

THE MOUNTBATTEN SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 | Mr Tushar Bijur Mrs Amanda Stevens Mr Robert Le Grice, Chair of Audit and Finance Mr Christopher Cox, Associate Headteacher - Co-opted Mrs Jane Thompson Mr Mark Edgerley, Director of PBED Mrs Charlie Fisher, Staff Trustee Mr Chris Goodrich, Staff Trustee Mr Andrew Gunn Mr Gavin Rumsey, Staff Trustee Mrs Jill Hall, Chairman Mr Sean Flood Mrs Heather McIlroy, Executive Headteacher, Accounting Officer and Chief Executive of PBED Mr Michael Murphy Dr Karl Staples Mr Sam Longmore (appointed 1 September 2018) Mrs Cheryl Parish Mr Paul Urben, Director of PBED |
| 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 Terese Swain, Director of Finance (Resigned 21 July 2019) |
| Company secretary | Chris Goodrich |
| Independent auditors | James Cowper Kreston Chartered Accountants and Statutory Auditor 9th Floor The White Building 1-4 Cumberland Place Southampton Hampshire SO15 2NP |

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers

Lloyds Bank Plc
1 City Road East
Manchester
M15 4PU

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
B2 4BU

THE MOUNTBATTEN SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. 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 1425 in the school census 3 October 2019.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association is the primary governing document of the academy.

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

The charitable company is known as The Mountbatten School

Details of the Trustees who served during the year, 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.

b. Members' liability

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

c. Trustees' indemnities

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 2019

Structure, governance and management (continued)

d. 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.

e. Policies adopted for the induction and training of Trustees

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

f. Organisational structure

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

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

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

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

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

Leadership

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

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

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)

g. 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.

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

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.

h. Related parties and other connected charities and organisations

The Mountbatten School operates independently of other organisations. Our wholly owned subsidiary Mountbatten School Services trading as Personal Best Education (PB Ed) has a board comprising of senior staff and governors.

i. Trade union facility time

No employees were relevant union officials during the year.

Objectives and activities

a. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

The Academy's main objectives for 2019-2020 are to:

- 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.

b. 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

a. 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 2019

Strategic report (continued)

(continued)

1. Teaching & Learning

The monitoring of the quality of Teaching and Learning has been reviewed with the removal of formal graded lesson observations and the development of a culture of coaching. 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 a bespoke Middle Leadership programme. 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.

2. Achievement and Performance

The schools Progress 8 Score in 2018 was 0.05, which was above average. The proportion of students achieving a standard pass in English and Mathematics, another headline measure, remains high at 77%. These are good results when compared to both local and national standards. The English Baccalaureate Average Points Score remains strong at 4.5. The major focus in 2019-20 will be to maintain and build on these high standards by reviewing our curriculum to ensure it meets the needs of all our students.

Students made excellent progress, achieving results above the national average. Summary of results:

- Progress 8 Score of 0.05
- Attainment 8 Score of 52.6
- 77% achieving a standard pass in English & Maths
- English Baccalaureate average points score of 4.5

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

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

Our main source of income continues to be derived from the National Citizen Service programme, again delivering programme to over 1500 students. The social action projects have contributed to many aspects of local community partnerships, as well as enhancing the employability of the hundreds of young people involved. During their social action projects, a total of £50,708.69 was raised for various charities and over 40,000 hours dedicated to volunteering.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

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

Last year's attendance figure showed 5.9% absenteeism compared to a national figure in 2017-18 of 5.5%. The way that the government measures persistent absenteeism has changed and is now defined as the number of students who are absent for more than 10% of the time. The rate of persistent absenteeism at Mountbatten is at 13.7%, slightly below the national figure of 13.9% for 2017-18. 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 7.3% and 10.4% respectively. The best comparator I can find is the national figure in 2017-18, although this only covers the autumn and spring terms which typically have a higher attendance rate. Those figures are 7.8% and 8.9% 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 2018-19 based on unvalidated data in SISRA (national figures unavailable at time of writing)

| | PP | Non-PP | All students |
|--------------|--------|--------|--------------|
| Boys | -0.595 | -0.180 | - 0.149 |
| Girls | -0.152 | 0.348 | 0.274 |
| All students | -0.379 | 0.148 | 0.066 |

The data show a large gender gap, most significantly among non-PP students. The Progress 8 figure for this group is disappointing, and is lower still for students who are 'disadvantaged' (-0.66) but is affected by a small number of students who failed to do well at GCSE despite massive well-documented intervention and absences outside of the school's control. If 5 such students are removed from the calculations, the Progress 8 score would be practically zero (-0.28 for Disadvantaged Students).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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 | 178 | 354 | 1.99 | 126 | 1419 | 12.54% |
| SEN | 26 | 70.5 | 2.71 | 20 | 107 | 24.30% |
| Non SEN | 152 | 283.5 | 1.87 | 106 | 1312 | 11.59% |
| Male | 137 | 285 | 2.08 | 97 | 712 | 19.24% |
| Female | 41 | 69 | 1.68 | 28 | 707 | 5.80% |
| Pupil Premium | 90 | 166 | 1.84 | 59 | 237 | 37.97% |
| Non Pupil Premium | 88 | 188 | 2.14 | 67 | 1182 | 7.45% |

6. Special Educational Needs

The progress of students supported by the Learning Support team continues to be very positive, with the outgoing Year 11, SEN students achieving a Progress 8 score, of 0.35. This result is a culmination of the support received by the teaching assistants, Learning Support teachers and the SENCO working alongside the subject teachers. Intensive literacy and numeracy support have been delivered to provide some excellent improvements especially via the accelerated and intensive reader programme.

