

**MCE Academy**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2012**

**Company Registration Number:**  
**7559537 (England and Wales)**

<b>Contents</b>	<b>Page</b>
Reference and Administrative Details	2
Governors' Report	4
Governance Statement	9
Statement on Regularity, Propriety and Compliance	11
Statement of Governors' Responsibilities	12
Independent Auditor's Report to the Members	13
Independent Auditors Report on Regularity	15
Statement of Financial Activities incorporating Income & Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements, incorporating: Accounting Policies Other Notes to the Financial Statements	20

## Manor CE Academy

### Reference and administrative details

#### Governors

Chair	Mrs R.Somerville # (Resigned as chair 26 Sept 2012)
Foundation Governors	Mr C Anelay (parent) – Vice Chair # The Reverend C Coates Rev T Hand (representing Deanery of York) Mr A Moorcroft Mrs F.Long (Chair from 26 Sept 2012) Mr S Naish (parent) Ms S Quartermaine, Diocesan Board of Education (ex-officio) # (Stepped down 09 Feb 2012) Mr L.Hodson, Diocesan Board of Education (ex-officio) # (Started 10 Feb 2012) Mrs W Robinson (parent) Rt Rev M Wallace, Bishop of Selby (ex-officio) Rev Canon Peter Moger
LEA Governors appointed by City of York Council	Mrs J Hopton (Resigned 31 Aug 2012) Mrs E.Jones (Appointed 01 Sept 2011) Miss J Wright #
Staff Governors	Mrs R Snowden Mr A Fyfe (Resigned 31 Dec 2011) Mr K.Wallace # (Appointed 05 Mar 2012) Mr D Hosier
Parent Governors	Dr J Adams Mrs S Duxbury # Mr D Judson #
The Principal and Accounting Officer	Mr B Crosby #
Clerk to the Governors	City of York Council (Mrs T Gunson)
# Represents members of the Finance Committee	
Secretary	Prima Secretary Limited (Resigned 31,12,2011) S Bryan-Smith (Appointed 31,12,2011)

**Manor CE Academy**

**Reference and administrative details  
(continued)**

Senior management team	Brian Crosby, Mike Thunder, Julie Caddell Andy Crisp, Sue Counter, Jane Atkinson
Principal and Registered Office	Manor CE School, Millfield Lane Nether Poppleton York, North Yorkshire YO26 6PA
Company Registration Number	7559537
Auditors	Barron & Barron, Bathurst House 86 Micklegate York YO1 6LQ
Bankers	Lloyds Banking Group 14 Church Street Sheffield S1 1HP
Solicitors	Dickinson Dees LLP, St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX
Surveyors	Valuation Office Agency Eastgate House Eastgate Leeds LS2 7JL

## **Manor CE Academy**

### **Governors' Report**

The governors present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2012.

### **Structure, Governance and Management**

#### Constitution

The Academy 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.

The governors act as the trustees for the charitable activities of MCE Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Manor CE Academy.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

#### 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.

#### Governors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £250,000.

#### Principal Activities

Principal Activities, for which the Academy was set up, are to deliver full-time education to children aged 11 – 16. In addition and in partnership with the formal education the Academy runs many trips, clubs and other opportunities to enhance and develop each child.

#### Method of Recruitment and Appointment or Election of Governors

As laid out in the Articles of Association the number of Governors shall be not less than three but shall not be subject to a maximum. The Academy Trust members shall appoint the following Governors - The Archbishop of York or such other person as he shall nominate. The method of appointing governors is included in the Articles of Association which is available on the Academy website.

#### Policies and Procedures Adopted for the Induction and Training of Governors.

New Governors are formally written to on appointment and supplied with a welcome pack and invited to attend a "Welcome to Governance" course run by the local authority. Further training is made available specific to the relevant area of responsibility.

#### Organisational Structure

Overall responsibility lies with the governors who in turn delegate the day to day running of the school to the Principal and the senior leadership team. Further details of Governance structure on page 8

#### Risk Management

The process of reviewing the risks to which the academy is subject is underway. The initial financial review has been undertaken by the appointed Responsible Officer and internal audit provided. Other areas of risk are being continually assessed on a regular basis. The Governors have recognised this as important area and are working through these issues.

## Manor CE Academy

### Governors' Report (Continued)

#### Connected Organisations, including Related Party Relationships

Manor CE Academy has a very strong relationship with the **York Diocesan Board of Education**. The Board is a member of the company and oversees the appointment of the Foundation Governors of the academy. The Diocesan Director of Education is an ex-officio member of the board. The Principal is in turn currently a member of the Diocesan Board of Education and sits on the Standing Committee, overseeing the finance and resources. The academy has a Service Level Agreement with the DBE for educational services and support. The DBE has the statutory responsibility for the SIAS inspection of the academy. Over the years the DBE has provided outstanding support in gaining new facilities.

