
MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)

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

MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)

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MILTON COURT PRIMARY ACADEMY
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STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	128	-	128	1,462,330
Activities for generating funds	3	-	17,924	-	17,924	3,045
Investment income	4	392	-	-	392	50
Incoming resources from charitable activities	5	-	1,089,474	55,500	1,144,974	451,841
TOTAL INCOMING RESOURCES		392	1,107,526	55,500	1,163,418	1,917,266
RESOURCES EXPENDED						
Charitable activities		-	1,009,893	21,411	1,031,304	435,442
Governance costs	7	-	43,492	-	43,492	32,277
TOTAL RESOURCES EXPENDED	10	-	1,053,385	21,411	1,074,796	467,719
NET INCOMING RESOURCES BEFORE TRANSFERS		392	54,141	34,089	88,622	1,449,547

MILTON COURT PRIMARY ACADEMY
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STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	20	-	(7,179)	7,179	-	-
NET INCOME FOR THE YEAR		392	46,962	41,268	88,622	1,449,547
Actuarial gains and losses on defined benefit pension schemes		-	(3,000)	-	(3,000)	(33,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		392	43,962	41,268	85,622	1,416,547
<i>Total funds at 1 September 2013</i>		-	(256,665)	1,673,212	1,416,547	-
TOTAL FUNDS AT 31 AUGUST 2014		392	(212,703)	1,714,480	1,502,169	1,416,547

All activities relate to continuing operations.

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

The notes on pages 4 to 20 form part of these financial statements.

MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER:

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	17		1,714,480		1,673,212
CURRENT ASSETS					
Debtors	18	48,167		49,543	
Cash at bank and in hand		105,498		107,520	
		<u>153,665</u>		<u>157,063</u>	
CREDITORS: amounts falling due within one year	19	<u>(50,976)</u>		<u>(121,728)</u>	
NET CURRENT ASSETS			102,689		35,335
TOTAL ASSETS LESS CURRENT LIABILITIES			1,817,169		1,708,547
Defined benefit pension scheme liability	22		<u>(315,000)</u>		<u>(292,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			1,502,169		1,416,547
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	20	102,297		35,335	
Restricted fixed asset funds	20	1,714,480		1,673,212	
Restricted funds excluding pension liability		<u>1,816,777</u>		<u>1,708,547</u>	
Pension reserve		<u>(315,000)</u>		<u>(292,000)</u>	
Total restricted funds			1,501,777		1,416,547
Unrestricted funds	20		<u>392</u>		<u>-</u>
TOTAL FUNDS			1,502,169		1,416,547

The financial statements were approved by the Trustees, and authorised for issue, on 22 December 2014 and are signed on their behalf, by:

Eileen Hargreaves, Chair of Trustees

The notes on pages 4 to 20 form part of these financial statements.

MILTON COURT PRIMARY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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.

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.

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

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. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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 in the restricted fixed asset fund.

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, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

1. ACCOUNTING POLICIES (continued)

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	125 years
Fixtures and fittings	-	4 years
Computer equipment	-	3 years

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

1. ACCOUNTING POLICIES (continued)

1.7 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.8 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 22, 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 adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Donations	-	128	128	14,469
Assets Gifted From Predecessor School	-	-	-	1,447,861
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary Income	-	128	128	1,462,330
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Trips Income	-	9,275	9,275	1,933
Hire of Facilities	-	720	720	-
Other Income	-	7,929	7,929	1,112
	<u>-</u>	<u>17,924</u>	<u>17,924</u>	<u>3,045</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Investment Income	<u>392</u>	<u>-</u>	<u>392</u>	<u>50</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Educational Operations	<u>-</u>	<u>1,144,974</u>	<u>1,144,974</u>	<u>451,841</u>

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

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
DfE/EFA revenue grants				
General Annual Grant	-	693,030	693,030	363,152
Pupil Premium Grant	-	107,631	107,631	33,286
Capital Income	-	36,248	36,248	27,126
Other Income	-	149,640	149,640	1,032
Other EFA Income	-	93,590	93,590	27,245
Rates Relief	-	5,029	5,029	-
	-	1,085,168	1,085,168	451,841
Other government grants				
Other Government Grant	-	40,554	40,554	-
Local Authority Grants	-	19,252	19,252	-
	-	59,806	59,806	-
	-	1,144,974	1,144,974	451,841

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Educational Operations	-	1,031,304	1,031,304	435,442

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £	<i>Total 2013 £</i>
Educational Operations	736,855	21,411	273,038	1,031,304	435,442

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

7. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Auditors' Remuneration	-	9,560	9,560	5,305
Other Professional Fees	-	33,932	33,932	26,972
	<u>-</u>	<u>43,492</u>	<u>43,492</u>	<u>32,277</u>