Students are arriving with ever-more complex needs, resulting in continued demands for EHCP applications as well as an increased number of learning support enquiries from primary school parents. The considerable backlog of cases arising from the significant increase in requests for EHC needs assessments at county level, places additional pressure on the school to continue to meet a range of multi-faceted needs. Hopefully, the appointment of the 'backlog team' and 'new ways of operating' at this level will help to resolve some of these issues. Currently, this places a greater demand on the SENCO to support staff in ensuring that the current code of practice is implemented effectively to best support student progress.

The appointment of a new assistant SENCO should have supported this, however their forthcoming maternity leave presents a new challenge for the department which may result in changes to the structure and possible new appointments to support the SENCO. The department continues to receive support from a number of external agencies but in a climate of constrained budgets, support can be limited.

7. The Development of the Music Academy

The Music Academy goes from strength to strength, with increased buy-in from the feeder primary schools, and with an expectation of greater demand year on year as our feeders expand to accommodate the increase in housing in the town and surrounding area. For example, North Baddesley Junior School has now increased from a 2 form entry to a 3 form entry, and will therefore require more hours going forward. There is increased buy-in from Wellow and Awbridge, with both requesting whole class instrumental work and choral training. This has necessitated the purchase of more instruments, but these are generally standing up well to the demands placed on them. We have had to increase staffing for the outreach work to accommodate the extra demand.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

We have identified a need for primary staff to receive INSET on class singing, and have put a plan in place to accommodate this, in partnership with the Voices Foundation. Further partnerships have been developed with the Royal Marine Band Service, and we now have 4 alumni currently serving with the Bands of HM Royal Marines. We are actively seeking more partnerships with Hampshire Music Hub, Southampton University, and all of the major UK conservatoires, where we currently have ex-students studying.

We had another successful tour to play at the Montreux Jazz Festival, and incorporated a performance at the Festival OFF in Evian-les-Bains during the tour. This did much to raise the profile of the Music Academy both internationally and at home, as the social media coverage was extensive. Many of our young musicians were also involved in performing concerts and attending workshops during the Romsey Festival of Youth Music, which did much to showcase the great work of the Music Academy.

8. 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
- 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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

(continued)

b. Going concern

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

The Academy has a working balance at the end of the period of £945,383 (excluding the LGPS pension liability).

Financial review

a. 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 2018 - 31 August 2019 the total expenditure of £11,594,068 was covered by the General Annual Grant along with other incoming resources. The net current assets for the period are £26,430,410. 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.

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 2019 the net book value of fixed assets was £28,138,091 of which £28,013,697 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 £1,139,000 to £2,727,000 in 2019, (2018: £1,588,000).

b. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

The total reserves held at 31 August 2019 are £945,383, Restricted £nil and unrestricted reserves £945,383

The restricted fixed asset reserves includes a sum of £125,000 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.

c. 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 2019 was £8,983.

d. Principal risks and uncertainties

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

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

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

Areas of principal risk monitored and mitigated for are:

- Losing highly skilled staff in key leadership positions. We have put succession planning measures in place to reduce the risk.
- Failing to maintain student numbers at PAN
- Loss of reputation through poor publicity related to incidents we should control
- Drop of standards identified in formal external assessment, for example Ofsted 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.

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Financial review (continued)

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. This has been reviewed following successful CIF bids which secured £2million of funding to upgrade Science and PE facilities and the decision to invest in a new build onsite for Personal Best Education.

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).
- Celebrations and fun raising during our Golden Jubilee from 2019 to 2024 to support the work of our Music Academy.
- Creation of a Sports Academy to mirror the success, achievements and impact of the Music Academy.
- 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 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 Trustees
Date:

.....
Heather McIlroy
Accounting officer
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.

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 |
|--|-------------------|-------------------|
| Mr Tushar Bijur | 2 | 5 |
| Mrs Amanda Stevens | 3 | 5 |
| Mr Robert Le Grice, Chair of Audit and Finance | 5 | 5 |
| Mr Christopher Cox, Associate Headteacher - Co-opted | 5 | 5 |
| Mrs Jane Thompson | 5 | 5 |
| Mr Mark Edgerley, Director of PBED | 4 | 5 |
| Mrs Charlie Fisher, Staff Trustee | 4 | 5 |
| Mr Chris Goodrich, Staff Trustee | 5 | 5 |
| Mr Andrew Gunn | 4 | 5 |
| Mr Gavin Rumsey, Staff Trustee | 4 | 5 |
| Mrs Jill Hall, Chairman | 5 | 5 |
| Mr Sean Flood | 4 | 5 |
| Mrs Heather McIlroy, Executive Headteacher, Accounting Officer and Chief Executive of PBED | 5 | 5 |
| Mr Michael Murphy | 2 | 5 |
| Dr Karl Staples | 5 | 5 |
| Mrs Cheryl Parish | 5 | 5 |
| Mr Paul Urben, Director of PBED | 4 | 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 | 5 | 6 |
| Mr Mark Edgerley | 5 | 6 |
| Mr Robert Le Grice | 5 | 6 |
| Mrs Heather McIlroy | 6 | 6 |
| Mr Paul Urben | 4 | 6 |
| Mr Chris Goodrich | 5 | 6 |
| Mr Sam Longmore | 6 | 6 |
| Mr Michael Murphy | 4 | 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 academy's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy has delivered improved value for money during the year by:

