

**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Members**

A May<sup>1</sup>  
S Stowger  
J Williams

**Trustees**

D Brooks<sup>1</sup>  
M Brown  
C Davies, Staff Trustee<sup>1</sup>  
A Kitchen, Headteacher<sup>1</sup>  
J Lay (resigned 31 August 2013)  
J Shephard, Staff Trustee<sup>1</sup>  
S Stowger, Chair of Trustees<sup>1</sup>  
D Sprason  
J Crowhurst (appointed 2 December 2013)  
T Jesson (appointed 2 December 2013)

<sup>1</sup> Finance and General Purpose Committee

**Company registration number**

08423518

**Principal and registered office**

Mercenfeld Primary School  
Oakfield Avenue  
Markfield  
Leicestershire  
LE67 9WG

**Senior management team**

A Kitchen, Headteacher  
J Shephard, Deputy Headteacher

**Independent auditors**

MHA MacIntyre Hudson  
Chartered Accountants  
Statutory Auditors  
11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Administrative details (continued)**

**Bankers**

National Westminster Bank Plc  
Market Place  
Leicester  
LE11 3NZ

**Solicitors**

Howes Percival  
3 The Osiers Business Centre  
Leicester  
Leicestershire  
LE19 1DX

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**MERCENFELD PRIMARY SCHOOL  
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**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2014**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Mercenfeld Primary School (the Academy) for the year ended 31 August 2014. The Trustees confirm that the Annual Report and financial statements of the Academy comply with current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Markfield. It has a pupil capacity of 300 and had a roll of 306 in the school census on 2 October 2014.

## **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 Mercenfeld Primary School are also the directors (and Governors) of the charitable company for the purposes of company law. The charitable company is known as Mercenfeld Primary School Academy.

Details of the Trustees who served throughout the year except as noted 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 in the year was £1,800.

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

Trustees are appointed through nomination and election (Staff, Parent Trustee positions) and Community Trustee were appointed at the inception of the Academy. Terms of office for a Trustee are based upon four years. Members may appoint up to 12 Trustees. Trustees may Co-opt up to 2 Trustees.

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

Trustee induction training alongside a menu of extensive specialised training is available through the local network of schools to support all new Trustees. The Academy buys into the Local Authority Governor Development Service who across the Governing Body offer further Governor Training. A skills matrix is being developed to identify areas of strengths and weakness.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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## **ORGANISATIONAL STRUCTURE**

A unified management structure is utilised to ensure the Academy is run effectively. The structure consists of two levels: the Trustees and the Headteacher/Senior Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and approving the annual budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

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

The Academy is an independent company in all aspects. The Oaks Umbrella Trust (Registered Company Number 8407770) is an 'umbrella' trust within which members of Mercenfeld Primary School, Thornton Primary School, Stanton under Bardon Primary School and South Charnwood High School each contribute and account for one quarter of the Trust. The primary aim of The Oaks Umbrella Trust is to support each other as we change the age range of local schools. The Oaks Umbrella Trust holds no funds.

## **OBJECTIVES AND ACTIVITIES**

### **OBJECTS AND AIMS**

The objects of the charitable company are the operation of Mercenfeld Primary School to provide education for pupils of different abilities between the ages of 4 and 11.

The main objectives of the Academy are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements; and
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

### **AIMS, STRATEGIES AND ACTIVITIES**

The Academy's main strategy is encompassed in its mission statement which is 'Love to Learn, Have Fun and Make a Difference.'

At Mercenfeld Primary School we aim to provide a safe, happy and stimulating learning environment which enables each child to reach his/her full potential by:

- Working as a team comprising children, staff, parents, Governors, outside agencies and visitors; Valuing the contribution of each individual within that team;
- Providing a broad varied curriculum planned to suit the individual child yet within the 'Desirable Outcomes' and the National Curriculum Framework. Promoting good standards of behaviour and discipline;
- Showing and encouraging respect and tolerance for the school community as well as each other;
- Promoting equality of opportunity regardless of race, religion, gender, social background or ability;
- Promoting links with other schools as well as the local and wider community; and
- Recognising the needs and nurturing strengths.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

As a result of such environment we hope our children will:

- Be confident and at ease with themselves and others;
- Become independent, self disciplined and self motivated;
- Have respect for themselves, each other and the environment;
- Be keen to learn and able to set and achieve realistic goals of a high standard; and
- Be valued as an individual and as a member of the community, both within the school and beyond and become literate, numerate, communicative, creative and co-operative.

