

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Member Trustees Mr S Barrick, Chair¹
Mrs J Brake, Q&A Chair (resigned 19 October 2016)
Mrs A Jeffrey, Vice Chair¹
Mr T Jones, Headteacher & Accounting Officer¹
Ms R Lucas, Finance Chair¹
Mr S Robinson, Appointed Member & Q&A Chair from 20 October 2016

Other Trustees Mrs A Bolton, Staff Trustee
Mrs C Coulson, Staff Trustee¹
Mrs M Devine
Mr J Hancock (resigned 1 February 2017)¹
Mr R Hollis (resigned 31 October 2016)¹
Mr J Neilson (resigned 30 September 2017)
Mr D Sherwood
Mr N Smith (resigned 20 October 2016)
Miss K O'Brien, Staff Trustee
Mr I Chapman (resigned 17 June 2017)
Mr E Anakwa
Mr F Ashby (appointed 12 October 2016)

¹ Members of the Finance Committee

Company registered number 07807158

Company name Moulton School and Science College

Principal and registered office Pound Lane
Moulton
Northampton
England
NN3 7SD

Company secretary Mrs M Dane

Senior management team Mr T Jones, Headteacher
Mrs A Dabbs, Deputy Headteacher
Mrs M Dane, Business Manager
Ms A Ford, Assistant Headteacher
Mr R Tudor, Assistant Headteacher
Ms D Macintosh, Assistant Headteacher
Mr P Quinn, Assistant Headteacher

Independent auditor MHA MacIntyre Hudson
Chartered Accountants
Peterbridge House
The Lakes
Northampton
NN4 7HB

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS

Advisers (continued)

Bankers Lloyds TSB
 2 George Row
 Northampton
 NN1 1DJ

Solicitors Stone King LLP
 16 St John's Lane
 London
 EC1M 4BS

MOULTON SCHOOL AND SCIENCE COLLEGE
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2017. 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 19 serving a catchment area in Northamptonshire. It had a student roll of 1,153 in the main school for the academic year 2016 - 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of Moulton School and Science College are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Moulton School and Science College.

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

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of Trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance is included under the Department for Education insurance Risk Protection Arrangement and is not subject to a separate premium.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Member Trustees of the Academy Trust comprise of the Chair of the Governors, the Vice-Chair of the Governors, the Chair of Quality Assurance, the Chair of Finance and the Head teacher. The members may agree in writing to appoint such additional Members as they see fit and may unanimously (save the Member(s) to be removed shall not be required) in writing agree to remove such additional Members. Any Member may resign provided that after such a resignation the number of Members is not less than three.

The Members appoint Governors but the total number of Governors who are employees of the Academy (including the Headteacher) must not exceed one third of the total number of Governors. The Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil of the Academy at the time of election.

The Staff Governors shall be elected by staff members at the Academy and must be a staff Member at the time of election. If a Staff Governor ceases to be a staff member then they will have been deemed to have resigned and cease to be a Governor. Any election of Staff Governors which is contested shall be held by secret ballot.

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TRUSTEES' REPORT (continued)
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The Secretary of State may appoint Additional Governors as he sees fit if the Governors are issued with a Warning Notice for failure to meet specified standards or criteria as laid down in the Academy Funding Agreement.

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Head teacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students.

All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual with external specialist training provided where necessary.

ORGANISATIONAL STRUCTURE

The management structure consists of three levels: the Governors, the Senior Managers and the Management Team which consists of Subject Leaders and Year Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels and provide clarity and accountability.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and other data, challenging Senior Managers, helping to drive improvement, and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Managers are the Headteacher, one Deputy Headteacher, four Assistant Headteachers and the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Governor. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team includes the Senior Management, five Year Leaders and sixteen Subject Leaders. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students for their specified area.

The Accounting Officer of the Trust is the Headteacher.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Headteacher

The governing body will assign a seven point Individual School Range based on the school group size, as determined by the School Teachers' Pay and Conditions document. The governing body will ensure that there is no overlap of salary bands between the Headteacher and other leadership posts.

The governing body will calculate the Headteacher group size at the start of each academic year and determine the appropriate Individual School Range for the year. The governing body will determine the group size for the

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

school in accordance with the provisions of the School Teachers' Pay and Conditions Document.

Progression on the ISR for the Headteacher will be subject to a review of the Headteacher's performance set against the annual appraisal review. The governing body may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the governing body may decide that there should be no pay progression. The pay review for the head teacher will be completed by 31st December.