Principals

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

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Specific Examples

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Mountbatten School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, they have decided to appoint a responsible officer to undertake additional checks outside of the main audit period. To avoid any conflict of interest they have appointed HWB charter accountants to perform this role.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Responsible Officer's role included giving advice on financial matters and performing a range of checks on the school's financial systems. Annually the Responsible Officer reports to the Audit & Finance Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included

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

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit 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:

.....
Jill Hall
Chair of Trustees
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 2018.

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 2018.

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 2019

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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 Trustees
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 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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

9th Floor

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 & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 4 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Mountbatten School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Mountbatten School and 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 2018 to 31 August 2019 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

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

Date:

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

| | Note | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 245 | - | 1,116,024 | 1,116,269 | 1,081,122 |
| Charitable activities | 4 | 365,749 | 7,049,243 | - | 7,414,992 | 7,276,141 |
| Other trading activities | 5 | 3,456,214 | - | - | 3,456,214 | 3,408,066 |
| Investments | 6 | 8,983 | - | - | 8,983 | 5,562 |
| Total income | | 3,831,191 | 7,049,243 | 1,116,024 | 11,996,458 | 11,770,891 |
| Expenditure on: | | | | | | |
| Raising funds | 7 | 3,345,637 | - | - | 3,345,637 | 3,142,874 |
| Charitable activities | 7,8 | 217,009 | 7,537,240 | 494,183 | 8,248,432 | 8,299,910 |
| Total expenditure | | 3,562,646 | 7,537,240 | 494,183 | 11,594,069 | 11,442,784 |
| Net income/(expenditure) before taxation | | 268,545 | (487,997) | 621,841 | 402,389 | 328,107 |
| Taxation | | - | - | - | - | (335) |
| Net income/(expenditure) after taxation | | 268,545 | (487,997) | 621,841 | 402,389 | 327,772 |
| Transfers between funds | 20 | (979,222) | 306,618 | 672,604 | - | - |
| Net movement in funds before other recognised gains/(losses) | | (710,677) | (181,379) | 1,294,445 | 402,389 | 327,772 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 25 | - | (881,000) | - | (881,000) | 488,000 |
| Net movement in funds | | (710,677) | (1,062,379) | 1,294,445 | (478,611) | 815,772 |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

| Note | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 1,656,060 | (1,664,621) | 26,917,582 | 26,909,021 | 26,093,249 |
| Net movement in funds | (710,677) | (1,062,379) | 1,294,445 | (478,611) | 815,772 |
| Total funds carried forward | 945,383 | (2,727,000) | 28,212,027 | 26,430,410 | 26,909,021 |

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 2019

| | Note | 2019 £ | 2018 £ |
|---|------|---------------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 28,138,091 | 26,158,250 |
| Current assets | | | |
| Stocks | 15 | 14,418 | 13,695 |
| Debtors | 16 | 922,847 | 1,014,245 |
| Investments | 17 | 521,221 | 1,063,562 |
| Cash at bank and in hand | | 711,101 | 1,452,208 |
| | | <u>2,169,587</u> | <u>3,543,710</u> |
| Creditors: due within one year | 18 | <u>(1,142,099)</u> | <u>(1,204,939)</u> |
| Net current assets | | 1,027,488 | 2,338,771 |
| Total assets less current liabilities | | <u>29,165,579</u> | <u>28,497,021</u> |
| Creditors: due after more than one year | 19 | (8,169) | - |
| Net assets excluding pension liability | | <u>29,157,410</u> | <u>28,497,021</u> |
| Defined benefit pension scheme liability | 25 | (2,727,000) | (1,588,000) |
| Total net assets | | <u><u>26,430,410</u></u> | <u><u>26,909,021</u></u> |
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 20 | 28,212,027 | 26,917,582 |
| Restricted income funds | 20 | - | (76,621) |
| Pension reserve | 20 | (2,727,000) | (1,588,000) |
| Total restricted funds | 20 | <u>25,485,027</u> | <u>25,252,961</u> |
| Unrestricted income funds | | | |
| General funds | 20 | 945,383 | 1,656,060 |
| Total unrestricted income funds | 20 | <u>945,383</u> | <u>1,656,060</u> |
| Total funds | | <u><u>26,430,410</u></u> | <u><u>26,909,021</u></u> |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 26 to 58 were approved by the Trustees, and authorised for issue and are signed on their behalf, by:

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

The notes on pages 33 to 58 form part of these financial statements.