**PUBLIC BENEFIT**

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. Public Benefit entities are reporting entities whose primary objective is to provide goods or services for the general benefit and where any equity has been provided with a view to supporting that primary objective rather than with a view to providing financial return.

The Trustees have invested in resources, including staffing, technology and support services to facilitate the education of the children of Mercenfeld Primary School.

**ACHIEVEMENTS AND PERFORMANCE**

**KEY FINANCIAL PERFORMANCE INDICATORS**

Key Stage 1

Year		2012	2013	2014
All Subjects	School	16.3	15	16.1 (15.4)
	National	15.5	15.8	15.8
	Difference	+0.8 SIG	-0.8 SIG	+0.3
Reading	School	16.8	15.5	16.1(15.4)
	National	16	16.3	16.3
	Difference	+0.8	-0.8	-0.2
Writing	School	15.3	14.3	15.3(14.5)
	National	14.7	14.9	14.9
	Difference	+0.6	-0.6	+0.4
Mathematics	School	16.7	15.2	16.9(16.2)
	National	15.9	16.1	16.1
	Difference	+0.8	-0.9	+0.8

Numbers in brackets include the impact of children who joined the school in Year 2.

Key Stage 2

Key Stage 2 Headline Data				
	Level 4+		Level 5+	
	School (High Sch av)	National Draft	School (SCHS av)	National Draft
Reading	90 (81)	89%	54 (44)	50%
Writing TA	88	85%	34	33%
EGPS	76 (67)	76%	61 (43)	52%
Maths	81 (78)	86%	46 (38)	42%
Combined RWN	81	79%	30	24%

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

Reading 2 Levels Progress		Writing 2 Levels Progress		Maths 2 Levels Progress	
Sch	Nat	Sch	Nat	Sch	Nat
95	91%	100	93%	85	90%

Reading 3 Levels Progress		Writing 3 Levels Progress		Maths 3 Levels Progress	
Sch	Nat	Sch	Nat	Sch	Nat
34%	35%	32%	33%	39%	35%

Note: None of our children at level 3 in KS1 were allowed to take a level 6 paper last year.

### 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

The vast majority of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from DfE during the year ended 31 August 2014 and the associated expenditure is shown as restricted funds in the statement of Financial Activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), capital grants received and expended are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The risks faced by the Academy are outlined in the Risk Register and the Trustees are continually aware and are monitoring any risks associated with the Academy.

### RESERVES POLICY

At 31 August 2014 the total funds comprised:	£'000's
Unrestricted	25
Restricted	
Fixed Asset Restricted funds	2,692
Restricted fund	30
Pension reserve	(337)
Total	<u>2,410</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 21. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees, and represent 1 week's worth of Academy expenditure. The aim of the Trustees is to increase this reserve to meet future working capital requirements.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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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 will be met by the Department for Education. The guarantee came into force on 18 July 2013.

### **INVESTMENTS POLICY**

Our investment procedures are taken from our Finance Policy.

#### **Investments**

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. Where surplus cash funds are held the Academy will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds.

If it is identified that the Academy is holding a level of cash funds that will be surplus to requirements these may be invested only in the following:

Interest bearing accounts with:

- Lloyds TSB
- Natwest
- RBS
- Barclays
- HSBC
- Treasury deposits with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks

On maturity of any investment the Finance Manager will review the level of funds that continue to be available for investment and the interest rates that can be achieved in order to optimise the benefits of any subsequent investment.