The governing body will ensure that reasons for setting the ISR at a given level are recorded and that the process for the determination of the Headteacher's salary is fair and transparent.

Headteacher pay scale: L31 to L37

Other Leadership Posts

The governing body will determine a 5 point pay range for all other leadership posts from within the leadership scale contained in the School Teachers' Pay and Conditions Document.

The range for individual posts will be determined according to the duties and responsibilities of the post and may vary between posts. A post with a designated deputy role in the absence of the Headteacher will be remunerated accordingly above the range for other leadership posts.

The governing body will ensure that there is no overlap of pay points between the Headteacher and any other leadership post.

On appointment a teacher paid on the leadership scale will be appointed on one of the first 3 points on the pay range.

The pay range for teachers paid on the leadership spine will be reviewed in October each year or at any time during the year where there is a significant permanent change in the duties and responsibilities of the post.

Progression on the pay range for a member of staff paid on the leadership scale will be subject to a review of their performance set against the annual appraisal review. The governing body may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the governing body made decide that there should be no pay progression. The pay review will be completed by 31 October for Assistant Headteachers and 30 April for the Business Manager.

Assistant Headteacher and Business Manager pay scales: L11 – L15 / BM 2 - 6
Deputy Headteacher pay scale L19 – L23

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Academy is a member of the SWAN Schools Network (SWAN Educational Partnership), which exists to share best practice and drive efficiencies through group co-operation. There are currently ten member Schools which are governed by a number of the Headteachers from the partnership. There are no membership subscriptions payable as the formal partnership was dissolved and the company removed from the register.

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

Objectives and Activities

OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of the Moulton School and Science College Academy to provide education for pupils of different abilities between the ages of 11 and 19.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the year ended 31 August 2017 were focused on four key areas which are summarised below and detailed more fully in the School Improvement Plan for the year:

- Student Outcomes – Achieving outcomes at GCSE and A level that represent positive value added, providing students with an effective platform for the next stage of education or employment.
- Teaching and Learning – Continuation of the successful program implemented last year to drive through the agreed strategies aimed at retaining the focus on continuous improvement of lesson quality. These strategies included an extensive CPD programme complimented by robust lesson observations, on line tracking of performance monitoring and various support mechanisms aimed at improving the quality of teaching.
- Behaviour and Student Safety – Continue the focus on the ASPIRE ethos and the embedding of the Restorative Approaches behaviour management. This initiative has been further supported by the conversion of the School House s dedicated space for related activities and the achievement of the school being accredited as RSQM school.
- Leadership and Management – Review current practices and enhance and improve where required to drive up accountability and improve outcomes.

The following statements provide the operating principles of the Academy and the basis of all decision making:

- To comply with all appropriate statutory and curriculum requirements;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness;
- To ensure that every child receives high quality education in terms of resourcing, tuition and care.

The Academy's mission statement which is 'ASPIRE - strive for Great Things', the principles of which are:

- Achievement through learning;
- Service to the community;
- Pride and determination;
- Individual responsibility;
- Respect, courtesy and consideration;
- Excellence and high expectations.

PUBLIC BENEFIT

The Academy Trust provides education for the benefit of the local community of Northampton and offers cost efficient recreational facilities to a variety of local community groups outside of school hours for the benefit of the general public. Community based projects are also undertaken throughout the year by staff and students which further enhances the public benefit; for example, charity fund raising.

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TRUSTEES' REPORT (continued)
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Strategic report

Achievements and performance

The Academy remains a popular school, clearly demonstrating the high regard parents hold for Moulton School when choosing secondary education for their child. Total students in the year ended 31 August 2017 number 1,366 including VI Form, which was 25 more students than the previous academic year. The Academy had a full complement in most year groups.

Examination results for 2017 were good at GCSE, although disappointing at A level. 93 students sat A2 exams, with a pass rate of 96%, 75% of entries being graded at A* - C and 18% of entries being graded at A* / A. The great majority of students met the requirements for their first choice university place.

The Progress 8 measure, 0.14, confirmed value added at Key Stage 4 above national. Outcomes for boys and students in receipt of the pupil premium also increased significantly, and were better than for those of their peers nationally. Both English and Maths results improved from 2016, following introduction of the new GCSEs. There were also many outstanding individual results, with two thirds of the cohort attaining an A* / A grade.

NEET figures for the school continue to be very low. The continued high profile of monitoring attendance has meant that attendance remains at national average. Exclusions are below the national average. Stakeholder surveys indicate a high level of satisfaction, with over 92% of parents stating that they would recommend the school to another parent.