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

ACADEMY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

| | Note | 2019 £ | As restated 2018 £ |
|---|------|-------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 28,087,026 | 26,076,316 |
| Investments | 14 | 1 | 1 |
| | | <hr/> 28,087,027 | <hr/> 26,076,317 |
| Current assets | | | |
| Debtors | 16 | 622,540 | 663,696 |
| Investments | 17 | 521,221 | 1,063,562 |
| Cash at bank and in hand | | 584,746 | 1,412,476 |
| | | <hr/> 1,728,507 | <hr/> 3,139,734 |
| Creditors: due within one year | 18 | (650,227) | (719,303) |
| | | <hr/> 1,078,280 | <hr/> 2,420,431 |
| Total assets less current liabilities | | <hr/> 29,165,307 | <hr/> 28,496,748 |
| Creditors: amounts falling due after more than one year | 19 | (8,169) | - |
| Net assets excluding pension liability | | <hr/> 29,157,138 | <hr/> 28,496,748 |
| Defined benefit pension scheme liability | 25 | (2,727,000) | (1,588,000) |
| Total net assets | | <hr/> 26,430,138 | <hr/> 26,908,748 |
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 20 | 28,212,027 | 26,917,581 |
| Restricted income funds | 20 | - | (76,621) |
| Pension reserve | 20 | (2,727,000) | (1,588,000) |
| Total restricted funds | | <hr/> 25,485,027 | <hr/> 25,252,960 |
| Unrestricted income funds | | | |
| Unrestricted funds excluding pension asset | 20 | 945,111 | 1,655,788 |
| Total unrestricted income funds | | <hr/> 945,111 | <hr/> 1,655,788 |
| Total funds | | <hr/> 26,430,138 | <hr/> 26,908,748 |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

ACADEMY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 26 to 58 were approved by the Trustees, and authorised for issue and are signed on their behalf, by:

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

The notes on pages 33 to 58 form part of these financial statements.

THE MOUNTBATTEN SCHOOL
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

| | Note | 2019 £ | 2018 £ |
|---|-------------|--------------------|-----------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 22 | 1,755,123 | 999,458 |
| Cash flows from investing activities | | | |
| | 23 | (2,496,230) | (316,327) |
| Change in cash and cash equivalents in the year | | | |
| | | (741,107) | 683,131 |
| Cash and cash equivalents at the beginning of the year | | 1,452,208 | 769,077 |
| Cash and cash equivalents at the end of the year | 24 | 711,101 | 1,452,208 |

The notes on pages 33 to 58 form part of these financial statements

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Mountbatten School meets the definition of a public benefit entity under FRS 102.

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

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 Basis of consolidation

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

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

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

Grants are included in the 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 academy has provided the goods or services.

1.5 Expenditure

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

• **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.

• **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.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Interest receivable

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

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 |
| Fixture and fittings | - 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 2019

1. Accounting policies (continued)

1.9 Investments

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

Investments in subsidiaries 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 Liabilities

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

1.13 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 16. 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 18 and 19. 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.

1.14 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.

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments.

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.16 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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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 Sheet.

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

| | Unrestricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|----------------|------------------------------------|---|-----------------------------|-----------------------------|
| Donations | 245 | - | 245 | 6,175 |
| Capital Grants | - | 1,116,024 | 1,116,024 | 1,074,947 |
| | <u>245</u> | <u>1,116,024</u> | <u>1,116,269</u> | <u>1,081,122</u> |
| Total 2018 | <u>6,175</u> | <u>1,074,947</u> | <u>1,081,122</u> | |

4. Funding for the academy's educational operations

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 6,645,053 | 6,645,053 | 6,427,897 |
| Other DfE/ESFA grants | - | 325,393 | 325,393 | 276,482 |
| | <u>-</u> | <u>6,970,446</u> | <u>6,970,446</u> | <u>6,704,379</u> |
| Other government grants | | | | |
| Local authority grants | - | 29,442 | 29,442 | 26,528 |
| | <u>-</u> | <u>29,442</u> | <u>29,442</u> | <u>26,528</u> |
| Other funding | | | | |
| Grants from external bodies | - | 49,355 | 49,355 | 40,207 |
| Local authority grants | 206,437 | - | 206,437 | 354,382 |
| Minibus | 56,824 | - | 56,824 | 42,070 |
| Music Tuition | 99,016 | - | 99,016 | 104,424 |
| Exams | 3,472 | - | 3,472 | 4,151 |
| | <u>365,749</u> | <u>49,355</u> | <u>415,104</u> | <u>545,234</u> |
| | <u>365,749</u> | <u>7,049,243</u> | <u>7,414,992</u> | <u>7,276,141</u> |
| Total 2018 | <u>505,027</u> | <u>6,771,114</u> | <u>7,276,141</u> | |

THE MOUNTBATTEN SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

| | Unrestricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---------------------------|--|---------------------------------------|-----------------------------|
| Fundraising events | 36,283 | 36,283 | 48,330 |
| Other income | 29,984 | 29,984 | 35,421 |
| Trading subsidiary income | 3,389,947 | 3,389,947 | 3,324,315 |
| | <u>3,456,214</u> | <u>3,456,214</u> | <u>3,408,066</u> |

6. Investment income

| | Unrestricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|--------------------------|--|---------------------------------------|-----------------------------|
| Bank interest receivable | 8,983 | 8,983 | 5,562 |