Even after becoming an academy, Manor CE continues to work closely with the **City of York** local authority. The principal sits on the York Educational Partnership board. This is the body making financial decisions regarding the schools and academies within the City of York. The academy also has a contract with CYC to support a school undergoing closure. The academy plays an active role in all educational developments within the city and the wider region. The academy also has a number of SLAs with CYC to provide HR and Payroll. In addition the academy is part of the CYC behaviour partnership.

Over the last year the school has gained Teaching School status from the **National College for School Leaders** (NCSL). This enables the academy to be at the heart of developments in relation to the training of new teachers via Schools Direct, developing leaders via the Middle Leadership Development Course and engaging in support for other schools acting as a National Support School(NSS). The Principal is currently engaged by the NCSL as a National Leader of Education working alongside two schools facing challenging circumstances.

#### **Objectives and Activities**

##### Objects and Aims

To advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and particularly in relation to arranging for religious education and daily acts of worship, and in having regard to the advice of the Diocesan Board of Education.

##### Objectives, Strategies and Activities

The objectives are to provide outstanding education through teaching professionally and creatively.

##### Public Benefit

In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

**Governors' Report (Continued)**

**Achievements and Performance**

During the period of the first full twelve months of the academy (September 2011 to August 2012), the public examinations results suffered from the debacle regarding the marking of the English Language papers. This is currently being pursued in the High Court via a joint action to have a judicial review. The rest of the examination results hit their targets or were above expectations. It is estimated that some 18 students gained a lower grade than expected in English Language and this had a dramatic effect on the overall headline figures of 5A\*-C with English and Maths.

Description	Target	Level Achieved
5 x A* - C	90%	95%
5 x A* - C with English and Maths	80%	66%

MCE maintains a detailed school development plan agreed and includes the following "Big themes";

- To build capacity to strengthen teaching and learning and therefore enhance attainment
- To develop a new House and welfare system
- To explore the possibility of setting up a new VIth Form
- To develop the role as the lead provider in the new Ebor Teaching School Alliance
- To obtain 76% 5A\*-C grades with English and Maths, to have 83% 3 levels of progress in English and 78% three levels of progress in Maths and have an attendance level of 96%.

The academy has had a very successful first year in running the Creative Media centre called the HIVE. Students from MCE and York College working towards level 3 qualifications in Drama are currently using it. At the present time the HIVE still needs a few additional capital resources to finish off the work, including sound and lighting desks . It is well used at the weekend and is a popular venue for NCSL events and programmes. The Ebor TSA has moved its office into the HIVE.

In April 2012, the academy became the lead school in the Ebor Teaching Schools Alliance (ETSA). In this exciting role the academy is working with 19 other strategic partners to develop six key areas with the NCSL. They are Initial Teacher Training, Continual Professional Development through a range of courses, Peer Support, Specialist Leaders of Education and School to School Support. The academy is working closely with other Teaching Schools such as the Red Kite Alliance at Harrogate Grammar.

Over the course of the year the academy celebrated the 200<sup>th</sup> Anniversary of the founding of the school in 1812. On the 13 March 2012 we had a black-tie dinner in the Merchant Taylor's Hall in Aldwalk for past and present staff to celebrate the signing of the agreement to set up the school. Then gain in April we had a wonderful service of celebration in York Minster celebrating the first day of school in 1812. Over one thousand two hundred students and guests were present for the occasion. Finally the academy threw open its doors in June to any former student or members of the community with a connection to Manor to be able to come and look at the new facilities.

Going Concern

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

Key Performance Indicators

During the 12 month period to 31 August 2012 MCE Academy Trust has controlled and managed its expenditure to ensure that it operated within the funding available through the General Annual Grant.

## Governors' Report (Continued)

### Financial Review

The Academy applied for and received funding in year to compensate for the detrimental effect of lagged funding in relation to pupil numbers. This in conjunction with a reorganisation of the senior leadership team and maintaining tight control of budgets resulted in a year end surplus. This finds the Academy in a much stronger financial position and will allow the Academy to repay the opening deficit subject to the release of accrued funding.

The deficit balance sheet relating to the Local Government Pension Scheme shortfall in relation to MCE staff has increased during the year from £501,000 to £591,000. Repayment of the pension deficit is included in the budget on the basis of an additional percentage contribution.

The funding received by the Academy is almost entirely through the EFA which makes up 95% of all funding received.

### Financial and Risk Management Objectives and Policies

A comprehensive risk register has been commissioned to quantify the likelihood and impact of the risks the Academy may face.

### Principal Risks and Uncertainties

The principal risks to the academy are identified as reductions to funding through the proposed funding reforms.

### Reserves sbsPolicy

The financial position now allows the Academy to work towards the reserves policy set out in the school development plan.

MCE Academy trust is committed to establishing a working reserve of £250,000

The current level of unrestricted reserves is £169k. The current level of restricted GAG funds is a surplus of £114k

### Investment Policy

The investment policy to date has not been significant as balancing the cash flow has not allowed for investment. This will be reviewed now the academy is entering a surplus situation.



## Manor CE Academy

### Governors' Report (Continued)

#### Plans for Future Periods

Many of the "Big Themes" included in the School Development Plan will continue to be implemented and this will form the basis for the plans going forward.