The school was reinspected by OFSTED in January 2017 and is pleased to report that the previous rating of 'GOOD' was maintained. The Governors and Leadership Team continue to work on reaffirming the schools strong position and establishing strategies to move towards outstanding.

KEY PERFORMANCE INDICATORS

The Academy Trust uses a number of financial key performance indicators to monitor financial success of the Academy Trust and progress / improvement against the targets set.

Staffing costs are monitored as a percentage of total non capital income. For the year ended 31 August 2017 staffing costs amounted to 79% of total non capital income (2016 - 77%).

The Academy Trust also monitors its operating surplus (excluding restricted fixed assets/depreciation and actuarial losses) or deficit as a percentage of total non capital income. For the year ended 31 August 2017 the operating deficit equated to 0.09% of total non capital income (2016 - 1.7% deficit).

The Academy Trust also uses a number of non-financial key performance indicators to monitor its performance. These include:

- GCSE and A level performance data;
- Student attendance rates;
- Student exclusion rates;
- Stakeholder surveys.

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TRUSTEES' REPORT (continued)
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GOING CONCERN

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

Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants disbursed via the Education Funding Agency (ESFA), the use of which is restricted to particular purposes. In addition a small amount of funding was received from the Local Authority in respect of students with statements. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2017, total expenditure of £7,101,413 (excluding depreciation) was almost covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds/depreciation, actuarial losses and transfers) was £6,324 deficit (2016 - £119,007 surplus).

The Academy receives grants (GAG) from the Education Funding Agency of approximately £6m p/a and has built reserves of approximately 8.2% (2016 - 7.9%) of this figure to provide a contingency fund for capital and revenue reserves, excluding the pension deficit.

At 31 August 2017 the net book value of fixed assets was £16,413,997 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has continued to invest significantly both in its buildings and technology, improving the learning environment and the tools available for students and teachers. It is planned to continue with the development of the school buildings and facilities in line with investment both from GAG funds with rolling programs and through application for Condition Improvement Funds (CIF), through the CIF application process. The academic year 2016 – 2017 saw funds of over £700,000 being received to improve the changing room facilities and roof refurbishment.

RESERVES POLICY

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of free reserves (total funds less amounts held in fixed assets and restricted funds) is £62,074. The Academy intends to continue building up free reserves in line with the Academy Capital and Reserves policy.

Included within restricted funds at 31 August 2017 is the Local Government Pension Scheme deficit of £778,000. The pension deficit is viewed as long term debt and contributions are adjusted as necessary to mitigate the risk and reduce the deficit.

The Trust must also review the balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017. In the statements that follow this would be a net surplus of £692,754 + £62,074 = £754,828.

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TRUSTEES' REPORT (continued)
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At 31 August 2017 the total funds comprised:

Unrestricted		62,074
Restricted:	Fixed asset funds	16,832,185
	Pension reserve	(778,000)
	Other	<u>692,754</u>
		<u>16,809,013</u>

INVESTMENT POLICY

The Trust's investment policy is to invest surplus cash reserves with High Street banks with a high credit rating where the capital invested is guaranteed. Investment returns are market tested periodically to ensure that returns are maximised whilst safeguarding the funds invested.

PRINCIPAL RISKS AND UNCERTAINTIES

Through the Academy's risk management procedures, it has considered its principal risks and uncertainties and planned mitigating action wherever possible. The principal risks and uncertainties identified by the Governing Body are:

- Change in government funding regime - the Academy receives its income from Government agencies;
- Reduction in student numbers either through competition or a damaged reputation/falling standards.

Key controls that the Academy has in place to mitigate these risks include:

- Attendance at government funding agency conferences and participation in focus groups to keep up to date with and influence as far as possible Academy funding methodology;
- Continued organisational structure reviews and strong budget management;
- Internal quality assurance reviews and self-assessments;

Plans for future periods

FUTURE DEVELOPMENTS

The Academy will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust holds no funds on behalf of other operating bodies.

