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MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)

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MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	2,205	-	-	2,205	128
Activities for generating funds	3	-	21,170	-	21,170	17,924
Investment income	4	330	-	-	330	392
Incoming resources from charitable activities	5	-	1,090,694	31,280	1,121,974	1,144,974
TOTAL INCOMING RESOURCES		2,535	1,111,864	31,280	1,145,679	1,163,418
RESOURCES EXPENDED						
Charitable activities		-	1,090,651	29,905	1,120,556	1,031,304
Governance costs	7	-	58,503	-	58,503	43,492
TOTAL RESOURCES EXPENDED	10	-	1,149,154	29,905	1,179,059	1,074,796
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		2,535	(37,290)	1,375	(33,380)	88,622
Actuarial gains and losses on defined benefit pension schemes		-	(9,000)	-	(9,000)	(3,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		2,535	(46,290)	1,375	(42,380)	85,622
<i>Total funds at 1 September 2014</i>		<i>392</i>	<i>(212,703)</i>	<i>1,714,480</i>	<i>1,502,169</i>	<i>1,416,547</i>
TOTAL FUNDS AT 31 AUGUST 2015		2,927	(258,993)	1,715,855	1,459,789	1,502,169

All activities relate to continuing operations.

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

The notes on pages 3 to 19 form part of these financial statements.

MILTON COURT PRIMARY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08451719

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	17		1,713,567		1,714,480
CURRENT ASSETS					
Debtors	18	55,201		48,167	
Cash at bank and in hand		107,406		105,498	
		<u>162,607</u>		<u>153,665</u>	
CREDITORS: amounts falling due within one year	19	<u>(52,385)</u>		<u>(50,976)</u>	
NET CURRENT ASSETS			<u>110,222</u>		<u>102,689</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,823,789</u>		<u>1,817,169</u>
Defined benefit pension scheme liability	22		<u>(364,000)</u>		<u>(315,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>1,459,789</u>		<u>1,502,169</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	20	105,007		102,297	
Restricted fixed asset funds	20	1,715,855		1,714,480	
		<u>1,820,862</u>		<u>1,816,777</u>	
Restricted funds excluding pension liability		<u>1,820,862</u>		<u>1,816,777</u>	
Pension reserve		<u>(364,000)</u>		<u>(315,000)</u>	
Total restricted funds			<u>1,456,862</u>		<u>1,501,777</u>
Unrestricted funds	20		<u>2,927</u>		<u>392</u>
TOTAL FUNDS			<u>1,459,789</u>		<u>1,502,169</u>

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

Eileen Hargreaves, Chair of Trustees

The notes on pages 3 to 19 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 2015

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 2014 to 2015 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.

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 2015

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 2015

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 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Donations	2,205	-	2,205	128

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

3. ACTIVITIES FOR GENERATING FUNDS

	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Trips Income	5,744	5,744	9,275
Hire of Facilities	110	110	720
Other Income	15,316	15,316	7,929
	<u>21,170</u>	<u>21,170</u>	<u>17,924</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Investment Income	<u>330</u>	<u>-</u>	<u>330</u>	<u>392</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Educational Operations	<u>-</u>	<u>1,121,974</u>	<u>1,121,974</u>	<u>1,144,974</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Milton Court Primary Academy

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants			
General Annual Grant	895,964	895,964	693,030
Pupil Premium Grant	130,399	130,399	107,631
Capital Income	31,280	31,280	36,248
Other Income	3,540	3,540	149,640
Other EFA Income	31,066	31,066	93,590
Rates Relief	-	-	5,029
	<u>1,092,249</u>	<u>1,092,249</u>	<u>1,085,168</u>
Other government grants			
Local Authority Grants	-	-	19,252
Other Government Grants	-	-	40,554
SEN funding	29,725	29,725	-
	<u>29,725</u>	<u>29,725</u>	<u>59,806</u>
	<u>1,121,974</u>	<u>1,121,974</u>	<u>1,144,974</u>

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational Operations	-	1,120,556	1,120,556	1,031,304
	<u>-</u>	<u>1,120,556</u>	<u>1,120,556</u>	<u>1,031,304</u>

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Educational Operations	797,272	29,905	293,379	1,120,556	1,031,304
	<u>797,272</u>	<u>29,905</u>	<u>293,379</u>	<u>1,120,556</u>	<u>1,031,304</u>