The Headteacher shall be required to authorise the transfer of funds to any investment vehicle.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Principal risks facing the Academy are:

- Reputational risk – The risk is that Ofsted will judge us as less than good leading to fewer children joining the school. Risks are mitigated by working in partnership with Outstanding primary schools from Symphony. They provide challenge and ensure our judgements of the school are accurate.
- Performance risk – Performance risks are that KS1 and/or KS2 data falls below floor standards. The risks presented are mitigated by regular checks on the performance of children, staff training and the appointment of good or better teachers.
- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by keeping up to date with information on funding, planning a budget for the next 3 years and by ensuring we don't go into deficit through regular budget monitoring and internal control measures.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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- Risks associated with personnel – The risks are that we lose key personnel or find it hard to recruit new personnel. The risks are mitigated by excellent training opportunities for current and new employees. E.g. the Deputy Head has passed her NPQH.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers.

#### **PLANS FOR FUTURE PERIODS**

##### **FUTURE DEVELOPMENTS**

Due to age range change, a new housing estate and an increased birth rate we are bidding to the EFA to fund a new sports hall and classrooms. If this is unsuccessful we will be looking at alterations we can make to our current building to accommodate the extra children.

We are looking at extra pedestrian entrances to the school and extending our car park.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has 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 auditors are aware of that information.

This report was approved by order of the Board of Trustees on 15 December 2014 and signed on the board's behalf by:

.....  
**S Strowger**  
**Chair of Trustees**

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**MERCENFELD PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Mercenfeld Primary School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the 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 Mercenfeld Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 3 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
A May	2	3
J Williams	3	3
D Brooks	2	3
M Brown	3	3
C Davies, Staff Trustee	3	3
A Kitchen, Headteacher	3	3
J Shephard, Staff Trustee	2	3
S Strowger, Chair of Trustees	3	3
D Sprason	2	3
J Crowhurst	3	3
T Jesson	2	3

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensuring financial stability, transparency and effective financial procedures are maintained at Mercenfeld Primary School.

During the year L Spencer, joined the group to clerk the meetings.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
D Brooks	2	3
C Davies, Staff Trustee	3	3
A Kitchen, Headteacher	3	3
A May	3	3
J Shephard, Staff Trustee	3	3
S Strowger, Chair of Trustees	3	3

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**MERCENFELD PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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**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 Mercenfeld Primary School for the year ended 31 August 2014 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 ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Service as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Trustees are currently completing an audit of skills.

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**MERCENFELD PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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**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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process; and
- 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 15 December 2014 and signed on its behalf, by:

.....  
**S Strowger**  
**Chair of Trustees**

.....  
**A Kitchen**  
**Accounting Officer**

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**MERCENFELD PRIMARY SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Mercenfeld Primary School I have considered my responsibility to notify the Academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook.

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 EFA.

.....  
**A Kitchen**  
**Accounting Officer**

15 December 2014

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**MERCENFELD PRIMARY SCHOOL**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The Trustees (who act as governors of Mercenfeld Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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 the year. 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 EFA/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 15 December 2014 and signed on its behalf by:

.....  
**S Strowger**  
**Chair of Trustees**

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**MERCENFELD PRIMARY SCHOOL**  
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF MERCENFELD PRIMARY SCHOOL**

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We have audited the financial statements of Mercenfeld Primary School for the year ended 31 August 2014 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 Academies Accounts Direction 2013 issued by the Education Funding Agency (EFA).

This report is made solely to the Academy's Trustees, 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 Trustees those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustee's Responsibilities Statement, the Trustee (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.

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 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's 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.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 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 Academies Accounts Direction 2013 issued by the EFA.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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



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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF MERCENFELD PRIMARY SCHOOL**

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**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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ  
16 December 2014

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**MERCENFELD PRIMARY SCHOOL**  
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
MERCENFELD PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 13 January 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercenfeld Primary School during the year 1 September 2013 to 31 August 2014 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 Mercenfeld Primary School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mercenfeld Primary School and 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 Mercenfeld Primary School and EFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Mercenfeld Primary School's funding agreement with the Secretary of State for Education dated 27 February 2013, and the Academies Financial Handbook extant from 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by 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's income and expenditure.