8. DIRECT COSTS

	Educational Operations £	Total 2014 £	<i>Total 2013 £</i>
Pension income	12,000	12,000	4,000
Educational Supplies & Services	93,162	93,162	48,650
Staff Development	4,703	4,703	500
Educational Consultancy	1,208	1,208	804
Supply Teaching Costs	16,480	16,480	10,304
Technology Costs	18,570	18,570	4,314
Wages and Salaries	536,907	536,907	203,327
National Insurance	26,108	26,108	18,733
Pension Cost	81,743	81,743	32,815
	<u>790,881</u>	<u>790,881</u>	<u>323,447</u>

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

9. SUPPORT COSTS

	Educational Operations £	Total 2014 £	Total 2013 £
Repairs & Maintenance	6,278	6,278	3,063
Other Occupancy Cost	5,046	5,046	2,081
Recruitment & Support	10,000	10,000	2,999
Maintenance of Premises	2,653	2,653	3,023
Water & Energy Cost	15,219	15,219	22,490
Insurance	14,707	14,707	5,968
Catering Expenses	24,314	24,314	6,630
Other Support Cost	23,872	23,872	12,687
Technology Costs	3,102	3,102	648
Cleaning	16,882	16,882	5,268
Security and Transport	4,842	4,842	113
Wages and Salaries	70,976	70,976	28,894
National Insurance	3,049	3,049	1,767
Pension Cost	18,072	18,072	6,950
Depreciation	21,411	21,411	9,414
	<u>240,423</u>	<u>240,423</u>	<u>111,995</u>

10. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Direct costs - Educational Operations	661,238	-	129,643	790,881	323,447
Support costs - Educational Operations	92,097	37,625	110,701	240,423	111,995
Charitable activities	<u>753,335</u>	<u>37,625</u>	<u>240,344</u>	<u>1,031,304</u>	<u>435,442</u>
Governance	-	-	43,492	43,492	32,277
	<u>753,335</u>	<u>37,625</u>	<u>283,836</u>	<u>1,074,796</u>	<u>467,719</u>

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

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Educational Operations	<u>790,881</u>	<u>240,423</u>	<u>1,031,304</u>	<u>435,442</u>

12. NET INCOMING RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	21,411	9,414
Auditors' remuneration	<u>9,560</u>	<u>5,305</u>

13. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	607,883	232,221
Social security costs	29,157	20,500
Other pension costs (Note 22)	<u>99,815</u>	<u>39,765</u>
	<u>736,855</u>	<u>292,486</u>
Supply teacher costs	<u>16,480</u>	<u>10,304</u>
	<u><u>753,335</u></u>	<u><u>302,790</u></u>

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	13	9
Education and other support staff	<u>17</u>	<u>15</u>
	<u><u>30</u></u>	<u><u>24</u></u>

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

13. STAFF (continued)

c. Higher paid staff

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

14. TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal 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 fell within the following bands:

	2014	<i>2013</i>
	£'000	<i>£'000</i>
Jason Prean, Headteacher	40-45	<i>15-20</i>
Helen Davies, Staff Trustee	15-20	<i>20-25</i>
Victoria Lawrence, Staff Trustee	15-20	

15. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,259 (2013 - £1,259). The cost of this insurance is included in the total insurance cost.

16. OTHER FINANCE INCOME

	2014	<i>2013</i>
	£	<i>£</i>
Expected return on pension scheme assets	10,000	<i>3,000</i>
Interest on pension scheme liabilities	(22,000)	<i>(7,000)</i>
	(12,000)	<i>(4,000)</i>
	(12,000)	<i>(4,000)</i>

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

17. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2013	1,657,111	25,515	-	1,682,626
Additions	44,200	5,403	13,076	62,679
At 31 August 2014	<u>1,701,311</u>	<u>30,918</u>	<u>13,076</u>	<u>1,745,305</u>
Depreciation				
At 1 September 2013	9,414	-	-	9,414
Charge for the year	9,366	7,730	4,315	21,411
At 31 August 2014	<u>18,780</u>	<u>7,730</u>	<u>4,315</u>	<u>30,825</u>
Net book value				
At 31 August 2014	<u>1,682,531</u>	<u>23,188</u>	<u>8,761</u>	<u>1,714,480</u>
At 31 August 2013	<u>1,647,697</u>	<u>25,515</u>	<u>-</u>	<u>1,673,212</u>

18. DEBTORS

	2014 £	2013 £
Other debtors	7,369	24,872
Prepayments and accrued income	40,798	24,671
	<u>48,167</u>	<u>49,543</u>

19. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	14,766	56,727
Other taxation and social security	9,549	9,306
Accruals and deferred income	26,661	55,695
	<u>50,976</u>	<u>121,728</u>

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

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

	£
Deferred income	
Deferred income at 1 September 2013	(26,629)
DFC Capital Income deferred during the year	(3,675)
EFA Grants deferred during the year	(12,198)
Amounts released from previous years	26,629
	(15,873)
Deferred income at 31 August 2014	(15,873)

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	-	392	-	-	-	392
	-	392	-	-	-	392
Restricted funds						
Restricted Funds - all funds	35,335	1,107,526	(1,033,385)	(7,179)	-	102,297
Pension reserve	(292,000)	-	(20,000)	-	(3,000)	(315,000)
	(256,665)	1,107,526	(1,053,385)	(7,179)	(3,000)	(212,703)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	1,673,212	55,500	(21,411)	7,179	-	1,714,480
Total restricted funds	1,416,547	1,163,026	(1,074,796)	-	(3,000)	1,501,777
Total of funds	1,416,547	1,163,418	(1,074,796)	-	(3,000)	1,502,169

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

Restricted Fixed Assets funds relate to capital grants provided by the DfE and local authority and reduced by depreciation charges.

Restricted General funds have arisen through revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

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

20. STATEMENT OF FUNDS (continued)

The Restricted funds can only be used in the terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds relates to investment income during the period.

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.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	392	-	-	-	392
Restricted funds	(256,665)	1,107,526	(1,053,385)	(7,179)	(3,000)	(212,703)
Restricted fixed asset funds	1,673,212	55,500	(21,411)	7,179	-	1,714,480
	<u>1,416,547</u>	<u>1,163,418</u>	<u>(1,074,796)</u>	<u>-</u>	<u>(3,000)</u>	<u>1,502,169</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	1,714,480	1,714,480	1,673,212
Current assets	392	153,273	-	153,665	157,063
Creditors due within one year	-	(50,976)	-	(50,976)	(121,728)
Provisions for liabilities and charges	-	(315,000)	-	(315,000)	(292,000)
	<u>392</u>	<u>(212,703)</u>	<u>1,714,480</u>	<u>1,502,169</u>	<u>1,416,547</u>

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

22. 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 Kent 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 August 2014.

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

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.

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

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22. PENSION COMMITMENTS (continued)

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.

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 £71,000, of which employer's contributions totalled £57,000 and employees' contributions totalled £14,000. The agreed contribution rates for future years are 7% for employers and 3% 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.

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22. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	2014	2013
	£	£
Present value of funded obligations	(540,000)	(428,000)
Fair value of scheme assets	225,000	136,000
	<hr/>	<hr/>
Net liability	(315,000)	(292,000)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows:

	2014	2013
	£	£
Current service cost	(65,000)	(22,000)
Interest on obligation	(22,000)	(7,000)
Expected return on scheme assets	10,000	3,000
	<hr/>	<hr/>
Total	(77,000)	(26,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2014	2013
	£	£
Opening defined benefit obligation	428,000	357,000
Current service cost	65,000	22,000
Interest cost	22,000	7,000
Contributions by scheme participants	14,000	5,000
Actuarial Losses	11,000	37,000
	<hr/>	<hr/>
Closing defined benefit obligation	540,000	428,000
	<hr/> <hr/>	<hr/> <hr/>

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

22. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening fair value of scheme assets	136,000	105,000
Expected return on assets	10,000	3,000
Actuarial gains and (losses)	8,000	4,000
Contributions by employer	57,000	19,000
Contributions by employees	14,000	5,000
	225,000	136,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(3,000) (2013 - £(33,000)).

The academy expects to contribute £49,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Equities	6.70 %	6.60 %
Gilts	3.00 %	3.50 %
Other bonds	3.60 %	4.40 %
Property	5.90 %	4.60 %
Cash	2.90 %	0.50 %

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

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.70 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
RPI increase	3.50 %	3.70 %

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

	2014	2013
Retiring today		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years		
Males	24.9	22.1
Females	27.4	26.0

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22. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014	2013
	£	£
Defined benefit obligation	(540,000)	<i>(428,000)</i>
Scheme assets	225,000	<i>136,000</i>
Deficit	(315,000)	<i>(292,000)</i>
Experience adjustments on scheme liabilities	(11,000)	<i>(37,000)</i>
Experience adjustments on scheme assets	8,000	<i>4,000</i>

23. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2014	<i>2013</i>	2014	<i>2013</i>
	£	£	£	£
Expiry date:				
Within 1 year	-	-	2,073	-
Between 2 and 5 years	-	-	-	<i>4,090</i>

24. RELATED PARTY TRANSACTIONS

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