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NOTES TO THE FINANCIAL STATEMENTS
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7. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Auditors' Remuneration	-	7,457	7,457	9,560
Other Professional Fees	-	51,046	51,046	33,932
	<u>-</u>	<u>58,503</u>	<u>58,503</u>	<u>43,492</u>

8. DIRECT COSTS

	Educational Operations £	Total 2015 £	<i>Total 2014 £</i>
Educational Supplies & Services	86,554	86,554	93,162
Staff Development	14,245	14,245	4,703
Educational Consultancy	296	296	1,208
Supply Teaching Costs	12,316	12,316	16,480
Technology Costs	27,245	27,245	18,570
Wages and salaries	559,815	559,815	536,907
National insurance	30,427	30,427	26,108
Pension cost	82,488	82,488	81,743
	<u>813,386</u>	<u>813,386</u>	<u>778,881</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

9. SUPPORT COSTS

	Educational Operations £	Total 2015 £	Total 2014 £
Pension income	9,000	9,000	12,000
Repairs & Maintenance	21,530	21,530	6,278
Other Occupancy Cost	5,158	5,158	5,046
Recruitment & Support	919	919	10,000
Maintenance of Premises	3,641	3,641	2,653
Water & Energy Cost	16,595	16,595	15,219
Insurance	14,227	14,227	14,707
Catering Expenses	37,291	37,291	24,314
Other Support Cost	27,134	27,134	23,872
Technology Costs	1,010	1,010	3,102
Cleaning	14,849	14,849	16,882
Security and Transport	1,369	1,369	4,842
Wages and Salaries	79,140	79,140	70,976
National Insurance	2,009	2,009	3,049
Pension Cost	43,393	43,393	18,072
Depreciation	29,905	29,905	21,411
	<u>307,170</u>	<u>307,170</u>	<u>252,423</u>

10. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Direct costs - Educational Operations	685,046	128,340	813,386	778,881
Support costs - Educational Operations	124,542	182,628	307,170	240,423
Charitable activities	<u>809,588</u>	<u>310,968</u>	<u>1,120,556</u>	<u>1,019,304</u>
Governance	-	58,503	58,503	43,492
	<u>809,588</u>	<u>369,471</u>	<u>1,179,059</u>	<u>1,062,796</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Educational Operations	813,386	307,170	1,120,556	1,031,304

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	29,905	21,411
Auditors' remuneration	7,457	9,560
Operating lease rentals: - other operating leases	2,565	2,565

13. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	638,955	607,883
Social security costs	32,436	29,157
Other pension costs (Note 22)	125,881	99,815
	797,272	736,855
Supply teacher costs	12,316	16,480
	809,588	753,335

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

13. STAFF (continued)

b. Staff numbers

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

	2015	<i>2014</i>
	No.	<i>No.</i>
Teachers	13	<i>13</i>
Education and other support staff	39	<i>17</i>
	52	<i>30</i>

c. Higher paid staff

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

14. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

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

Jason Pearn (Principal and Trustee):

Remuneration £45,000 - £50,000 (2014: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

Victoria Lawrence (Staff Trustee):

Remuneration £25,000 - £30,000 (2014: £15,000 - £20,000)

Employer's pension contributions £0 - £5,000 (2014: £0 - £5,000)

During the year, no Trustees received any reimbursement of expenses (2014: £NIL)

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 2015 was £1,259 (2014 - £1,259). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

16. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	15,000	10,000
Interest on pension scheme liabilities	(24,000)	(22,000)
	<u>(9,000)</u>	<u>(12,000)</u>

17. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2014	1,701,311	30,918	13,076	1,745,305
Additions	2,508	3,640	22,844	28,992
At 31 August 2015	<u>1,703,819</u>	<u>34,558</u>	<u>35,920</u>	<u>1,774,297</u>
Depreciation				
At 1 September 2014	18,780	7,730	4,315	30,825
Charge for the year	9,411	8,640	11,854	29,905
At 31 August 2015	<u>28,191</u>	<u>16,370</u>	<u>16,169</u>	<u>60,730</u>
Net book value				
At 31 August 2015	<u>1,675,628</u>	<u>18,188</u>	<u>19,751</u>	<u>1,713,567</u>
At 31 August 2014	<u>1,682,531</u>	<u>23,188</u>	<u>8,761</u>	<u>1,714,480</u>