7. Expenditure

| | Staff Costs 2019 £ | Premises 2019 £ | Other 2019 £ | Total 2019 £ | As restated Total 2018 £ |
|---------------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------------|
| Fundraising trading activities: | | | | | |
| Direct costs | 1,461,495 | 31,188 | 1,852,954 | 3,345,637 | 3,142,874 |
| Educational operations | | | | | |
| Direct costs | 5,123,508 | 494,183 | 517,186 | 6,134,877 | 6,190,565 |
| Support costs | 1,027,952 | 482,064 | 603,539 | 2,113,555 | 2,109,345 |
| | <u>7,612,955</u> | <u>1,007,435</u> | <u>2,973,679</u> | <u>11,594,069</u> | <u>11,442,784</u> |
| Total 2018 as restated | <u>7,336,790</u> | <u>981,896</u> | <u>3,124,098</u> | <u>11,442,784</u> | |

THE MOUNTBATTEN SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities

| | Activities undertaken directly 2019 £ | Support costs 2019 £ | Total funds 2019 £ | As restated Total funds 2018 £ |
|------------------------|--|---|---------------------------------------|---|
| Cost allocation | 6,134,877 | 2,113,555 | 8,248,432 | 8,299,910 |
| Total 2018 as restated | 6,112,558 | 2,187,352 | 8,299,910 | |

Analysis of direct costs

| | Total funds 2019 £ | As restated Total funds 2018 £ |
|----------------------|---------------------------------------|---|
| Pension income | 12,108 | 12,644 |
| Staff costs | 5,123,508 | 5,052,405 |
| Depreciation | 494,183 | 474,418 |
| Educational supplies | 184,865 | 246,776 |
| Examination fees | 116,312 | 101,230 |
| Staff development | 31,205 | 43,578 |
| Technology costs | 70,775 | 84,402 |
| Other direct costs | 101,921 | 97,105 |
| | 6,134,877 | 6,112,558 |

THE MOUNTBATTEN SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Total funds 2019 £ | As restated Total funds 2018 £ |
|---------------------------------------|---------------------------------------|--|
| Pension income | 28,892 | 32,356 |
| Staff costs | 1,027,952 | 939,471 |
| Technology costs | 69,784 | 67,346 |
| Other support costs | 88,201 | 125,465 |
| Recruitment and support | 40,646 | 35,085 |
| Maintenance of premises and equipment | 204,740 | 223,517 |
| Cleaning | 130,811 | 121,002 |
| Rent and rates | 56,224 | 53,554 |
| Energy costs | 90,287 | 84,465 |
| Insurance | 35,996 | 50,049 |
| Security and transport | 67,146 | 66,500 |
| Catering | 37,046 | 28,659 |
| Governance costs | 18,821 | 15,776 |
| Trip expenditure | 217,009 | 344,107 |
| | <u>2,113,555</u> | <u>2,187,352</u> |

9. Net expenditure

Net expenditure in the year includes:

| | 2019 £ | 2018 £ |
|---------------------------------------|-----------------------|-----------------------|
| Operating lease rentals | 13,554 | 22,067 |
| Depreciation of tangible fixed assets | 525,372 | 511,075 |
| Fees paid to auditors for: | | |
| - audit of the academy | 7,200 | 7,000 |
| - audit of trading subsidiary | 3,350 | 3,250 |
| - other services | 3,040 | 3,000 |
| | <u>543,164</u> | <u>546,332</u> |

THE MOUNTBATTEN SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
|--------------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Wages and salaries | 4,649,983 | 4,667,927 | 4,649,983 | 4,667,927 |
| Social security costs | 446,961 | 395,611 | 446,961 | 395,611 |
| Pension costs | 992,182 | 893,100 | 992,182 | 893,100 |
| | 6,089,126 | 5,956,638 | 6,089,126 | 5,956,638 |
| Agency staff costs | 36,988 | 35,238 | 36,988 | 35,238 |
| Staff restructuring costs | 25,346 | - | 25,346 | - |
| Trading subsidiary staff costs | 1,461,495 | 1,344,914 | - | - |
| | 7,612,955 | 7,336,790 | 6,151,460 | 5,991,876 |

Staff restructuring costs comprise:

| | | | | |
|---------------------|---------------|---|---------------|---|
| Redundancy payments | 25,346 | - | 25,346 | - |
|---------------------|---------------|---|---------------|---|

b. Staff numbers

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

| | Group 2019 No. | Group 2018 No. |
|----------------------------------|-------------------------------|----------------------|
| Teaching staff | 100 | 100 |
| Administration and support staff | 173 | 179 |
| Management staff | 8 | 8 |
| | 281 | 287 |

THE MOUNTBATTEN SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Staff costs (continued)

c. Higher paid staff

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

| | Group 2019 No. | Group 2018 No. |
|---------------------------------|-------------------------------|----------------------|
| In the band £60,001 - £70,000 | 2 | 4 |
| In the band £70,001 - £80,000 | 2 | 1 |
| In the band £80,001 - £90,000 | 1 | 1 |
| In the band £140,000 - £150,000 | - | 1 |
| In the band £150,000 - £160,000 | 1 | - |

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, Employers' pension contributions for these staff amounted to £59,840 (2018: £79,129).

d. Key management personnel

Key Management Personnel remuneration and benefits:

The total amount of remuneration paid to key management personnel was £652,809 (2018: £669,393).