The work undertaken to draw our conclusions includes:

- reviewing the information in the Financial Management and Governance Self-assessment (FMGS) and making appropriate enquiries of the Head Teacher;
- 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 of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
MERCENFELD PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;

**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 2013 to 31 August 2014 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  
Statutory Auditors

11 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

16 December 2014

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	<i>5 months period ended 31 August 2013 £000</i>
Note					
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	-	1	-	1
Assets transferred on conversion	2	-	-	-	2,517
Activities for generating funds	3	36	9	-	16
Funding for the Academy Trust's Educational Operations	4	-	1,271	7	1,278
		<b>36</b>	<b>1,281</b>	<b>7</b>	<b>1,324</b>
<b>TOTAL INCOMING RESOURCES</b>					
<b>RESOURCES EXPENDED</b>					
Costs of activities for generating funds					
Charitable activities	5	27	13	-	40
Governance costs	6	-	1,273	47	1,320
	7	-	7	-	7
		<b>27</b>	<b>1,293</b>	<b>47</b>	<b>1,367</b>
<b>TOTAL RESOURCES EXPENDED</b>					
	8	27	1,293	47	1,367
<b>NET INCOMING/(OUTING) RESOURCES BEFORE TRANSFERS</b>					
		9	(12)	(40)	(43)
					2,530

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	<i>5 months period ended 31 August 2013 £000</i>
Transfers between funds	17	-	(5)	5	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>9</b>	<b>(17)</b>	<b>(35)</b>	<b>(43)</b>	<b>2,530</b>
Actuarial (losses)/gains on defined benefit pension schemes		-	(85)	-	(85)	8
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>9</b>	<b>(102)</b>	<b>(35)</b>	<b>(128)</b>	<b>2,538</b>
<i>Total funds at 1 September 2013</i>		16	(205)	2,727	2,538	-
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>25</b>	<b>(307)</b>	<b>2,692</b>	<b>2,410</b>	<b>2,538</b>

All activities relate to continuing operations.

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

The notes on pages 22 to 39 form part of these financial statements.

**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08423518**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£000	2014 £000	£000	2013 £000
<b>FIXED ASSETS</b>					
Tangible assets	14		2,692		2,727
<b>CURRENT ASSETS</b>					
Debtors	15	65		52	
Cash at bank		68		58	
		133		110	
<b>CREDITORS:</b> amounts falling due within one year	16	(78)		(62)	
			55		48
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,747		2,775
Defined benefit pension scheme liability	21		(337)		(237)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			2,410	2,538	
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	17	30		32	
Restricted fixed asset funds	17	2,692		2,727	
		2,722		2,759	
Restricted funds excluding pension liability				2,759	
Pension reserve		(337)		(237)	
			2,385		2,522
Total restricted funds					
Unrestricted funds	17		25		16
<b>TOTAL FUNDS</b>			2,410	2,538	

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2014 and are signed on their behalf, by:

.....  
**S Strowger**  
**Chair of Trustees**

.....  
**A Kitchen**  
**Accounting Officer**

The notes on pages 22 to 39 form part of these financial statements.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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	Note	2014 £000	2013 £000
Net cash flow from operating activities	19	15	60
Capital expenditure and financial investment	20	(5)	(2)
<b>INCREASE IN CASH IN THE YEAR</b>		<u>10</u>	<u>58</u>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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	2014 £000	2013 £000
Increase in cash in the year	<u>10</u>	<u>58</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>10</b>	<b>58</b>
Net funds at 1 September 2013	<u>58</u>	<u>-</u>
<b>NET FUNDS AT 31 AUGUST 2014</b>	<u><b>68</b></u>	<u><b>58</b></u>

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The notes on pages 22 to 39 form part of these financial statements.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**1.2 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and the Education Funding Agency.

**1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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 sheet in the restricted funds.

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

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



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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised.

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 are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

A review for impairment of 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 amount are recognised as impairments.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on leasehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	2% straight line per annum
Fixtures and fittings	-	10% straight line per annum

Land included in long leasehold property is not depreciated.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.8 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.9 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

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 quinquennial valuations using a prospective benefit method. As stated in note 21, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits. Actuarial gains and losses are recognised immediately in other gains and losses.