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

AUDITOR

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14 December 2017 and signed on its behalf by:

Mr S Barrick
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Moulton School and Science College 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 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 Moulton School and Science College and the Secretary of State for Education. He is 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 7 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 S Barrick, Chair	6	7
Mrs A Jeffrey, Vice Chair	6	7
Mr T Jones, Headteacher & Accounting Officer	6	7
Ms R Lucas, Finance Chair	5	7
Mr S Robinson	4	7
Mrs A Bolton, Staff Trustee	5	7
Mrs C Coulson, Staff Trustee	5	7
Mrs M Devine	4	7
Mr J Hancock	2	2
Mr R Hollis	1	1
Mr J Neilson	0	7
Mr D Sherwood	4	7
Mr N Smith	0	1
Miss K O'Brien	4	7
Mr I Chapman	5	7
Mr E Anakwa	5	7
Mr F Ashby	2	7

The plan for Senior Governors to meet with the Headteacher and Deputy Headteacher more frequently, to review progress on key areas of the improvement plan is in place.

The Trust has reviewed the opportunity to join a locally based Multi Academy trust (MAT) and this has been decided against at this time whilst the school looks to strengthen its own position through independent review by an external consultant.

The Finance and Audit Committee is a sub-committee of the main board of trustees.

Its purpose is to:

- monitor financial performance of the Academy;
- review expenditure;
- approve financial strategies;
- review policies of the Academy.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Barrick	4	4
Ms R Lucas (Finance Chair)	4	4
Mr T Jones (Headteacher & Accounting Officer)	4	4
Mrs A Jeffrey	1	2
J Hancock	2	4
Mrs C Coulson	3	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the 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:

- The Trust has continued to make significant investment in improving the environment and facilities available to compliment teaching within the Trust. Despite relatively flat income and rising costs, the Trust continued to invest in technology, furniture and significant building work, all of which improve the infrastructure and viability of the Trust for future years. This has been achieved through careful budget management and limiting any increase in headcount for greater efficiency.
- Reviews of operating structures to assess impact and effectiveness against need was followed through with a change to the pastoral support system agreed and partially implemented with full rollout as natural wastage occurs.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Moulton School and Science College for the year 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and

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GOVERNANCE STATEMENT (continued)

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 Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks.

The auditor'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:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

Twice, during the current financial year, MHA MacIntyre Hudson performed additional financial and controls checks, in addition to the interim and full year end audit. Reports were provided to the board of Trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

On a semi-annual basis, the auditor reports to the Board of Trustees through the finance and audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditor;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 14 December 2017 and signed on their behalf, by:

Mr S Barrick
Chair of Trustees

Mr T Jones
Headteacher & Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Moulton School and Science College I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

Mr T Jones
Headteacher & Accounting Officer

Date: 14 December 2017

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 14 December 2017 and signed on its behalf by:

Mr S Barrick
Chair of Trustees

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MOULTON SCHOOL AND SCIENCE COLLEGE**

OPINION

We have audited the financial statements of Moulton School and Science College for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating the income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 academy 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.

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MOULTON SCHOOL AND SCIENCE COLLEGE**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the 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 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:

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement set out on page 18, 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.

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MOULTON SCHOOL AND SCIENCE COLLEGE**

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Elaine Olson-Williams FCCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Peterbridge House

The Lakes

Northampton

NN4 7HB

Date:

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MOULTON SCHOOL AND SCIENCE COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Moulton School and Science College during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF MOULTON SCHOOL AND SCIENCE COLLEGE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Moulton School and Science College's funding agreement with the Secretary of State for Education dated 28 October 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MOULTON SCHOOL AND SCIENCE COLLEGE AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:

- Reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- Testing a sample of payroll payments to staff;
- Testing of a sample of payments to suppliers and other third parties;
- Testing of a sample of grants received and other income streams;
- Evaluation of the internal control procedures and reporting lines, and testing as appropriate;
- Making appropriate enquiries of the Accounting Officer.

CONCLUSION

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

MHA MacIntyre Hudson

Chartered Accountants

Peterbridge House
The Lakes
Northampton
NN4 7HB

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	3,044	-	740,973	744,017	33,505
Charitable activities:	3					
Funding for the academy trust's educational operations		-	6,690,180	-	6,690,180	6,662,388
Other trading activities	4	211,163	185,423	-	396,586	344,207
Investments	5	5,279	-	-	5,279	5,265
TOTAL INCOME		219,486	6,875,603	740,973	7,836,062	7,045,365
EXPENDITURE ON:						
Raising funds	6,7	196,740	22,982	-	219,722	207,423
Charitable activities:						
Academy trust educational operations		-	6,881,691	700,197	7,581,888	7,500,261
TOTAL EXPENDITURE	6	196,740	6,904,673	700,197	7,801,610	7,707,684
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	22,746 (1,781)	(29,070) (274,526)	40,776 276,307	34,452 -	(662,319) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		20,965	(303,596)	317,083	34,452	(662,319)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	1,179,000	-	1,179,000	(762,000)
NET MOVEMENT IN FUNDS		20,965	875,404	317,083	1,213,452	(1,424,319)
RECONCILIATION OF FUNDS:						
Total funds brought forward		41,109	(960,650)	16,515,102	15,595,561	17,019,880
TOTAL FUNDS CARRIED FORWARD		62,074	(85,246)	16,832,185	16,809,013	15,595,561