The opening of the Creative Media Centre and the development and implementation of a usage policy that enriches the education of the students will be a focus in the next twelve months.


Acquiring the use of land adjacent to the school for development including replacement of outdoor recreational area and teaching environments for the school and wider community in partnership with the local council is expected to be agreed in the next few months.

A review and implementation of changes to the curriculum will also work towards the target levels for examination results 5 x A\* - C (90%) and 5 x A\* - C including English and Maths (80%)

In so far as the governors are aware:

- there is no relevant audit information of which the academy's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the Governing Body on 28 November 2012 and signed on its behalf by:

  
.....  
Fiona Long [Chair]

## **Manor CE Academy**

### **Governance Statement**

#### **Scope of Responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that Manor CE Academy 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 Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Manor CE Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the governors report and the statement of governors responsibility.

The governance structure of Manor CE Academy includes 21 Governors on the Full Governing Body. There are separate sub committees looking in more detail at the areas of Curriculum, Finance, Premises, Welfare and Staffing along with a standing committee. Groups meet at least every term with additional meetings when needed. In addition three Governors strategy mornings have been held to discuss specific strategic topics.

The governing body works well and will consider how best to meet the recent directive for a separate audit committee.

The Governing Body and Subcommittees meet five times a year. The average attendance for the governing body meetings has been 78% across the period. The finance committee attendance in the period was an average of 65%

#### **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's 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 Manor CE Academy for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Governing Body is undergoing a review of the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**Governance Statement (continued)**

**The Risk and Control Framework**

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

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

These controls have been previously established in the converter school and have been operating throughout the reporting period.

The Trustees have entered into a contract of services to provide both the role of responsible officer as defined by the Academies Handbook and a rolling plan of internal audit checks to ensure adequate and robust controls are in place within the financial management processes. This contract was awarded to Veritau and involves regular reports that are reviewed by the senior leadership team and the finance committee.

**Review of Effectiveness**

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

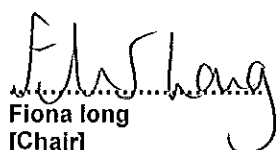
Veritau have continued to provide site visits where a rolling schedule of internal controls is reviewed and reported on. These reports are presented to, and considered by the finance committee in relation to any actions required. The full Financial Management Governance Evaluation audit was undertaken internally to self assess aspects of financial procedure. The outcome was independently verified by an audit visit undertaken by the Education Funding Agency.

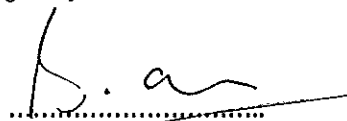
There is currently no separate audit committee; however, this is something that is now on the agenda.

Following recommendations from Veritau, attention was paid to improving the Bank Reconciliation process and timescales.

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

Approved by order of the members of the Governing Body on 28 November 2012 and signed on its behalf by:

  
.....  
Fiona Long  
[Chair]

  
.....  
Brian Crosby  
[Accounting Officer]

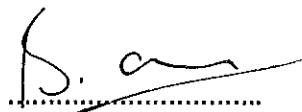
**Manor CE Academy**

**Statement on Regularity, Propriety and Compliance**

As accounting officer of Manor CE Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust governing body 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.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



.....  
**Brian Crosby**  
**[Accounting Officer]**

### Statement of Governors' Responsibilities

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

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

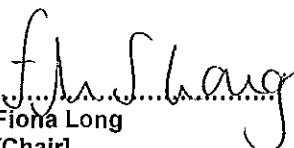
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 Governing Body on 28 November 2012 and signed on its behalf by:

  
.....  
Fiona Long  
[Chair]

**Independent Auditor's Report to the members of Manor CE Academy Trust Limited**

We have audited the financial statements of Manor CE Academy Trust Limited for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

**Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

**Manor CE Academy**

**Independent Auditor's Report to the members of Manor CE Academy Trust Limited (Continued)**

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2012, 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 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

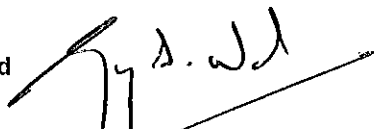
In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

Signed



Date 28 November 2012

GUY WARD FCA (Senior Statutory Auditor)  
For and on behalf of  
BARRON & BARRON  
Chartered Accountants  
& Statutory Auditor

**Address**

Bathurst House  
86 Micklegate  
York  
YO1 6LQ

## **Manor CE Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to Manor CE Academy Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 11 January 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Manor CE Academy Trust during the period 1 September 2011 to 31 August 2012 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 Manor CE Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Manor CE Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Manor CE Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Manor CE Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Manor CE Academy Trust's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook as published by DfES in 2006, 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 2011/12. 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 period 1 September 2011 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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



**Manor CE Academy**


**Independent Reporting Accountant's Assurance Report on Regularity to Manor CE Academy Trust Limited and the Education Funding Agency (Continued)**

Our audit work followed ICAEW guidance in TECH08/12AAF "Regularity Reporting for Academies" and included:

- Reviewing source documents relating to grant income and related expenditure incurred;
- A review of systems and procedures;
- Substantive testing as considered appropriate; and
- Making enquiries regarding the existence of any non-contractual payments.