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**2. VOLUNTARY INCOME**

	<b>Unrestricted funds 2014 £000</b>	<b>Restricted funds 2014 £000</b>	<b>Total funds 2014 £000</b>	<i>5 months period ended 31 August 2013 £000</i>
PTA income	-	1	1	4
Other contributions to start up costs	-	-	-	6
Subtotal detailed disclosure	<u>-</u>	<u>1</u>	<u>1</u>	<u>10</u>
Fixed assets transferred on conversion	-	-	-	2,741
Local Authority surplus transferred on conversion	-	-	-	13
Pension deficit transferred on conversion	-	-	-	(237)
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,517</u>
Voluntary income	<u>-</u>	<u>1</u>	<u>1</u>	<u>2,527</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted funds 2014 £000</b>	<b>Restricted funds 2014 £000</b>	<b>Total funds 2014 £000</b>	<i>5 months period ended 31 August 2013 £000</i>
Letting income	6	-	6	3
Afterschool activities income	-	7	7	4
Other income	3	2	5	-
Catering income	27	-	27	9
	<u>36</u>	<u>9</u>	<u>45</u>	<u>16</u>

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	<i>5 months period ended 31 August 2013 £000</i>
<b>DfE/EFA revenue grants</b>				
General annual grant (GAG)	-	914	914	389
Pupil premium	-	46	46	15
Capital grants	-	7	7	7
Start up grants	-	-	-	25
Other EFA/DfE grants	-	26	26	-
	-	993	993	436
<b>Other government grants</b>				
	-	-	-	-
<b>Other funding</b>				
Trip income	-	19	19	3
Swimming income	-	1	1	1
Other parental contributions	-	1	1	1
Insurance claims	-	256	256	-
Other income	-	8	8	-
	-	285	285	5
	-	1,278	1,278	441

**5. COSTS OF GENERATING FUNDS**

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	<i>5 months period ended 31 August 2013 £000</i>
Catering costs	24	13	37	14
Catering staff costs	3	-	3	-
	27	13	40	14

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**6. CHARITABLE ACTIVITIES**

	<b>Total funds 2014 £000</b>	<i>5 months period ended 31 August 2013 £000</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	605	242
National insurance	60	15
Pension costs	91	39
Depreciation	47	20
Educational supplies	41	9
Staff development	2	-
Other direct costs	55	6
Insurance	3	1
	<b>904</b>	<b>332</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	87	34
National insurance	4	1
Pension costs	11	4
Pension finance costs (note 13)	9	4
Other direct costs	-	1
Maintenance of premises and equipment	188	4
Cleaning	4	1
Rent and rates	5	1
Energy costs	14	3
Insurance	8	11
Legal and professional	5	2
Other support costs	43	8
Bank charges and interest	38	3
	<b>416</b>	<b>77</b>
	<b>1,320</b>	<b>409</b>

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**7. GOVERNANCE COSTS**

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	<i>5 months period ended 31 August 2013 £000</i>
Auditors' remuneration	-	7	7	10
Legal and professional fees	-	-	-	21
	<u>-</u>	<u>7</u>	<u>7</u>	<u>31</u>

**8. RESOURCES EXPENDED**

	Staff costs 2014 £000	Non Pay Premises 2014 £000	Expenditure Other costs 2014 £000	Total 2014 £000	<i>Total 2013 £000</i>
Costs of generating funds	3	-	37	40	14
<b>Costs of generating funds</b>	<u>3</u>	<u>-</u>	<u>37</u>	<u>40</u>	<u>14</u>
Educational Operations	756	47	101	904	332
Support costs	111	211	94	416	77
<b>Charitable activities</b>	<u>867</u>	<u>258</u>	<u>195</u>	<u>1,320</u>	<u>409</u>
<b>Governance</b>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>31</u>
	<u>870</u>	<u>258</u>	<u>239</u>	<u>1,367</u>	<u>454</u>