MOULTON SCHOOL AND SCIENCE COLLEGE**(A company limited by guarantee)****REGISTERED NUMBER: 07807158**

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		16,413,997		16,476,642
CURRENT ASSETS					
Debtors	14	395,687		242,678	
Cash at bank and in hand		1,299,286		1,316,605	
		1,694,973		1,559,283	
CREDITORS: amounts falling due within one year	15	(521,922)		(683,488)	
NET CURRENT ASSETS			1,173,051		875,795
TOTAL ASSETS LESS CURRENT LIABILITIES			17,587,048		17,352,437
CREDITORS: amounts falling due after more than one year	16		(35)		(876)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			17,587,013		17,351,561
Defined benefit pension scheme liability	20		(778,000)		(1,756,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			16,809,013		15,595,561
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	692,754		795,350	
Restricted fixed asset funds	17	16,832,185		16,515,102	
Restricted income funds excluding pension liability		17,524,939		17,310,452	
Pension reserve		(778,000)		(1,756,000)	
Total restricted income funds			16,746,939		15,554,452
Unrestricted income funds	17		62,074		41,109
TOTAL FUNDS			16,809,013		15,595,561

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:

Mr S Barrick
Chair of Trustees

Mr T Jones
Headteacher & Accounting Officer

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>613,674</u>	<u>1,546,386</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		5,279	5,265
Proceeds from the sale of tangible fixed assets		5,724	2,183
Purchase of tangible fixed assets		<u>(638,840)</u>	<u>(1,380,070)</u>
Net cash used in investing activities		<u>(627,837)</u>	<u>(1,372,622)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(3,156)</u>	<u>(5,472)</u>
Net cash used in financing activities		<u>(3,156)</u>	<u>(5,472)</u>
Change in cash and cash equivalents in the year		<u>(17,319)</u>	<u>168,292</u>
Cash and cash equivalents brought forward		<u>1,316,605</u>	<u>1,148,313</u>
Cash and cash equivalents carried forward		<u><u>1,299,286</u></u>	<u><u>1,316,605</u></u>

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Moulton School and Science College constitutes a public benefit entity as defined by FRS 102.

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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Donations

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

Other income

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

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2.15% to 5% straight line
Plant and machinery	-	20% straight line
Furniture and Equipment	-	20% straight line
Computer equipment	-	33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

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

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis 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 14. Prepayments are not financial instruments. 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 costs as detailed in notes 15 and 16. 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 instruments.

1.10 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

1. ACCOUNTING POLICIES (continued)

1.11 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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 and include grants from the Education and Skills Funding Agency.

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	740,973	740,973	27,910
Miscellaneous	399	-	-	399	-
Department income	2,645	-	-	2,645	5,595
	3,044	-	740,973	744,017	33,505
<i>Total 2016</i>	5,595	-	27,910	33,505	

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	6,380,628	6,380,628	6,384,012
Other Dfe/EFA grants	-	252,274	252,274	230,342
	-	6,632,902	6,632,902	6,614,354
Other government grants				
Local authority grants	-	48,428	48,428	35,534
	-	48,428	48,428	35,534
Other funding				
Other grants	-	8,850	8,850	12,500
	-	8,850	8,850	12,500
	-	6,690,180	6,690,180	6,662,388
<i>Total 2016</i>	-	6,662,388	6,662,388	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	21,781	-	21,781	39,793
School fund	-	149,941	149,941	113,016
Other income	4,112	35,482	39,594	27,868
Catering income	185,270	-	185,270	163,530
	211,163	185,423	396,586	344,207
<i>Total 2016</i>	209,906	134,301	344,207	

MOULTON SCHOOL AND SCIENCE COLLEGE
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	5,279	-	5,279	5,265
<i>Total 2016</i>	5,265	-	5,265	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	3,045	3,045	5,595
Expenditure on raising funds (note 7)	-	-	216,677	216,677	201,828
Activities:					
Direct costs	4,544,939	-	419,296	4,964,235	5,021,325
Allocated support costs	1,063,061	562,559	992,033	2,617,653	2,478,936
	5,608,000	562,559	1,631,051	7,801,610	7,707,684
<i>Total 2016</i>	5,412,677	1,161,060	1,133,947	7,707,684	

