 1,167 |
| Trade creditors | 97,673 | 228,562 | 86,920 | 179,916 |
| Other taxation and social security | 121,804 | 172,441 | 112,698 | 110,139 |
| Other creditors | 69,665 | 95,623 | 53,387 | 5,840 |
| Accruals and deferred income | 763,373 | 644,306 | 359,383 | 353,165 |
| | 1,055,159 | 1,142,099 | 615,032 | 650,227 |
| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
| Deferred income at 1 September 2019 | 418,124 | 372,959 | 238,167 | 135,219 |
| Resources deferred during the year | 597,678 | 418,124 | 256,889 | 238,167 |
| Amounts released from previous periods | (418,124) | (372,959) | (238,167) | (135,219) |
| | 597,678 | 418,124 | 256,889 | 238,167 |

Deferred income includes amounts paid in advance for trips, music tuition, rates relief, clubs for the term commencing September 2021.

20. Creditors: Amounts falling due after more than one year

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Salix loan | 16,448 | 8,169 | 16,448 | 8,169 |

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|-------------------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Payable or repayable by instalments | 5,827 | 3,501 | 5,827 | 3,501 |

In the year the ESFA issued the school a non-interest bearing Salix loan with repayments due in instalments over a 7 year term.

In the prior year the ESFA issued the school a non-interest bearing Salix loan with repayments due in instalments over an 8 year term.

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FOR THE YEAR ENDED 31 AUGUST 2020

21. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|-------------------------------------|--|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 945,383 | 1,922,167 | (1,626,012) | (144,856) | - | 1,096,682 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | - | 6,729,824 | (6,814,861) | 85,037 | - | - |
| Other DfE/ESFA Grants | - | 628,824 | (628,824) | - | - | - |
| Local Authority Grants | - | 30,217 | (16,149) | - | - | 14,068 |
| Grants from external bodies | - | 26,050 | (26,050) | - | - | - |
| Pension reserve | (2,727,000) | - | (277,000) | - | (589,000) | (3,593,000) |
| | <u>(2,727,000)</u> | <u>7,414,915</u> | <u>(7,762,884)</u> | <u>85,037</u> | <u>(589,000)</u> | <u>(3,578,932)</u> |
| Restricted fixed asset funds | | | | | | |
| Fixed asset fund | 28,087,027 | 16,750 | (538,062) | 34,819 | - | 27,600,534 |
| Sink fund | 125,000 | - | - | 25,000 | - | 150,000 |
| | <u>28,212,027</u> | <u>16,750</u> | <u>(538,062)</u> | <u>59,819</u> | <u>-</u> | <u>27,750,534</u> |
| Total Restricted funds | <u>25,485,027</u> | <u>7,431,665</u> | <u>(8,300,946)</u> | <u>144,856</u> | <u>(589,000)</u> | <u>24,171,602</u> |
| Total funds | <u><u>26,430,410</u></u> | <u><u>9,353,832</u></u> | <u><u>(9,926,958)</u></u> | <u><u>-</u></u> | <u><u>(589,000)</u></u> | <u><u>25,268,284</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 objectives if the academy trust, at the discretion of the trustees.

Although there is £1,096,409 unrestricted funds the following has been committed:

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21. Statement of funds (continued)

- £17,984 to purchase the canopy outside seating area,
- £34,000 for premises, and
- £11,290 for catering investment

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.

The LAC funding received in the year had an amount of £14,068 which was unspent at the year end. This has been agreed with the local authority to be spent by the 31 March 2021.

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 asset purchases. The amount £27,600,534 is represented by the net book value of fixed assets in the balance sheet, the sinking fund of £125,000 is to provide for future costs of maintaining the football pitch.