**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	2014 £000	2013 £000
Depreciation on fixed assets	47	20
Auditor's remuneration - audit services	7	10
	<u>54</u>	<u>30</u>

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**10. STAFF**

**Staff costs**

Staff costs were as follows:

	<b>2014</b>	<i>2013</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	<b>686</b>	<i>276</i>
Social security costs	<b>64</b>	<i>16</i>
Other pension costs	<b>102</b>	<i>43</i>
	<hr/> <b>852</b>	<hr/> <i>335</i>
Supply teacher costs	<b>9</b>	<i>-</i>
FRS17 pension costs (note 13)	<b>9</b>	<i>4</i>
	<hr/> <b>870</b> <hr/>	<hr/> <i>339</i> <hr/>

**Staff numbers**

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	<b>2014</b>	<i>2013</i>
	<b>No.</b>	<i>No.</i>
Teaching staff	<b>11</b>	<i>7</i>
Support staff	<b>17</b>	<i>15</i>
Management	<b>2</b>	<i>5</i>
	<hr/> <b>30</b> <hr/>	<hr/> <i>27</i> <hr/>

**Higher paid staff**

No employee received remuneration amounting to more than £60,000 in either year.

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**MERCENFELD PRIMARY SCHOOL**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration (including employer's pension contributions) fell within the following bands:

	<b>2014</b>	<i>2013</i>
	<b>£000</b>	<i>£000</i>
A Kitchen (Headteacher)	<b>60-65</b>	<i>25-30</i>
Staff Trustee 1	<b>45-50</b>	<i>15-20</i>
Staff Trustee 2	<b>15-20</b>	<i>5-10</i>

During the year, no Trustees received any reimbursement of expenses (2013 - £136).

Other related party transactions involving the Trustees are set out in note 23.

**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 £3,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,800 (2013 - £719). The cost of this insurance is included in the total insurance cost.

**13. PENSION FINANCE COST**

	<b>2014</b>	<i>2013</i>
	<b>£000</b>	<i>£000</i>
Expected return on pension scheme assets	<b>14</b>	<i>5</i>
Interest on pension scheme liabilities	<b>(23)</b>	<i>(9)</i>
	<b>(9)</b>	<i>(4)</i>



**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

**14. TANGIBLE FIXED ASSETS**

	Long leasehold property £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 September 2013	2,741	6	2,747
Additions	-	12	12
At 31 August 2014	<u>2,741</u>	<u>18</u>	<u>2,759</u>
<b>Depreciation</b>			
At 1 September 2013	19	1	20
Charge for the year	46	1	47
At 31 August 2014	<u>65</u>	<u>2</u>	<u>67</u>
<b>Net book value</b>			
At 31 August 2014	<u>2,676</u>	<u>16</u>	<u>2,692</u>
<i>At 31 August 2013</i>	<u>2,722</u>	<u>5</u>	<u>2,727</u>

Included in long leasehold property is leasehold land at A valuation of £435,100 (2013 - £435,100) which is not depreciated.

**15. DEBTORS**

	2014 £000	2013 £000
Trade debtors	1	2
VAT recoverable	9	7
Prepayments and accrued income	55	43
	<u>65</u>	<u>52</u>

**16. CREDITORS:**  
**Amounts falling due within one year**

	2014 £000	2013 £000
Taxation and social security	13	10
Other creditors	12	13
Accruals	53	39
	<u>78</u>	<u>62</u>

**MERCENFELD PRIMARY SCHOOL**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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

	<b>£000</b>
<b>Deferred income</b>	
Resources deferred during the year	<b>27</b>

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals in relation to funding for the next academic year.