11. 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:

| | | 2019 £ | 2018 £ |
|-----------------|----------------------------|-------------------|-------------------|
| Heather McIlroy | Remuneration | 150,000 - | 140,000 - |
| | | 155,000 | 145,000 |
| | Pension contributions paid | | 5,000 - 10,000 |
| Chris Goodrich | Remuneration | 45,000 - | 45,000 - |
| | | 50,000 | 50,000 |
| | Pension contributions paid | 5,000 - | 5,000 - |
| | | 10,000 | 10,000 |
| Gavin Rumsey | Remuneration | 45,000 - | 45,000 - |
| | | 50,000 | 50,000 |
| | Pension contributions paid | 5,000 - | 5,000 - |
| | | 10,000 | 10,000 |
| Charlie Fisher | Remuneration | 55,000 - | 45,000 - |
| | | 60,000 | 50,000 |
| | Pension contributions paid | 5,000 - | 5,000 - |
| | | 10,000 | 10,000 |
| Sian Cummings | Remuneration | | 50,000 - |
| | | | 55,000 |
| | Pension contributions paid | | 5,000 - 10,000 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Trustees' remuneration and expenses (continued)

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £Nil (2018 - £Nil). The cost of this insurance is included in the total insurance cost.

13. Tangible fixed assets

Group

| | Long-term leasehold property £ | Furniture and equipment £ | Motor vehicles £ | Assets under construction £ | Total £ |
|---------------------------|---|------------------------------------|------------------------|--------------------------------------|--------------------------|
| Cost or valuation | | | | | |
| At 1 September 2018 | 28,457,546 | 622,473 | 111,503 | 305,839 | 29,497,361 |
| Additions | 2,458,385 | 42,124 | - | 4,704 | 2,505,213 |
| Transfers between classes | 305,839 | - | - | (305,839) | - |
| At 31 August 2019 | <u>31,221,770</u> | <u>664,597</u> | <u>111,503</u> | <u>4,704</u> | <u>32,002,574</u> |
| Depreciation | | | | | |
| At 1 September 2018 | 2,724,733 | 560,130 | 54,248 | - | 3,339,111 |
| Charge for the year | 483,340 | 23,253 | 18,779 | - | 525,372 |
| At 31 August 2019 | <u>3,208,073</u> | <u>583,383</u> | <u>73,027</u> | <u>-</u> | <u>3,864,483</u> |
| Net book value | | | | | |
| 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> |
| At 31 August 2018 | <u><u>25,732,813</u></u> | <u><u>62,343</u></u> | <u><u>57,255</u></u> | <u><u>305,839</u></u> | <u><u>26,158,250</u></u> |

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13. Tangible fixed assets (continued)

Academy

| | Long-term leasehold property £ | Furniture and equipment £ | Motor vehicles £ | Assets under construction £ | Total £ |
|---------------------------|---|------------------------------------|------------------------|--------------------------------------|-------------------|
| Cost or valuation | | | | | |
| At 1 September 2018 | 28,457,546 | 509,062 | 35,535 | 305,839 | 29,307,982 |
| Additions | 2,458,385 | 41,804 | - | 4,704 | 2,504,893 |
| Transfers between classes | 305,839 | - | - | (305,839) | - |
| At 31 August 2019 | <u>31,221,770</u> | <u>550,866</u> | <u>35,535</u> | <u>4,704</u> | <u>31,812,875</u> |
| Depreciation | | | | | |
| At 1 September 2018 | 2,724,733 | 484,244 | 22,689 | - | 3,231,666 |
| Charge for the year | 483,340 | 7,258 | 3,585 | - | 494,183 |
| At 31 August 2019 | <u>3,208,073</u> | <u>491,502</u> | <u>26,274</u> | <u>-</u> | <u>3,725,849</u> |
| Net book value | | | | | |
| 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> |
| At 31 August 2018 | <u>25,732,813</u> | <u>24,818</u> | <u>12,846</u> | <u>305,839</u> | <u>26,076,316</u> |

14. Fixed asset investments

| | Shares in group undertakings £ |
|--------------------------|---|
| Academy | |
| Cost or valuation | |
| At 1 September 2018 | 1 |
| At 31 August 2019 | <u>1</u> |
| Net book value | |
| At 31 August 2019 | <u>1</u> |
| <i>At 31 August 2018</i> | <u>1</u> |

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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 £ | Net assets £ |
|-------------------------------------|-------------|------------------|-----------------|
| Mountbatten School Services Limited | 3,389,750 | (3,389,750) | 273 |

15. Stocks

| | Group 2019 £ | Group 2018 £ |
|-------|--------------------|--------------------|
| Stock | 14,418 | 13,695 |