Funds Transfers

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

There was a further transfers from restricted fixed assets to restricted funds which relates to the devolved formula capital income which was spent on repairs and maintenance.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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21. Statement of funds (continued)

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

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|--------------------------|----------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 1,656,060 | 3,831,191 | (3,562,646) | (979,222) | - | 945,383 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | (76,621) | 6,645,053 | (6,875,050) | 306,618 | - | - |
| Other DfE/ESFA Grants | - | 325,393 | (325,393) | - | - | - |
| Local Authority Grants | - | 29,442 | (29,442) | - | - | - |
| Grants from external bodies | - | 49,355 | (49,355) | - | - | - |
| Pension reserve | (1,588,000) | - | (258,000) | - | (881,000) | (2,727,000) |
| | <u>(1,664,621)</u> | <u>7,049,243</u> | <u>(7,537,240)</u> | <u>306,618</u> | <u>(881,000)</u> | <u>(2,727,000)</u> |
| Restricted fixed asset funds | | | | | | |
| Fixed asset fund | 26,817,582 | 1,116,024 | (494,183) | 647,604 | - | 28,087,027 |
| Sink fund | 100,000 | - | - | 25,000 | - | 125,000 |
| | <u>26,917,582</u> | <u>1,116,024</u> | <u>(494,183)</u> | <u>672,604</u> | <u>-</u> | <u>28,212,027</u> |
| Total Restricted funds | <u>25,252,961</u> | <u>8,165,267</u> | <u>(8,031,423)</u> | <u>979,222</u> | <u>(881,000)</u> | <u>25,485,027</u> |
| Total funds | <u><u>26,909,021</u></u> | <u><u>11,996,458</u></u> | <u><u>(11,594,069)</u></u> | <u><u>-</u></u> | <u><u>(881,000)</u></u> | <u><u>26,430,410</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|-------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 21,460 | - | 27,600,534 | 27,621,994 |
| Current assets | 1,683,598 | 477,299 | 150,000 | 2,310,897 |
| Creditors due within one year | (608,376) | (446,783) | - | (1,055,159) |
| Creditors due in more than one year | - | (16,448) | - | (16,448) |
| Pension scheme liability | - | (3,593,000) | - | (3,593,000) |
| Total | 1,096,682 | (3,578,932) | 27,750,534 | 25,268,284 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|-------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 51,064 | - | 28,087,027 | 28,138,091 |
| Current assets | 1,565,608 | 478,979 | 125,000 | 2,169,587 |
| Creditors due within one year | (671,289) | (470,810) | - | (1,142,099) |
| Creditors due in more than one year | - | (8,169) | - | (8,169) |
| Pension scheme liability | - | (2,727,000) | - | (2,727,000) |
| Total | 945,383 | (2,727,000) | 28,212,027 | 26,430,410 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. Reconciliation of net (expenditure)/income to net cash flow from operating activities

| | 2020 £ | 2019 £ |
|--|------------------|-----------|
| Net (expenditure)/income for the period (as per Statement of financial activities) | (573,126) | 402,389 |
| Adjustments for: | | |
| Depreciation | 567,667 | 525,372 |
| (Increase)/decrease in current asset investment | (244,847) | 542,341 |
| Interest receivable | (3,586) | (8,983) |
| Decrease/(increase) in stocks | 10,939 | (723) |
| Decrease in debtors | 553,077 | 91,398 |
| Decrease in creditors | (78,661) | (54,671) |
| Defined benefit pension scheme finance cost | 277,000 | 258,000 |
| Disposal of tangible fixed assets | 4,704 | - |
| Net cash provided by operating activities | 513,167 | 1,755,123 |

24. Cash flows from investing activities

| | Group 2020 £ | Group 2019 £ |
|--|--------------------|--------------------|
| Interest receivable | 3,586 | 8,983 |
| Purchase of tangible fixed assets | (56,274) | (2,505,213) |
| Net cash used in investing activities | (52,688) | (2,496,230) |

25. Analysis of cash and cash equivalents

| | Group 2020 £ | Group 2019 £ |
|--------------------------|--------------------|--------------------|
| Cash at bank and in hand | 1,171,580 | 711,101 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26. Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | Other non- cash changes £ | At 31 August 2020 £ |
|------------------------------|--------------------------------|-----------------|------------------------------------|------------------------------|
| Cash at bank and in hand | 711,101 | 460,479 | - | 1,171,580 |
| Salix loan due within 1 year | (1,167) | (9,756) | 8,279 | (2,644) |
| Salix loan due after 1 year | (8,169) | - | (8,279) | (16,448) |
| Term deposits | 521,221 | 244,847 | - | 766,068 |
| | <u>1,222,986</u> | <u>695,570</u> | <u>-</u> | <u>1,918,556</u> |

27. Pension commitments

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

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

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

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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NOTES TO THE FINANCIAL STATEMENTS
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27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £791,772 (2019 - £539,357).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £294,000 (2019 - £292,000), of which employer's contributions totalled £231,000 (2019 - £232,000) and employees' contributions totalled £ 63,000 (2019 - £60,000). The agreed contribution rates for future years are 18.8 per cent for employers and 5.5-12.5 per cent for employees.