**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 period 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Date 28 November 2012

*BARRON & BARRON*  
*Chartered Accountants*  
*& Statutory Auditor*

**Address**  
Bathurst House  
86 Micklegate  
York  
YO1 6LQ

## MCE Academy Trust

Company Number

## Statement of Financial Activities for the year to 31 August 2012

7559537

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2012 £000	Total 2011 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
. Voluntary income	3	7	-	-	7	17,093
. Activities for generating funds	4	78	-	-	78	19
<i>Incoming resources from charitable activities:</i>						
. Funding for the Academy's educational operations	5	-	4,480	198	4,678	4,605
<i>Other incoming resources</i>	6	124	90	-	214	23
<b>Total incoming resources</b>		<b>209</b>	<b>4,570</b>	<b>198</b>	<b>4,977</b>	<b>21,740</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
. Costs of generating voluntary income	7	24	-	-	24	4
<i>Charitable activities:</i>						
. Academy's educational operations	7	32	4,371	554	4,957	2,050
<i>Governance costs</i>	9	-	26	-	26	35
<b>Total resources expended</b>	7	<b>56</b>	<b>4,397</b>	<b>554</b>	<b>5,007</b>	<b>2,089</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>153</b>	<b>173</b>	<b>(356)</b>	<b>(30)</b>	<b>19,651</b>
<b>Transfers</b>						
Gross transfers between funds	16	-	-	-	-	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		<b>153</b>	<b>173</b>	<b>(356)</b>	<b>(30)</b>	<b>19,651</b>
<b>Other recognised gains and losses</b>						
Gains (losses) on investment assets		-	-	-	-	-
Brought forward defined benefit pension scheme asset (liability)	24	-	-	-	-	(505)
Actuarial (losses) gains on defined benefit pension schemes	24	-	(79)	-	(79)	11
<b>Net movement in funds</b>		<b>153</b>	<b>94</b>	<b>(356)</b>	<b>(109)</b>	<b>19,157</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2011	26	16	(591)	19,732	19,157	-
<b>Total funds carried forward at 31 August 2012</b>		<b>169</b>	<b>(497)</b>	<b>19,376</b>	<b>19,048</b>	<b>19,157</b>

All of the Academy's activities derive from continuing operations during the above opening financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

**MCE Academy Trust**  
**Balance sheet as at 31 August 2012**

Company Number  
**7559537**

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
<b>Fixed assets</b>					
Tangible assets	13		19,276		19,404
Investments			-		-
<b>Total fixed assets</b>			<u>19,276</u>		<u>19,404</u>
<b>Current assets</b>					
Stock			-		-
Debtors	14	549		994	
Cash at bank and in hand		<u>558</u>		<u>348</u>	
<b>Total current assets</b>		<u>1,107</u>		<u>1,341</u>	
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	<u>(744)</u>		<u>(1,087)</u>	
<b>Net current assets</b>			<u>363</u>		<u>254</u>
<b>Total assets less current liabilities</b>			<u>19,639</u>		<u>19,658</u>
Creditors: Amounts falling due after more than one year			-		-
Provisions for liabilities and charges			-		-
<b>Net assets excluding pension liability</b>			<u>19,639</u>		<u>19,658</u>
Pension scheme liability	24		<u>(591)</u>		<u>(501)</u>
<b>Net assets including pension liability</b>			<u>19,048</u>		<u>19,157</u>
<b>Funds of the academy:</b>					
Endowment funds	16		-		-
<b>Restricted funds</b>					
. Fixed asset fund(s)	16		19,378		19,732
. General fund(s)	16		84		(90)
. Pension reserve	16		(591)		(501)
. Other	16		-		-
<b>Total restricted funds</b>			<u>18,879</u>		<u>19,141</u>
<b>Unrestricted funds</b>					
. General fund(s)	16		<u>169</u>		<u>16</u>
<b>Total unrestricted funds</b>			<u>169</u>		<u>16</u>
<b>Total Funds</b>			<u>19,048</u>		<u>19,157</u>

The financial statements on pages 17 to 19 were approved by the Governors, and authorised for issue on 28 November 2012 and signed on their behalf by:

*Ruth Somerville*

Ruth Somerville  
[Director]

**MCE Academy Trust**  
**Cash Flow Statement for the year ended 31 August 2012**

		<b>2012 £000</b>	<b>2011 £000</b>
<b>Net cash inflow from operating activities</b>	20	<b>387</b>	<b>19</b>
Returns on investments and servicing of finance		-	-
Capital expenditure	21	<b>(228)</b>	<b>328</b>
Management of liquid resources		-	-
<b>(Decrease) / increase in cash in the year</b>	<b>22</b>	<b><u>159</u></b>	<b><u>347</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 Sept 2011		<b>347</b>	-
<b>Net funds at 31 August 2012</b>		<b><u>506</u></b>	<b><u>347</u></b>

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012**

**1 Principal Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going Concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Incoming resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

***Grants receivable***

Grants are included in the statement of financial activities on an accruals basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the relevant funds on the balance sheet. Where income received relates to future activities it is deferred to the period when the activity is taking place. Where entitlement occurs before income is received, the income is accrued.