16. Debtors

| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Due within one year | | | | |
| Trade debtors | 298,211 | 410,893 | 316 | 3,168 |
| Amounts owed by group undertakings | - | - | 274,631 | 364,432 |
| Other debtors | 8,658 | 5,229 | 8,658 | 4,779 |
| Prepayments and accrued income | 557,319 | 504,599 | 284,914 | 197,793 |
| VAT recoverable | 58,659 | 93,524 | 54,021 | 93,524 |
| | <u>922,847</u> | <u>1,014,245</u> | <u>622,540</u> | <u>663,696</u> |

17. Current asset investments

| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
|----------------------|--------------------|--------------------|----------------------|----------------------|
| Unlisted investments | 521,221 | 1,063,562 | 521,221 | 1,063,562 |

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18. Creditors: Amounts falling due within one year

| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
|--|-----------------------------|--------------------|-------------------------------|----------------------|
| Salix loan | 1,167 | - | 1,167 | - |
| Trade creditors | 228,562 | 495,615 | 179,916 | 343,808 |
| Corporation tax | - | 335 | - | - |
| Other taxation and social security | 172,441 | 188,264 | 110,139 | 116,611 |
| Other creditors | 95,623 | 187,436 | 5,840 | 77,795 |
| Accruals and deferred income | 644,306 | 333,289 | 353,165 | 181,089 |
| | 1,142,099 | 1,204,939 | 650,227 | 719,303 |
| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
| Deferred income at 1 September 2018 | 372,959 | 273,298 | 135,219 | 130,718 |
| Resources deferred during the year | 418,124 | 272,959 | 238,167 | 135,219 |
| Amounts released from previous periods | (372,959) | (173,298) | (135,219) | (130,718) |
| | 418,124 | 372,959 | 238,167 | 135,219 |

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

| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
|------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Salix loan | 8,169 | - | 8,169 | - |

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

| | Group 2019 £ | Group 2018 £ | Academy 2019 £ | Academy 2018 £ |
|-------------------------------------|-----------------------------|--------------------|-------------------------------|----------------------|
| Payable or repayable by instalments | 3,501 | - | 3,501 | - |
| | 3,501 | - | 3,501 | - |

The ESFA issued a Salix loan to the school during the year. The loan term is over an 8 year period, with the rate of interest being nil.

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20. Statement of funds

| | 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 | | | | | | |
| Restricted 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> |

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

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20. Statement of funds (continued)

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.

Restricted funds

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

Restricted fixed asset funds

Included in these funds are assets transferred to the academy on conversion together with capital grants received and monies transferred from restricted funds to finance asset purchases. The amount £28,087,027 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 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

| | 2019 | 2018 |
|-----------------------------|--------------------|-------------|
| | £ | £ |
| The Mountbatten School | 945,383 | 1,579,439 |
| Restricted fixed asset fund | 28,212,027 | 26,917,582 |
| Pension reserve | (2,727,000) | (1,588,000) |
| Total | 26,430,410 | 26,909,021 |

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20. Statement of funds (continued)

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

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|--------------------------|----------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 1,384,870 | 3,924,830 | (3,628,640) | (25,000) | - | 1,656,060 |
| | <u>1,384,870</u> | <u>3,924,830</u> | <u>(3,628,640)</u> | <u>(25,000)</u> | <u>-</u> | <u>1,656,060</u> |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 311,130 | 6,471,454 | (6,881,401) | 22,196 | - | (76,621) |
| Other Dfe/ESFA Grants | - | 232,925 | (232,925) | - | - | - |
| Local Authority Grants | - | 26,528 | (26,528) | - | - | - |
| Grants from external bodies | - | 40,207 | (40,207) | - | - | - |
| Pension reserve | (1,917,000) | - | (159,000) | - | 488,000 | (1,588,000) |
| | <u>(1,605,870)</u> | <u>6,771,114</u> | <u>(7,340,061)</u> | <u>22,196</u> | <u>488,000</u> | <u>(1,664,621)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset | 26,239,249 | 1,074,947 | (474,418) | (22,196) | - | 26,817,582 |
| Sinking fund | 75,000 | - | - | 25,000 | - | 100,000 |
| | <u>26,314,249</u> | <u>1,074,947</u> | <u>(474,418)</u> | <u>2,804</u> | <u>-</u> | <u>26,917,582</u> |
| Total Restricted funds | <u>24,708,379</u> | <u>7,846,061</u> | <u>(7,814,479)</u> | <u>25,000</u> | <u>488,000</u> | <u>25,252,961</u> |
| Total funds | <u><u>26,093,249</u></u> | <u><u>11,770,891</u></u> | <u><u>(11,443,119)</u></u> | <u><u>-</u></u> | <u><u>488,000</u></u> | <u><u>26,909,021</u></u> |

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 28,138,091 | 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) |
| Provisions for liabilities and charges | - | (2,727,000) | - | (2,727,000) |
| Total | 945,383 | (2,727,000) | 28,212,027 | 26,430,410 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 81,933 | - | 26,076,317 | 26,158,250 |
| Current assets | 2,059,764 | 642,681 | 841,265 | 3,543,710 |
| Creditors due within one year | (485,637) | (719,302) | - | (1,204,939) |
| Provisions for liabilities and charges | - | (1,588,000) | - | (1,588,000) |
| Total | 1,656,060 | (1,664,621) | 26,917,582 | 26,909,021 |