7. FUNDRAISING EXPENSES AND OTHER GENERATING COSTS

	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	-	-	-	3,683
Sports lettings	7,217	-	7,217	10,967
Catering expenditure	182,366	-	182,366	159,310
Other expenditure	4,112	22,982	27,094	27,868
	193,695	22,982	216,677	201,828

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8. CHARITABLE ACTIVITIES

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	<u>4,964,235</u>	<u>2,617,653</u>	<u>7,581,888</u>	<u>7,500,261</u>
<i>Total 2016</i>	<u>5,021,325</u>	<u>2,478,936</u>	<u>7,500,261</u>	

Analysis of support costs

	2017 £	2016 £
Support staff costs	1,063,061	856,450
Depreciation	697,215	672,989
Premises costs	474,443	562,559
Other support costs	365,685	370,975
Governance costs	17,249	15,963
Total support costs	<u><u>2,617,653</u></u>	<u><u>2,478,936</u></u>

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	697,215	672,989
Auditor's remuneration - audit	8,500	8,500
Auditor's remuneration - other services	7,850	7,150
(Profit)/loss on disposal of fixed assets	<u>(1,455)</u>	<u>875</u>

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10. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	4,153,172	4,115,158
Social security costs	390,254	333,911
Operating costs of defined benefit pension schemes	881,300	755,094
	<u>5,424,726</u>	<u>5,204,163</u>
Apprenticeship levy	3,746	-
Supply teacher costs	179,528	193,196
Redundancy payments	-	10,818
Severance payment	-	4,500
	<u><u>5,608,000</u></u>	<u><u>5,412,677</u></u>

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

	2017	2016
	No.	No.
Teachers	76	78
Administration and support	79	78
Management	7	7
	<u>162</u>	<u>163</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £25,187 (2016 - £25,594).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £491,041 (2016 - £499,672).

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FOR THE YEAR ENDED 31 AUGUST 2017

11. TRUSTEES' REMUNERATION AND EXPENSES

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

	2017	2016
	£	£
T Jones (Headteacher and trustee)		
Remuneration	90,000 - 95,000	85,000 - 90,000
Employer's pension contributions	15,000 - 20,000	10,000 - 15,000
C Coulson (staff trustee)		
Remuneration	25,000 - 30,000	25,000 - 30,000
Employer's pension contributions	5,000 - 10,000	5,000 - 10,000
A Bolton (staff trustee)		
Remuneration	35,000 - 40,000	35,000 - 40,000
Employer's pension contributions	5,000 - 10,000	5,000 - 10,000
Katie O'Brien (staff trustee) (Appointed 1 February 2016)		
Remuneration	10,000 - 15,000	5,000-10,000
Employer's pension contributions	NIL - 5,000	NIL - 5,000

During the year, no Trustees received any reimbursement of expenses (2016 - £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 £10,000,000 and it is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	18,633,963	79,772	182,163	481,339	19,377,237
Additions	406,103	16,894	20,451	195,392	638,840
Disposals	-	(4,555)	(1,255)	(71,652)	(77,462)
At 31 August 2017	<u>19,040,066</u>	<u>92,111</u>	<u>201,359</u>	<u>605,079</u>	<u>19,938,615</u>
Depreciation					
At 1 September 2016	2,412,468	22,172	71,265	394,690	2,900,595
Charge for the year	555,995	15,611	29,215	96,394	697,215
On disposals	-	(969)	(607)	(71,616)	(73,192)
At 31 August 2017	<u>2,968,463</u>	<u>36,814</u>	<u>99,873</u>	<u>419,468</u>	<u>3,524,618</u>
Net book value					
At 31 August 2017	<u>16,071,603</u>	<u>55,297</u>	<u>101,486</u>	<u>185,611</u>	<u>16,413,997</u>
At 31 August 2016	<u>16,221,495</u>	<u>57,600</u>	<u>110,898</u>	<u>86,649</u>	<u>16,476,642</u>

14. DEBTORS

	2017 £	2016 £
VAT recoverable	75,996	28,293
Prepayments and accrued income	319,691	214,385
	<u>395,687</u>	<u>242,678</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Salix loans	841	3,156
Trade creditors	450	1,573
Other taxation and social security	97,846	98,278
Other creditors	88,804	88,169
Accruals and deferred income	333,981	492,312
	<u>521,922</u>	<u>683,488</u>

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15. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	54,941	54,252
Resources deferred during the year	62,446	54,941
Amounts released from previous years	(54,941)	(54,252)
	<hr/>	<hr/>
Deferred income at 31 August 2017	62,446	54,941
	<hr/> <hr/>	<hr/> <hr/>

At the balance sheet date the academy trust was holding funds received in advance for trips and grant income relating to the autumn term 2017.

16. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Salix loans	35	876
	<hr/> <hr/>	<hr/> <hr/>

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

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	41,109	219,486	(196,740)	(1,781)	-	62,074
Restricted funds						
General Annual Grant (GAG)	671,527	6,380,628	(6,198,294)	(250,805)	-	603,056
Other DfE/EFSA grants	114,736	250,554	(276,787)	(5,469)	-	83,034
Other Government Grants	3,405	57,278	(57,456)	-	-	3,227
Miscellaneous restricted funds	2,217	37,202	(25,711)	(12,500)	-	1,208
School Funds	3,465	149,941	(145,425)	(5,752)	-	2,229
Pension reserve	(1,756,000)	-	(201,000)	-	1,179,000	(778,000)
	<u>(960,650)</u>	<u>6,875,603</u>	<u>(6,904,673)</u>	<u>(274,526)</u>	<u>1,179,000</u>	<u>(85,246)</u>
Restricted fixed asset funds						
ESFA Capital Grant (Spent)	2,283,227	-	(94,740)	319,202	-	2,507,689
ESFA Capital Grant (Unspent)	17,843	740,973	(2,979)	(337,649)	-	418,188
Other Government Capital Grant (Spent)	105,189	-	(16,976)	5,469	-	93,682
Other Government Capital Grant (Unspent)	20,615	-	-	(20,615)	-	-
Capital expenditure from GAG	321,947	-	(126,902)	296,268	-	491,313
Other Capital Expenditure	1,444	-	(482)	13,632	-	14,594
Capital income transferred from Local Authority	13,764,837	-	(458,118)	-	-	13,306,719
	<u>16,515,102</u>	<u>740,973</u>	<u>(700,197)</u>	<u>276,307</u>	<u>-</u>	<u>16,832,185</u>
Total restricted funds	<u>15,554,452</u>	<u>7,616,576</u>	<u>(7,604,870)</u>	<u>1,781</u>	<u>1,179,000</u>	<u>16,746,939</u>
Total of funds	<u>15,595,561</u>	<u>7,836,062</u>	<u>(7,801,610)</u>	<u>-</u>	<u>1,179,000</u>	<u>16,809,013</u>

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

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General unrestricted funds	8,001	220,766	(186,138)	(1,520)	-	41,109
	<u>8,001</u>	<u>220,766</u>	<u>(186,138)</u>	<u>(1,520)</u>	<u>-</u>	<u>41,109</u>
Restricted funds						
General Annual Grant (GAG)	542,101	6,384,014	(6,205,549)	(49,039)	-	671,527
Other DfE/ESFA grants	134,345	230,086	(249,695)	-	-	114,736
Other Government Grants	-	48,034	(44,629)	-	-	3,405
Miscellaneous restricted funds	4,935	21,540	(24,258)	-	-	2,217
School Funds	5,547	113,015	(108,179)	(6,918)	-	3,465
Pension reserve	(914,000)	-	(80,000)	-	(762,000)	(1,756,000)
	<u>(227,072)</u>	<u>6,796,689</u>	<u>(6,712,310)</u>	<u>(55,957)</u>	<u>(762,000)</u>	<u>(960,650)</u>
Restricted fixed asset funds						
ESFA Capital Grant (Spent)	1,087,520	-	(73,285)	1,268,992	-	2,283,227
ESFA Capital Grant (Unspent)	1,397,734	27,910	(136,247)	(1,271,554)	-	17,843
Other Government Capital Grant (Spent)	82,097	-	(10,973)	34,065	-	105,189
Other Government Capital Grant (Unspent)	68,597	-	-	(47,982)	-	20,615
Capital expenditure from GAG	377,653	-	(128,142)	72,436	-	321,947
Other Capital Expenditure	-	-	(76)	1,520	-	1,444
Capital income transferred from Local Authority	14,225,350	-	(460,513)	-	-	13,764,837
	<u>17,238,951</u>	<u>27,910</u>	<u>(809,236)</u>	<u>57,477</u>	<u>-</u>	<u>16,515,102</u>
Total restricted funds	<u>17,011,879</u>	<u>6,824,599</u>	<u>(7,521,546)</u>	<u>1,520</u>	<u>(762,000)</u>	<u>15,554,452</u>
Total of funds	<u>17,019,880</u>	<u>7,045,365</u>	<u>(7,707,684)</u>	<u>-</u>	<u>(762,000)</u>	<u>15,595,561</u>

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

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

Restricted general funds will be used for educational purposes in line with the Academy's objects and its funding agreement with the EFA.