***Sponsorship income***

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable.

***Donations***

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with virtual certainty and are receivable at the balance sheet date.

***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

***Interest receivable***

Interest receivable is included within the statement of financial activities on an accruals basis.

**Resources expended and the basis of apportioning costs**

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

## 1 Principal Accounting Policies (continued)

### *Allocation of costs*

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

### **Governance costs**

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

### **Fund accounting**

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

Restricted funds comprise grants from the YPLA and other donors which are to be used for specific purposes as explained in note 16.

### **Tangible fixed assets**

Tangible fixed assets costing in excess of £2000 are capitalised at cost and held in the accounts at cost net of depreciation and impairment.

Tangible fixed assets acquired since the academy was established are included in the accounts at cost.

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. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

### **Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	50 Years
Long leasehold property	13-50 Years
Plant and machinery	5-10 Years
Furniture and equipment	5-10 Years
Computer equipment and software	3-5 Years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. A full year is charged during the year of acquisition. (5 Months charged in the opening period)

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012**

**1 Principal Accounting Policies (continued)**

**Investments**

The academy's share holding in the wholly owned subsidiary, MCE Enterprise Limited, is included in the balance sheet at the cost of the share capital owned. MCE Enterprise has been dormant for the whole accounting period.

**Stocks**

MCE Academy trust does not hold or recognise any stock items.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term. Assets subject to finance leases where substantially all of the benefits and risks of ownership have been transferred to the lessee are capitalised and written off over the life of the asset.

**Taxation**

The academy is an exempt charitable company and as such is exempt from corporation tax subject to the provisions of the Corporation Tax Act 2010. The cost of irrecoverable VAT incurred by the academy has been included in the statement of financial activities.

**Pensions**

Academy staff are members of one of two pension schemes. More details of the schemes are given in note 24.

***Defined Benefit Schemes***

***Teachers' Pension Scheme***

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the academy in the year.

***Local Government Pension Scheme***

Non teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS) which is managed by North Yorkshire Pension Scheme (NYPS). The LGPS is a defined benefit pension scheme and is able to identify the academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have therefore been followed.

The academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**2 General Annual Grant (GAG)**

**a. Results and Carry Forward for the Year**

	2012 £000	2011 £000
GAG brought forward from previous year	(81)	-
GAG allocation for current year	4,242	1,701
<b>Total GAG available to spend</b>	<b>4,161</b>	<b>1,701</b>
Recurrent expenditure from GAG	(4,047)	(1,782)
Fixed assets purchased from GAG	-	-
Transfer from unrestricted fund	-	-
	<u>114</u>	<u>(81)</u>
Other restricted GAG funds		
<b>GAG carried forward to next year</b>	<b>114</b>	<b>(81)</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(509)	(204)
<b>GAG to surrender to DfE</b>	<b>(395)</b>	<b>(285)</b>
(12% rule breached if result is positive)	no breach	no breach

**b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes**  
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	4,047	1,782
GAG allocation for current year	(4,242)	(1,701)
GAG allocation for previous year x 2%	(34)	0
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b>(229)</b>	<b>81</b>
(2% rule breached if result is positive)	no breach	in breach

**3 Voluntary Income**

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000	2011 Total £000
Donations - Capital	-	-	-	-
Private sponsorship	-	-	-	-
Gifts in Kind*	-	-	-	17,092
Other Donations	7	-	7	1
	<u>7</u>	<u>-</u>	<u>7</u>	<u>17,093</u>

\* Gifts in Kind represents the transfer of assets already in situation and used by the school to provide education. These included buildings and IT hardware

**4 Activities for Generating Funds**

	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000	2011 Total £000
Hire of Facilities	78	-	78	19
Catering Income	-	-	-	-
Uniform sales	-	-	-	-
	<u>78</u>	<u>-</u>	<u>78</u>	<u>19</u>



**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**5 Funding for Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
<b>DfE/YPLA capital grant</b>				
. Devolved Formula Capital allocations	-	17	17	17
. Academy main building grants	-	-	-	2,814
	<u>-</u>	<u>17</u>	<u>17</u>	<u>2,831</u>
<b>DfE / YPLA revenue grants</b>				
. General Annual Grant (GAG) (note 2)	-	4,242	4,242	1,701
. Start Up Grants	-	-	-	-
. Feasibility grants	-	-	-	-
. Lead in and implementation grant	-	-	-	-
. School Standards Fund	-	-	-	-
. Other DfE / YPLA grants	-	28	28	34
	<u>-</u>	<u>4,270</u>	<u>4,270</u>	<u>1,735</u>
<b>Other Government grants</b>				
. School to School Support	-	14	14	-
. National College	-	40	40	-
. Capital Accrual from LA	-	181	181	-
. SEN from LA	-	131	131	39
. Teaching School	-	25	25	-
. Special educational projects	-	-	-	-
	<u>-</u>	<u>391</u>	<u>391</u>	<u>39</u>
	<u>-</u>	<u>4,678</u>	<u>4,678</u>	<u>4,605</u>