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net income to net cash flow from operating activities

| | 2019 | 2018 |
|--|------------------|-----------|
| | £ | £ |
| Net income for the year (as per Statement of financial activities) | 402,389 | 327,772 |
| Adjustments for: | | |
| Depreciation | 525,372 | 511,077 |
| Interest receivable | (8,983) | (5,562) |
| Increase in stocks | (723) | (2,175) |
| Decrease/(increase) in debtors | 91,398 | (437,099) |
| (Decrease)/increase in creditors | (54,671) | 451,377 |
| (Increase)/decrease in current asset investment | 542,341 | (4,932) |
| Defined benefit pension scheme cost | 258,000 | 159,000 |
| Net cash provided by operating activities | 1,755,123 | 999,458 |

23. Cash flows from investing activities

| | Group 2019 | Group 2018 |
|--|-----------------------|---------------|
| | £ | £ |
| Interest receivable | 8,983 | 5,562 |
| Purchase of tangible fixed assets | (2,505,213) | (321,889) |
| Net cash used in investing activities | (2,496,230) | (316,327) |

24. Analysis of cash and cash equivalents

| | Group 2019 | Group 2018 |
|--|-----------------------|---------------|
| | £ | £ |
| Cash in hand | 711,101 | 1,452,208 |
| Total cash and cash equivalents | 711,101 | 1,452,208 |

25. Pension commitments

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

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25. Pension commitments (continued)

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

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 and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £539,357 (2018 - £558,664).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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.

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25. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £292,000 (2018 - £276,000), of which employer's contributions totalled £232,000 (2018 - £216,000) and employees' contributions totalled £ 60,000 (2018 - £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.

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

Principal actuarial assumptions

| | 2019 | 2018 |
|--|-------------|------|
| | % | % |
| Rate of increase in salaries | 3.6 | 3.5 |
| Rate of increase for pensions in payment/inflation | 3.1 | 3.1 |
| Discount rate for scheme liabilities | 1.9 | 2.8 |
| Inflation assumption (CPI) | 2.1 | 2.0 |
| Pension increases | 2.1 | 2.0 |
| Pension accounts revaluation rate | 2.1 | 2.0 |

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

| | 2019 | 2018 |
|-----------------------------|-------------|-------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 23.1 | 24.1 |
| Females | 24.7 | 27.2 |
| <i>Retiring in 20 years</i> | | |
| Males | 25.8 | 26.2 |
| Females | 27.6 | 29.4 |

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25. Pension commitments (continued)

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

| | At 31 August 2019 £ | At 31 August 2018 £ |
|-------------------------------------|--|---------------------------|
| Equities | 2,673,000 | 2,550,000 |
| Gilts | 915,000 | 914,000 |
| Corporate bonds | - | 48,000 |
| Property | 320,000 | 275,000 |
| Cash and other liquid assets | 84,000 | 92,000 |
| Other | 448,000 | 112,000 |
| Total market value of assets | 4,440,000 | 3,991,000 |

The actual return on scheme assets was £245,000 (2018 - £261,000).

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

| | 2019 £ | 2018 £ |
|--|-------------------|-----------|
| Current service cost | (302,000) | (330,000) |
| Past service cost | (147,000) | - |
| Interest cost | (156,000) | (136,000) |
| Interest income | 115,000 | 91,000 |
| Total amount recognised in the Consolidated Statement of Financial Activities | (490,000) | (375,000) |

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

| | 2019 £ | 2018 £ |
|--------------------------|-------------------|-----------|
| At 1 September | 5,579,000 | 5,452,000 |
| Current service cost | 302,000 | 330,000 |
| Interest cost | 156,000 | 136,000 |
| Employee contributions | 60,000 | 60,000 |
| Actuarial losses/(gains) | 1,011,000 | (318,000) |
| Benefits paid | (88,000) | (81,000) |
| Past service costs | 147,000 | - |
| At 31 August | 7,167,000 | 5,579,000 |

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25. Pension commitments (continued)

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

| | 2019 | 2018 |
|------------------------|------------------|-----------|
| | £ | £ |
| At 1 September | 3,991,000 | 3,535,000 |
| Interest income | 115,000 | 91,000 |
| Actuarial gains | 130,000 | 170,000 |
| Employer contributions | 232,000 | 216,000 |
| Employee contributions | 60,000 | 60,000 |
| Benefits paid | (88,000) | (81,000) |
| At 31 August | 4,440,000 | 3,991,000 |

26. Operating lease commitments

At 31 August 2019 the Group and the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group | Group | Academy | Academy |
|--|---------------|--------|----------------|---------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Not later than 1 year | 14,863 | 39,512 | 14,863 | 13,554 |
| Later than 1 year and not later than 5 years | 13,361 | 5,783 | 13,361 | 5,783 |
| | 28,224 | 45,295 | 28,224 | 19,337 |

27. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

28. Related party transactions

Owing to the nature of the academy's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

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29. Post balance sheet events

As of the 27 November 2019, The Challenge had entered administration. The charity helps fund an NCS programme for Mountbatten School Services Limited.

At the year end Mountbatten School Services Limited had £234,245 owed to them by The Challenge. It is currently unknown how much money the Company will receive through the administration process in respect of the outstanding accrued debtor balance.