**17. STATEMENT OF FUNDS**

	Brought forward £000	Incoming resources £000	Resources expended £000	Transfers in/(out) £000	Gains/(losses) £000	Carried forward £000
<b>Unrestricted funds</b>						
Unrestricted funds	<b>16</b>	<b>36</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>25</b>
<b>Restricted funds</b>						
General Annual Grant (GAG)	<b>20</b>	<b>924</b>	<b>(937)</b>	<b>(5)</b>	<b>-</b>	<b>2</b>
Other DfE/EFA Grants	<b>-</b>	<b>26</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Pupil Premium	<b>7</b>	<b>46</b>	<b>(45)</b>	<b>-</b>	<b>-</b>	<b>8</b>
Capital grants	<b>5</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other income	<b>-</b>	<b>285</b>	<b>(265)</b>	<b>-</b>	<b>-</b>	<b>20</b>
Pension reserve	<b>(237)</b>	<b>-</b>	<b>(15)</b>	<b>-</b>	<b>(85)</b>	<b>(337)</b>
	<b>(205)</b>	<b>1,281</b>	<b>(1,293)</b>	<b>(5)</b>	<b>(85)</b>	<b>(307)</b>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	<b>2,727</b>	<b>7</b>	<b>(47)</b>	<b>5</b>	<b>-</b>	<b>2,692</b>
Total restricted funds	<b>2,522</b>	<b>1,288</b>	<b>(1,340)</b>	<b>-</b>	<b>(85)</b>	<b>2,385</b>
Total of funds	<b>2,538</b>	<b>1,324</b>	<b>(1,367)</b>	<b>-</b>	<b>(85)</b>	<b>2,410</b>

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

**General Annual Grant (GAG)**

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Transfers of £5,000 from GAG funding to the restricted fixed asset fund represents contributions towards the fixed asset additions.

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**17. STATEMENT OF FUNDS (continued)**

**Other DfE/EFA grants**

Other funds provided by the DfE/EFA for particular purposes within the academy's educational operations.

**Pupil premium**

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

**Capital grants**

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

**Other income**

These consist of restricted income from all other sources to be used primarily for the Academy's educational operations.

**Pension reserve**

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds 2014 £000</b>	<b>Restricted funds 2014 £000</b>	<b>Restricted fixed asset funds 2014 £000</b>	<b>Total funds 2014 £000</b>	<i>5 months period ended 31 August 2013 £000</i>
Tangible fixed assets	-	-	2,692	2,692	2,727
Current assets	25	108	-	133	110
Creditors due within one year	-	(78)	-	(78)	(62)
Provisions for liabilities and charges	-	(337)	-	(337)	(237)
	<u>25</u>	<u>(307)</u>	<u>2,692</u>	<u>2,410</u>	<u>2,538</u>

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**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<i>2013</i>
	<b>£000</b>	<i>£000</i>
Net incoming resources before revaluations	(43)	2,530
Pension transferred from Local Authority on conversion	-	237
Depreciation of tangible fixed assets	47	20
Capital grants & donations	(6)	(4)
Increase in debtors	(13)	(52)
Increase in creditors	15	62
Fixed assets transferred from Local Authority on conversion	-	(2,741)
FRS 17 adjustments	15	8
	<b>15</b>	<i>60</i>
<b>Net cash inflow from operations</b>	<b>15</b>	<i>60</i>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	<b>2014</b>	<i>2013</i>
	<b>£000</b>	<i>£000</i>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(12)	(6)
Capital grants & donations	7	4
	<b>(5)</b>	<i>(2)</i>
<b>Net cash outflow capital expenditure</b>	<b>(5)</b>	<i>(2)</i>

**21. 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 Leicestershire County Council. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £12,584 were payable to the scheme at 31 August 2014 (2013 - £11,623) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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**21. PENSION COMMITMENTS (continued)**

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

The Teachers' Pensions Regulations require an annual 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, 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 valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 from April 2012 on a 40:80:100% basis.

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**21. PENSION COMMITMENTS (continued)**

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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.

**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 2014 was £45,000, of which employer's contributions totalled £35,000 and employees' contributions totalled £10,000. The agreed contribution rates for future years are 18.2% for employers and 6.1% 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.