**6 Other incoming resources**

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Insurance claim	-	-	-	-
Academy trips	-	90	90	23
Gifts In Kind	-	-	-	-
Sickness insurance	-	-	-	-
Sundry income	124	-	124	-
	<u>124</u>	<u>90</u>	<u>214</u>	<u>23</u>

**MCE Academy Trust**

**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**7 Resources Expended**

	Staff Costs £000	Non Pay expenditure Premises £000	Other Costs £000	Total 2012 £000	Total 2011 £000
Costs of generating voluntary income	24	-	-	24	4
Academy's educational operations					
. Direct costs	2,844	554	336	3,734	1,470
. Allocated support costs	589	385	249	1,223	580
. Implementation costs	-	-	-	-	-
	<u>3,433</u>	<u>939</u>	<u>685</u>	<u>4,957</u>	<u>2,050</u>
Governance costs including allocated support costs	-	-	26	26	35
	<u>3,433</u>	<u>939</u>	<u>711</u>	<u>5,007</u>	<u>2,085</u>

**Net Incoming/outgoing resources for the year include:**

	2012 £000	2011 £000
Operating leases		12
Fees payable to auditor - audit	5	4
- internal audit	1	1
Depreciation of owned assets	91	30
Profit/(loss) on disposal of fixed assets	<u>(0)</u>	<u>-</u>

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**8 Charitable Activities - Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	4	2,840	2,844	1,152
Depreciation	-	554	554	191
Educational supplies	7	191	198	101
Examination fees	-	85	85	2
Staff development	-	11	11	5
Educational consultancy	10	32	42	19
Other direct costs	-	-	-	-
	<b>21</b>	<b>3,713</b>	<b>3,734</b>	<b>1,470</b>
Extended schools programme			-	
<b>Allocated support costs</b>				
Support staff costs	24	589	613	228
Depreciation	-	-	-	-
Recruitment and support	-	29	29	9
Maintenance of premises and equipment	-	50	50	34
Heat & Light	6	93	99	29
Cleaning	4	129	133	45
Rent & rates	-	38	38	14
Insurance	1	41	42	17
Security and transport	-	122	122	38
Catering	-	10	10	5
Bank interest and charges	-	-	-	-
Other support costs	-	111	111	161
	<b>35</b>	<b>1,212</b>	<b>1,247</b>	<b>580</b>
Development costs			-	
	<b>56</b>	<b>4,925</b>	<b>4,981</b>	<b>2,050</b>
<b>9 Governance costs</b>				
	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Legal and professional fees	-	17	17	22
Auditors' remuneration				
. Audit of financial statements	-	5	5	4
. Responsible officer audit	-	1	1	1
Support costs	-	3	3	8
Governors' reimbursed expenses	-	-	-	-
	<b>-</b>	<b>26</b>	<b>26</b>	<b>36</b>

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**10 Staff costs**

Staff costs during the period were:

	Total 2012 £000	Total 2011 £000
Wages and salaries	2,796	1,124
Social security costs	210	86
Other pension costs	396	151
	<u>3,402</u>	<u>1,361</u>
Supply teacher costs	55	23
Compensation payments	-	-
	<u>3,457</u>	<u>1,384</u>

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2012 No.	2011 No.
<b>Charitable Activities</b>		
Teachers	54	50
Administration and support	39	31
Management	3	3
	<u>96</u>	<u>84</u>

The number of employees whose emoluments fell within the following bands was:

	2012 No.	2011 No.
Annualised		
£60,001 - £70,000	-	
£70,001 - £80,000		1
£80,001 - £90,000	1	
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ending 31 August 2012, pension contributions for the above amounted to £12,184

**11 Governors' remuneration and expenses**

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of the Principal's remuneration was £86,430 during the 12 months. The combined value of staff governor's remuneration was £98,384

During the year ending 31 August 2012, there has been no travel and subsistence expenses reimbursed to governors.

Related party transactions involving the trustees are set out in note 25

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**12 Governors' and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £250,000 on any one claim and the cost for the year ended 31 August 2012 was £679 (2011 £679)

The cost of this insurance is included in the total insurance cost.

