

Company Number 00522385
Registered Charity Number 310283

Millfield

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 August 2012

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Millfield

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Millfield

GOVERNORS AND ADVISORS

for the year ended 31 August 2012

GOVERNORS

Sir John Reith KCB, CBE (Chair of Governors)

Wim Bushell

Richard Clark

Robert Clark (resigned 16 March 2012)

Clare Cripps

Christobel Flood

Christopher Hirst

John Jackson

Atul Patel

Michael Roulston

Anabel Sexton

Marc Simon

Rodney Speed (appointed 16 March 2012)

Oliver Tant

Timothy Taylor

Robert Thornton

Roger Trafford

David Williamson

SECRETARY AND CLERK TO THE GOVERNORS

Rachel Summerhayes

HEADMASTER OF MILLFIELD SCHOOL

Craig Considine

BURSAR OF MILLFIELD SCHOOLS

Mark Suddaby

HEADMISTRESS OF MILLFIELD PREPARATORY SCHOOL

Shirley Shayler

REGISTERED OFFICE

Street

Somerset

BA16 0YD

REGISTERED COMPANY NUMBER

00522385

REGISTERED CHARITY NUMBER

310283

Millfield

GOVERNORS AND ADVISORS *(continued)*
for the year ended 31 August 2012

AUDITOR

Baker Tilly UK Audit LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

BANKERS

Lloyds TSB Bank plc
P O Box 340
2nd Floor
234 High Street
Exeter
EX4 3ZB

SOLICITORS

Veale Wasbrough Vizards
Orchard Court
Orchard Lane
Bristol
BS1 5WS

Farrer & Co
66 Lincolns Inn Fields
London
WC2A 3LH

Millfield

REPORT OF THE GOVERNING BODY

for the year ended 31 August 2012

The Governors present their Annual Report and the audited financial statements for the year ended 31 August 2012. The Governing Body confirms that the financial statements comply with the charity's governing document, with current statutory requirements, with applicable accounting standards in the United Kingdom, with the Statement of Recommended Practice on Accounting and Reporting by Charities (the Charities SORP 2005) and with Charities legislation.

Millfield is a company limited by guarantee, first incorporated as Millfield School Limited on 4 August 1953 and constituted under Memorandum and Articles of Association dated 9 November 1979 and last amended on 20 March 1996. It is also a registered charity, number 310283.

The School provides independent (boarding and day) education for boys and girls between the ages of 2 and 7 (pre-preparatory school), 7 and 13 (preparatory school) and 13 and 18 (senior school).

The Governing Body is particularly grateful to the teaching and support staff, who continue to support the School through their dedication, loyalty and hard work. It also appreciates the valuable contribution given by Parents, Old Millfieldians and other friends of the School.

The School's Objectives

The School's principal activity is the education and pastoral care of its pupils. This reflects the principal object as expressed in the Memorandum of Association, which is "to establish and maintain at Millfield, Street, in the County of Somerset, a school or schools for the education of boys, girls, young men and young women and to give to such pupils general or specialised instruction of the highest class but so that each such school shall be carried out as an educational charity."

Our mission is to discover and develop the potential within each young person. We aim to achieve this through our vision which is to support and nurture individual pupils with diverse needs to develop confidence and resilience through a wide range of opportunities, to serve our pupils by establishing a dynamic, international learning community based on diligence, mutual respect and understanding, and to achieve these goals by drawing on the richness of the school environment and its people, the broader Millfield community and by encouraging each pupil to achieve their highest standards in all aspects of life.

In setting our objectives and planning our activities the Governors have given due regard to the guidance on public benefit published by the Charity Commission.

In addition to its principal activity, Millfield also operates a wide variety of educational and recreational holiday courses, retail outlets and related activities, some of which are carried out through a trading subsidiary company, Millfield School Enterprises Limited. All surpluses from these activities are reinvested in the School for the benefit of its principal educational activity.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Access

The Governors operate a Scholarships and Bursaries policy, details of which are published on the School's websites. This is designed to enable access to the School for talented pupils who would benefit from an education at Millfield, by offering fee discounts of up to 100%. The Governors believe this is a vital way in which to ensure that children from families who would otherwise not be able to afford the fees can access the education the School offers.

Entry to Millfield is not academically selective. On entry, transfer between the schools or commencement of the sixth form, scholarships which recognise academic, sporting, musical, artistic or all round achievement and potential may be awarded and these may be supplemented with means-tested bursaries with the objective of trying to ensure that those children who would best benefit from a Millfield education are able to do so, regardless of the financial circumstances of their parents. A limited number of bursaries may also be available on entry to Millfield in cases where a pupil does not meet all requirements for a scholarship. Once a child has entered the School, and whether or not he or she has a scholarship, the School may provide means-tested bursaries if a pupil's continuing education becomes at risk through financial hardship. Such awards also have regard to both the individual's educational ability and their contribution to the wider School community.