As described in note 1.13 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

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NOTES TO THE FINANCIAL STATEMENTS
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27. Pension commitments (continued)

Principal actuarial assumptions

| | 2020 | 2019 |
|--|-------------|------|
| | % | % |
| Rate of increase in salaries | 3.3 | 3.6 |
| Rate of increase for pensions in payment/inflation | 3.3 | 3.1 |
| Discount rate for scheme liabilities | 1.7 | 1.9 |
| Inflation assumption (CPI) | 2.3 | 2.1 |
| Pension increases | 2.3 | 2.1 |
| Pension accounts revaluation rate | 2.3 | 2.1 |

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

| | 2020 | 2019 |
|----------------------|-------------|-------|
| | Years | Years |
| Retiring today | | |
| Males | 23.0 | 23.1 |
| Females | 25.5 | 25.8 |
| Retiring in 20 years | | |
| Males | 24.7 | 24.7 |
| Females | 27.2 | 27.6 |

Share of scheme assets

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

| | 2020 | 2019 |
|-------------------------------------|------------------|-----------|
| | £ | £ |
| Equities | 2,878,000 | 2,673,000 |
| Gilts | 985,000 | 915,000 |
| Property | 305,000 | 320,000 |
| Cash and other liquid assets | 81,000 | 84,000 |
| Other | 827,000 | 448,000 |
| Total market value of assets | 5,076,000 | 4,440,000 |

The actual return on scheme assets was £418,000 (2019 - £245,000).

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27. Pension commitments (continued)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

| | 2020 | 2019 |
|--|-------------------------|------------------|
| | £ | £ |
| Current service cost | (455,000) | (302,000) |
| Past service cost | (3,000) | (147,000) |
| Interest income | (136,000) | (156,000) |
| Interest cost | 86,000 | 115,000 |
| Employer contributions | 231,000 | 232,000 |
| Total amount recognised in the Consolidated Statement of Financial Activities | <u>(277,000)</u> | <u>(258,000)</u> |

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

| | 2020 | 2019 |
|------------------------|-------------------------|------------------|
| | £ | £ |
| At 1 September | 7,167,000 | 5,579,000 |
| Current service cost | 455,000 | 302,000 |
| Interest cost | 136,000 | 156,000 |
| Employee contributions | 63,000 | 60,000 |
| Actuarial losses | 921,000 | 1,011,000 |
| Benefits paid | (76,000) | (88,000) |
| Past service costs | 3,000 | 147,000 |
| At 31 August | <u>8,669,000</u> | <u>7,167,000</u> |

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

| | 2020 | 2019 |
|------------------------|-------------------------|------------------|
| | £ | £ |
| At 1 September | 4,440,000 | 3,991,000 |
| Interest income | 86,000 | 115,000 |
| Actuarial gains | 332,000 | 130,000 |
| Employer contributions | 231,000 | 232,000 |
| Employee contributions | 63,000 | 60,000 |
| Benefits paid | (76,000) | (88,000) |
| At 31 August | <u>5,076,000</u> | <u>4,440,000</u> |

The net movement in defined benefit obligations and the academy's share of scheme assets totals £866,000 (2019: £722,000).

Actuarial losses on defined benefit obligations and the academy's share of scheme assets totals £589,000 (2019: £881,000).

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28. Operating lease commitments

At 31 August 2020 the Group and the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2020 £ | Group 2019 £ | Academy 2020 £ | Academy 2019 £ |
|--|-----------------------------|--------------------|-------------------------------|----------------------|
| Not later than 1 year | 15,193 | 14,863 | 15,193 | 14,863 |
| Later than 1 year and not later than 5 years | 8,183 | 13,361 | 8,183 | 13,361 |
| Later than 5 years | 843 | - | 843 | - |
| | 24,219 | 28,224 | 24,219 | 28,224 |

29. 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.

30. Related party transactions

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