**13 Tangible Fixed Assets**

	Freehold Land and Buildings	Leasehold Land and Buildings	Buildings Under Construction	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000		£000	£000	£000	£000
<b>Cost</b>							
At 1 April 2012	13	15,930	3,406	41	205	-	19,595
Additions	-	-	353	23	50	-	426
Transfers	(13)	3,780	(3,759)	(8)	-	-	-
Inherited assets	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 August 2012	-	19,710	-	58	255	-	20,021
<b>Depreciation</b>							
At 1 April 2012	2	161	-	-	28	-	191
Charged in year	-	463	-	11	80	-	554
Transfers	(2)	2	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 August 2012	-	626	-	11	108	-	745
<b>Net book values</b>							
At 31 August 2012	-	19,084	-	45	147	-	19,276
At 31 August 2011	11	15,769	3,406	41	177	-	19,404

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**14 Debtors**

	2012 £000	2011 £000
Trade debtors	14	113
Prepayments	110	76
Sundry debtors	11	-
Grant and other income	396	259
VAT recoverable	18	546
Amount due from subsidiary undertaking	-	-
	<u>549</u>	<u>994</u>

**15 Creditors: amounts falling due within one year**

	2012 £000	2011 £000
Trade creditors	101	336
Taxation and social security	-	-
Other creditors	112	112
Accruals and deferred income	531	124
Retention building costs	-	-
Capital expenditure	-	515
Amount due to subsidiary undertaking	-	-
	<u>744</u>	<u>1,087</u>

**Deferred income**

	2012 £000	
Deferred Income at 31 August 2011	70	-
Resources deferred in the year	131	70
Amounts released from previous years	(70)	-
Deferred Income at 31 August 2012	<u>131</u>	<u>70</u>

Deferred income included:-

Payments received for trips not yet taken place	103	16
Grant received for Insurance remained of Year	-	25
Capital funding based on Financial Year	11	
Grant accrued for Rates remained of Year	-	20
Grants Received for Specific Projects	17	9
	<u>131</u>	<u>70</u>

MCE Academy Trust  
Notes to the Financial Statements for the year ended 31 August 2012 (continued)

16 Funds

	Balance at 31 August 2011 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2012 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(81)	4,242	(4,047)	-	114
Start Up Grant	-	-	-	-	-
Other DfE/YPLA grants	-	28	(28)	-	-
DfE project management grants	-	-	-	-	-
LEA and other grants	-	210	(210)	-	-
Other restricted - Educational Trips	(9)	90	(101)	-	(20)
Other restricted - Pension Fund	(501)	-	(11)	(79)	(691)
	<u>(591)</u>	<u>4,570</u>	<u>(4,397)</u>	<u>(79)</u>	<u>(497)</u>
<b>Restricted other funds</b>	-	-	-	-	-
<b>Restricted fixed asset funds</b>					
DfE/YPLA/EFA capital gains	19,502	8	(554)	-	18,956
LA Capital Funding	230	190	-	-	420
Capital expenditure from GAG	-	-	-	-	-
Private sector capital sponsorship	-	-	-	-	-
	<u>19,732</u>	<u>198</u>	<u>(554)</u>	<u>-</u>	<u>19,376</u>
<b>Endowment funds</b>	-	-	-	-	-
<b>Total restricted funds</b>	<u>19,141</u>	<u>4,768</u>	<u>(4,951)</u>	<u>(79)</u>	<u>18,879</u>
<b>Unrestricted funds</b>					
Unrestricted funds	16	209	(56)	-	169
Pension reserve	-	-	-	-	-
<b>Total unrestricted funds</b>	<u>16</u>	<u>209</u>	<u>(56)</u>	<u>-</u>	<u>169</u>
<b>Total funds</b>	<u>19,167</u>	<u>4,977</u>	<u>(5,007)</u>	<u>(79)</u>	<u>19,048</u>

The specific purposes for which the funds are

Restricted general funds-

- GAG funds are restricted to providing education
- Other DfE/YPLA grants relate to reimbursement for specific services
- LEA grants relates to provision of Special Educational needs
- Educational Trip funds are held to provide trips for students
- Pension fund relates Note24

Restricted fixed asset funds are held for purpose of acquiring fixed assets less depreciation.

17 Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by:

	Unrestricted general fund £000	Restricted general fund £000	Restricted fixed asset fund £000	Restricted other fund £000	Endowment fund £000	Total 2012 £000
Tangible fixed assets	-	-	19,276	-	-	19,276
Current assets	169	787	151	-	-	1,107
Current liabilities	-	(693)	(51)	-	-	(744)
Pension scheme liability	-	(591)	-	-	-	(591)
<b>Total net assets</b>	<u>169</u>	<u>(497)</u>	<u>19,376</u>	<u>-</u>	<u>-</u>	<u>19,048</u>

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**18 Capital commitments**

	2012 £000	2011 £000
Contracted for, but not provided in the financial statements	53	825

**19 Financial commitments**

*Operating leases*

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows:

	2012 £000	2011 £000
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<u>-</u>	<u>-</u>
<u>Other</u>		
Expiring within one year	-	3
Expiring within two and five years inclusive	8	9
Expiring in over five years	-	-
	<u>8</u>	<u>12</u>



**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

	2012 £000	2011 £000
<b>20 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities</b>		
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(30)	19,651
Depreciation (note 13)	554	191
(Loss)/profit on disposal of tangible fixed assets		-
Capital grants from DfE and other capital income	(198)	(2,831)
Gifts in Kind	-	(17,092)
Interest receivable (note 5)	-	-
FRS 17 pension cost less contributions payable (note 24)	(15)	(4)
FRS 17 pension finance income (note 24)	(26)	11
(Increase)/decrease in stocks	-	(994)
(Increase)/decrease in debtors	445	1,087
Increase/(decrease) in creditors	(343)	-
Increase/(decrease) in provisions	-	-
<b>Net cash inflow from operating activities</b>	<b><u>387</u></b>	<b><u>19</u></b>
<b>21 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(426)	(2,503)
Capital grants from DfE/YPLA	8	2,601
Capital funding received from sponsors and others	190	230
Receipts from sale of tangible fixed assets	-	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b><u>(228)</u></b>	<b><u>328</u></b>