In the year to 31 August 2012, the total value of scholarships and bursaries (excluding staff discounts and other concessions) was £4.1 million (2011: £4.2 million), representing 9.9% of gross fee income (2011: 10.6%), and a total of 709 pupils (43% of all pupils) benefited in some way from awards. Three pupils received scholarships and/or bursaries worth 100% of the fees.

The Governors have also supported the activities of Millfield Foundation, an independent charity set up to raise funds for the provision of scholarships and bursaries to pupils at the School. During the year, an Olympian dinner was held in London to celebrate the School's association with the Olympics. This was attended by approximately 400 alumni, parents, staff and friends of the school (including 15 of the 62 Olympians who have attended the school) and helped to raise funds for Millfield Foundation.

The School also continues to give support to its pupils and to facilitate open access in many other ways. These include the provision of a Learning Support Centre at the Senior School and a Learning Development Centre at the Preparatory School which address various types of specific learning difficulties, predominantly dyslexia. Currently this serves over 600 pupils. Millfield prides itself in offering an educational experience which brings out the best in individuals, nurturing talents and abilities as well as enabling students to be positive in addressing their specific areas of need.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Review of the Year's Principal Achievements and Performance

Pupil Numbers

Overall the School met its targets for pupil numbers during the year and achieved the objective to maintain the "Millfield Mix". An analysis of the number of pupils is shown in the table below

		Millfield	MPS/Pre-Prep
1	Overseas pupils	22%	11%
2	Day pupils	283	297
3	Boarders	932	148
4	Boys	62%	51%
5	Girls	38%	49%
6	Nationalities	56	25

Quality Staff

The pupil teacher ratio stands at 6.3:1. The School continues to recruit high quality teaching staff and also aims to attract and retain high quality support staff who are aligned to its objectives and to the needs of its pupils. Career planning, development, training, mentoring and appraisal systems continue to assist in obtaining the best from our existing staff.

Educational performance

Millfield is not an academically selective school and aims to offer a far broader educational experience than can be measured simply by pupil success in public examinations. It is nevertheless proud of its pupils' achievements. At A Level, the pass rate was 98.4% (2011: 99.4%) and 53.7% of entries were awarded A*, A or B grades (2011: 61.7%). The 100 highest achieving candidates gained excellent results: 87.8% of entries from this group were awarded A*, A or B grades (2011: 91.5%). There were some outstanding individual achievements, with 25 pupils gaining 3 or more A grades at A Level.

There were also strong results from pupils who took the Advanced Vocational Qualifications. In BTEC Art & Design, the pass rate was 100% with 90% of entries achieving distinctions, and there was also a 100% pass rate in BTEC Sport, with 44.4% of entries being awarded distinctions.

At GCSE, 91.5% of Year 11 pupils achieved 5 or more passes at grades A* to C (2011: 93.4%) with 39.4% of entries being awarded A* or A grades (2011: 45.9%). The proportion of entries gaining A* or A grades amongst the 100 highest achieving candidates at GCSE was 66.6% (2011: 78.2%). 22 individual pupils achieved 10 or more A* or A grades at GCSE.

Millfield of course aims to offer far more than a strong academic performance. The Governing Body and staff place particular importance on robust and effective systems and processes for the pastoral care, support and guidance of our pupils.

Co-Curriculum

Our pupils continued to be involved in a vast array of co-curricular activities encompassing sport, music, drama, art, dance, community, charitable and environmental activities. Many of our pupils achieved success at county, national and international levels in a very wide range of sporting activities.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Review of the Year's Principal Achievements and Performance (*continued*)

Nine former and current pupils represented their countries at the 2012 London Olympic and Paralympic Games, the highest representation of any UK school, with Helen Glover and Peter Wilson winning Olympic gold medals. Millfield teams and individuals won National Schools' or Independent Schools' titles in biathlon, cricket, fencing, golf, showjumping, skiing, squash, swimming and tennis, and Millfield pupils won international medals at the Winter Youth Olympics, the Youth Commonwealth Games, the World Junior Athletics and Squash Championships, and the European Junior Swimming Championships. Approximately 50 pupils achieved international honours across a range of representative age groups and sports. The Prep School also enjoyed an excellent year of sporting achievement with a number of national team titles in a variety of sports. In addition to these exceptional achievements, all pupils and members of the Millfield community had the opportunity to take part in a wide variety of sports and activities, including a major fundraising event on Sport Relief Day. This was organised by senior prefects and involved nearly all pupils and staff, who covered a total of 2,755 miles and raised over £21,000 for Sport Relief.