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £000</b>	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £000</i>
Equities	<b>6.30</b>	<b>216</b>	<i>6.60</i>	<i>149</i>
Bonds	<b>3.30</b>	<b>53</b>	<i>3.80</i>	<i>61</i>
Property	<b>4.50</b>	<b>31</b>	<i>4.70</i>	<i>21</i>
Cash	<b>3.30</b>	<b>9</b>	<i>3.60</i>	<i>2</i>
Total market value of assets		<b>309</b>		<i>233</i>
Present value of scheme liabilities		<b>(646)</b>		<i>(470)</i>
Deficit in the scheme		<b>(337)</b>		<i>(237)</i>

The amounts recognised in the Balance Sheet are as follows:

	<b>2014 £000</b>	<i>2013 £000</i>
Present value of funded obligations	<b>(646)</b>	<i>(470)</i>
Fair value of scheme assets	<b>309</b>	<i>233</i>
Net liability	<b>(337)</b>	<i>(237)</i>

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**21. PENSION COMMITMENTS (continued)**

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Current service cost	(41)	(17)
Interest on obligation	(23)	(9)
Expected return on scheme assets	14	5
	<u>          </u>	<u>          </u>
Total	<b>(50)</b>	<b>(21)</b>
	<u>          </u>	<u>          </u>
Actual return on scheme assets	<b>31</b>	<b>1</b>
	<u>          </u>	<u>          </u>

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Opening defined benefit obligation	470	452
Current service cost	41	17
Interest cost	23	9
Contributions by scheme participants	10	4
Actuarial losses/(gains)	102	(12)
	<u>          </u>	<u>          </u>
Closing defined benefit obligation	<b>646</b>	<b>470</b>
	<u>          </u>	<u>          </u>

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Opening fair value of scheme assets	233	215
Expected return on assets	14	5
Actuarial gains and (losses)	17	(4)
Contributions by employer	35	13
Contributions by employees	10	4
	<u>          </u>	<u>          </u>
	<b>309</b>	<b>233</b>
	<u>          </u>	<u>          </u>

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 Total Recognised Gains and Losses was £77,000 losses (2013 - £8,000 gains).

The Academy expects to contribute £36,000 to its Defined Benefit Pension Scheme in 2015.

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**21. PENSION COMMITMENTS (continued)**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2014</b>	2013
Equities	<b>70.00 %</b>	64.00 %
Bonds	<b>17.00 %</b>	26.00 %
Property	<b>10.00 %</b>	9.00 %
Cash	<b>3.00 %</b>	1.00 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2014</b>	2013
Discount rate for scheme liabilities	<b>3.70 %</b>	4.60 %
Expected return on scheme assets at 31 August	<b>5.50 %</b>	5.70 %
Rate of increase in salaries	<b>4.50 %</b>	5.10 %
Rate of increase for pensions in payment / inflation	<b>2.70 %</b>	2.80 %

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

	<b>2014</b>	2013
Retiring today		
Males	<b>22.2</b>	20.9
Females	<b>24.3</b>	23.3
Retiring in 20 years		
Males	<b>24.2</b>	23.3
Females	<b>26.6</b>	25.6

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	<b>2014</b>	2013
	<b>£000</b>	<b>£000</b>
Defined benefit obligation	<b>(646)</b>	(470)
Scheme assets	<b>309</b>	233
Deficit	<b>(337)</b>	(237)
Experience adjustments on scheme liabilities	<b>(102)</b>	12
Experience adjustments on scheme assets	<b>17</b>	(4)



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**22. OPERATING LEASE COMMITMENTS**

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expiry date:</b>				
Within 1 year	-	-	1	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**23. RELATED PARTY TRANSACTIONS**

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

**THE OAKS UMBRELLA TRUST**

A May and S Strowger are Member's of The Oaks Umbrella Trust and are Member's of Mercenfeld Primary School. A Kitchen is also a Member of The Oaks Umbrella Trust and is a Trustee of Mercenfeld Primary School. During the year the Academy received £nil (2013 - £6,250) from The Oaks Umbrella Trust in respect of start up fees. There was no amount outstanding at 31 August 2014.

**24. CONTROLLING PARTY**

The Academy is ultimately controlled by the Governing Body, which includes the Headteacher and the Deputy Headteacher.

**25. COMPANY LIMITED BY GUARANTEE**

The Academy Trust is a company limited by guarantee and does not have share capital.

**26. 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.