Restricted fixed asset funds amounting to £16,413,997 (2016 - £16,476,642) will be reserved against future depreciation charges, and the remainder of £418,188 (2016 - £38,460) relates to unspent capital grants which will be used to enhance the Academy's facilities.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	16,413,997	16,413,997
Current assets	62,074	1,214,711	418,188	1,694,973
Creditors due within one year	-	(521,922)	-	(521,922)
Creditors due in more than one year	-	(35)	-	(35)
Pension scheme liability	-	(778,000)	-	(778,000)
	<u>62,074</u>	<u>(85,246)</u>	<u>16,832,185</u>	<u>16,809,013</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	16,476,642	16,476,642
Current assets	41,109	1,479,714	38,460	1,559,283
Creditors due within one year	-	(683,488)	-	(683,488)
Creditors due in more than one year	-	(876)	-	(876)
Pension scheme liability	-	(1,756,000)	-	(1,756,000)
	<u>41,109</u>	<u>(960,650)</u>	<u>16,515,102</u>	<u>15,595,561</u>

19. CAPITAL COMMITMENTS

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

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	21,657

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

20. PENSION COMMITMENTS

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

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

Contributions amounting to £88,804 were payable to the schemes at 31 August 2017 (2016 - £88,169) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 by, the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;

**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £470,944 (2016 - £470,742).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pensions website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>.

Scheme changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

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20. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £305,000 (2016 - £295,000), of which employer's contributions totalled £243,000 (2016 - £236,000) and employees' contributions totalled £62,000 (2016 - £59,000). The agreed contribution rates for future years are 23.2% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Expected return on scheme assets at 31 August	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.9	24.0
Females	26.1	26.6

	At 31 August	At 31 August
	2017	2016
	£	£
Sensitivity analysis		
0.5% decrease in Real Discount Rate	518,000	574,000
0.5% increase in the Salary Increase Rate	59,000	182,000
0.5% increase in the Pension Increase Rate	453,000	373,000

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,708,000	2,109,000
Corporate bonds	586,000	564,000
Property	256,000	238,000
Cash and other liquid assets	110,000	59,000
Total market value of assets	<u>3,660,000</u>	<u>2,970,000</u>

The actual return on scheme assets was £445,000 (2016 - £478,000).

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

	2017 £	2016 £
Interest income	62,000	88,000
Interest cost	(99,000)	(122,000)
Current service cost	407,000	282,000
Total	<u>370,000</u>	<u>248,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,726,000	3,165,000
Interest cost	99,000	122,000
Employee contributions	62,000	59,000
Actuarial (gains)/losses	(796,000)	1,152,000
Benefits paid	(60,000)	(54,000)
Current service cost	407,000	282,000
Closing defined benefit obligation	<u>4,438,000</u>	<u>4,726,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,970,000	2,251,000
Interest income	62,000	88,000
Actuarial gains	383,000	390,000
Employer contributions	243,000	236,000
Employee contributions	62,000	59,000
Benefits paid	(60,000)	(54,000)
	<u>3,660,000</u>	<u>2,970,000</u>

21. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	5,483	5,483
Between 2 and 5 years	1,641	7,123
	<u>7,124</u>	<u>12,606</u>

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	34,452	(662,319)
Adjustment for:		
Depreciation charges	697,215	672,989
Dividends, interest and rents from investments	(5,279)	(5,265)
(Profit)/loss on the sale of fixed assets	(1,455)	875
(Increase)/decrease in debtors	(153,009)	1,241,112
(Decrease)/increase in creditors	(159,250)	218,994
Defined benefit pension scheme cost less contributions payable	164,000	46,000
Defined benefit pension scheme finance cost	37,000	34,000
	<u>613,674</u>	<u>1,546,386</u>

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

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	1,299,286	1,316,605
Total	1,299,286	1,316,605

24. MEMBERS' LIABILITY

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

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.