<b>22 Analysis of changes in net funds</b>	At 1 September 2011 £000	Cash flows £000	At 31 August 2012 £000
Cash in hand and at bank	<u>347</u>	<u>211</u>	<u>558</u>
	<u>347</u>	<u>211</u>	<u>558</u>

**23 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.

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**24 Pension and similar obligations**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire Pension Fund (NYPF). Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £31,675 (2011 £32,389) were payable to the schemes at 31 August and are included in creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**24 Pension and similar obligations (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2012 was £146,993, of which employer's contributions totalled £111,102 and employees' contributions totalled £35,891. The agreed contribution rates for future years are 14.1% for employers and 11.1% for employees.

An agreement has been reached to contribute annually towards the fund deficit on the following basis.

FY 12\_13 £20,300

FY 13\_14 £21,300

**Principal Actuarial Assumptions**

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.05%	4.45%
Rate of increase for pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	4.50%	5.30%
Inflation assumption (CPI)	2.30%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	22.5	22.1
Females	25.2	24.7
<i>Retiring in 20 years</i>		
Males	24.3	23.5
Females	27.2	26.3

**MCE Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**24 Pension and similar obligations (continued)**

**Local Government Pension Scheme (Continued)**

The academy's share of the assets and liabilities in the scheme and the expected rates of return

	<b>Expected return at 31 August 2012</b>	<b>Fair value at 31 August 2012</b>	<b>Expected return at 31 August 2011</b>	<b>Fair value at 31 August 2011</b>
	<b>%</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Equities	7.00%	148	7.00%	38
Government bonds	2.50%	26	3.70%	6
Other bonds	3.40%	28	4.80%	6
Property	N/A	5	N/A	-
Cash/liquidity	0.50%	2	0.50%	-
<b>Total market value of assets</b>		<b>209</b>		<b>50</b>
Present value of scheme liabilities - Funded		(800)		(551)
<b>Surplus/(deficit) in the scheme</b>		<b>(591)</b>		<b>(501)</b>

None of the fair values of the assets shown above include any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2011 for the year to 31 August 2012). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on the scheme assets was a surplus of £12,000 (2011: £2,000 deficit)

**Total expenditure recognised in the Statement of Financial Activities**

	<b>2012 £000</b>	<b>2011 £000</b>
Current service cost (net of employee contributions)	96	35
Past service cost	0	0
<b>Total operating charge</b>	<b>96</b>	<b>35</b>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	7	1
Interest on pension liabilities	(33)	(12)
<b>Pension finance income / (costs)</b>	<b>(26)</b>	<b>(11)</b>

## MCE Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2012 (continued)

#### 24 Pension and similar obligations (continued)

##### Local Government Pension Scheme (Continued)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £68,000 loss (2011: £11,000 gain).

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

	2012 £000	2011 £000
<b>At 1 September</b>		-
Opening defined benefit liabilities at 01/09/2011	551	
Current service cost	96	35
Interest cost	33	12
Employee contributions	36	13
Actuarial (gain)/loss	84	(14)
Benefits paid	-	-
Past Service cost	-	-
Curtailments and settlements	-	-
Liabilities assumed in a business combination	-	505
<b>At 31 August</b>	<u>800</u>	<u>551</u>

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

	2012 £000	2011 £000
<b>At 1 September</b>		-
Opening fair value of plans' assets at 01/09/2011	50	
Expected return on assets	7	1
Actuarial gains / (losses)	5	(3)
Employer contributions	111	39
Employee contributions	36	13
Benefits paid	-	-
Assets acquired in a business combination	-	
<b>At 31 August</b>	<u>209</u>	<u>50</u>

## MCE Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2012 (continued)

#### 24 Pension and similar obligations (continued)

##### Local Government Pension Scheme (Continued)

The five-year history of experience adjustments is as follows:

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Defined benefit obligation at end of year	(800)	(551)			
Fair value of plan assets at end of year	209	50			
Deficit	<u>(591)</u>	<u>(501)</u>	-	-	-
<b>Experience adjustments on share of scheme assets</b>					
Amount £'000*	<u>5</u>	<u>(3)</u>			
<b>Experience adjustments on scheme liabilities:</b>					
Amount £'000*	<u>-</u>	<u>-</u>			

Figures are not shown for 2010 and earlier years as the Academy commenced on 1 April 2011

#### 25 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

*DBE Services Limited* – a company in which Mr Simon Quartermaine is employed by one of the stakeholder companies

Transactions totalling £7,000 relating to the maintenance of equipment took place in the year. There were no amounts outstanding as at 31 August 2012