18. DEBTORS

	2015 £	2014 £
Other debtors	8,701	7,369
Prepayments and accrued income	46,500	40,798
	<u>55,201</u>	<u>48,167</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	14,575	14,766
Other taxation and social security	11,058	9,549
Accruals and deferred income	26,752	26,661
	52,385	50,976
£		
Deferred income		
Deferred income at 1 September 2014		15,873
EFA Grants deferred during the year		13,719
Amounts released from previous years		(15,873)
		13,719

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
General Funds - all funds	392	2,535	-	-	2,927
Restricted funds					
Restricted Funds - all funds	102,297	1,111,864	(1,109,154)	-	105,007
Pension reserve	(315,000)	-	(40,000)	(9,000)	(364,000)
	(212,703)	1,111,864	(1,149,154)	(9,000)	(258,993)
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	1,714,480	31,280	(29,905)	-	1,715,855
Total restricted funds	1,501,777	1,143,144	(1,179,059)	(9,000)	1,456,862
Total of funds	1,502,169	1,145,679	(1,179,059)	(9,000)	1,459,789

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

20. STATEMENT OF FUNDS (continued)

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

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 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Gains/ (Losses) £	Carried Forward £
General funds	392	2,535	-	-	2,927
Restricted funds	(212,703)	1,111,864	(1,149,154)	(9,000)	(258,993)
Restricted fixed asset funds	1,714,480	31,280	(29,905)	-	1,715,855
	<u>1,502,169</u>	<u>1,145,679</u>	<u>(1,179,059)</u>	<u>(9,000)</u>	<u>1,459,789</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	1,713,567	1,713,567	1,714,480
Current assets	2,927	157,392	2,288	162,607	153,665
Creditors due within one year	-	(52,385)	-	(52,385)	(50,976)
Provisions for liabilities and charges	-	(364,000)	-	(364,000)	(315,000)
	<u>2,927</u>	<u>(258,993)</u>	<u>1,715,855</u>	<u>1,459,789</u>	<u>1,502,169</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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 2012 and of the LGPS 31 August 2015.

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.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

The pension costs paid to TPS in the period amounted to £82,488 (2014: £81,743).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy 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 2015 was £69,000, of which employer's contributions totalled £54,000 and employees' contributions totalled £15,000. 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.

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(650,000)	(540,000)
Fair value of scheme assets	286,000	225,000
	<u>(364,000)</u>	<u>(315,000)</u>
Net liability	<u>(364,000)</u>	<u>(315,000)</u>

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

	2015 £	2014 £
Current service cost	(85,000)	(65,000)
Interest on obligation	(24,000)	(22,000)
Expected return on scheme assets	15,000	10,000
	<u>(94,000)</u>	<u>(77,000)</u>
Total	<u>(94,000)</u>	<u>(77,000)</u>

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

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

	2015 £	2014 £
Opening defined benefit obligation	540,000	428,000
Current service cost	85,000	65,000
Interest cost	24,000	22,000
Contributions by scheme participants	15,000	14,000
Actuarial Losses	-	11,000
Estimated benefits paid net of transfers in	(14,000)	-
	<u>650,000</u>	<u>540,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	225,000	136,000
Expected return on assets	15,000	10,000
Actuarial gains and (losses)	(9,000)	8,000
Contributions by employer	54,000	57,000
Contributions by employees	15,000	14,000
Estimated benefits paid net of transfers in and including unfunded	(14,000)	-
	<u>286,000</u>	<u>225,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(45,000) (2014 - £(36,000)).

The academy expects to contribute £53,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Equities	6.70 %	6.70 %
Gilts	3.00 %	3.00 %
Other bonds	3.50 %	3.60 %
Property	6.10 %	5.90 %
Cash	2.80 %	2.90 %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %
RPI increase	3.60 %	3.50 %

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22. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(650,000)	(540,000)
Scheme assets	286,000	225,000
Deficit	(364,000)	(315,000)
Experience adjustments on scheme liabilities	-	(11,000)
Experience adjustments on scheme assets	(9,000)	8,000

23. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within 1 year	-	-	-	2,073

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FOR THE YEAR ENDED 31 AUGUST 2015

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.

Please refer to note 14 for Trustees' remuneration and expenses. No other related party transactions took place during the year.

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