A number of high-quality drama productions took place during the year, including *A Christmas Carol*, *Macbeth*, and *Hansel & Gretel* at the Senior School and *The History Plays*, *The Time Fiddler* and *Snow White* at the Prep School. One pupil successfully auditioned for the National Youth Theatre of Great Britain, and a number of masterclasses were held at the School, enabling some of our pupils to work with some of the most celebrated practitioners in theatre today.

In music there were many excellent concerts and recitals. The School's chamber choir, *Camerata*, travelled to New York to give four concerts. The School continued its series of concerts featuring international artists in the Johnson Hall, including performances and pupil workshops by a cappella vocal group *VOCES8* and pianist *Joanna McGregor*. All pupils had the opportunity to participate in the House Song competitions.

Development of Facilities and Resources

The Governors' policy is to further enhance the excellent facilities which the School enjoys, in line with the long-term campus master plan which sets out the strategy for development of the School up to its centenary year in 2035 and beyond. Some of this development will be dependent upon additional fundraising and the Governors are grateful to those alumni, parents and friends of the School who continue to support the School's development fund. During the year a number of developments were completed, including the improvement and relocation of the girls' day houses, relocation and upgrade of the EAL department, refurbishment of the Physics laboratories, the construction of four new staff residences, a refurbishment of the changing facilities, a refurbishment of *St Anne's House*, refurbishment of the Languages and Junior departments at the Prep School and installation of campus-wide wireless internet access facilities. The existing buildings and grounds continue to be maintained to a high standard.

Financial Review

The School's charitable educational activities continue to be the main source of the charity's consolidated income and expenditure.

For the financial year ended 31 August 2012, the net surplus was £2.2 million (2011: £1.5 million) after charging £3.2 million for depreciation on the School's property and equipment, but before actuarial gains and losses relating to the pension scheme. The School's total incoming resources, on its unrestricted school funds, increased by 4.9% to £43.4 million due mainly to fee increases of 3.5% and controlled levels of concessions. Total resources expended in unrestricted school funds increased by 3.2% to £41.2 million.

There is a liability of £1.6 million (as reported in accordance with FRS17) in respect of the Millfield Retirement Benefit Scheme for some non-teaching staff as set out in Note 23 to the Accounts. The Governors are satisfied that current and future cash flows are sufficient to meet this liability.

The School's trading subsidiary, Millfield School Enterprises Ltd, contributed turnover, profit and net assets as outlined in notes 6 and 14 to the Financial Statements.

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REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Review of the Year's Principal Achievements and Performance (*continued*)

All surpluses are re-invested in the School

Capital expenditure in the year was £3.4 million. There was a positive cash-flow with £2.5 million net inflow of funds as reported in the Consolidated Cash Flow Statement.

Community Partnerships

Millfield is a good neighbour in the community and develops mutually beneficial partnerships wherever possible. Our facilities have again been used extensively throughout the year for public benefit by outside organisations and the local community. The School values and promotes the ethos of service, and staff and pupils are active members of the community.

The presence of overseas students at the School promotes an atmosphere of tolerance and understanding of diverse cultures and traditions. This produces intangible benefit by increasing the general level of such tolerance within the wider community in the UK and also by raising the knowledge and understanding of the UK in communities abroad.

Pupils at Millfield develop a strong sense of civic duty and a clear understanding of the value of public service, which forms a direct, intangible benefit to society as a whole, as does the sense of self-discipline and concern for others that is actively encouraged by the School.

The School actively seeks out ways in which its facilities can be put to use for the benefit of the wider community. Society also benefits indirectly from the high level of academic, sporting and artistic achievements attained by the pupils and facilitated by the staff at the School.

Examples from the many activities that provide public benefit are highlighted below.

Assisting local state schools and colleges

- Hosting INSET (training) for newly qualified teachers from local schools
- Providing facilities for examination candidates from the region for US university entrance
- Taking groups of children and teachers from local schools to Worley Hill for guided walks and practical conservation experience
- Hosting revision days

Supporting local, national and international charities

- Providing local children with special needs with a unique educational experience through the Greatwood Horsepower programme
- Approximately 2,000 pupils and staff taking part in Sport Relief Day and raising over £21,000 for Sport Relief
- Providing an activity day for approximately 800 visitors from Mencap
- Significant funds raised by pupils and staff for a variety of local, national and international charities
- Making donations to local charities through the Millfield Educational Trust
- More than 800 pupils and staff participating in the Glastonbury Road Run and raising funds for charity
- Managing a number of nature and wildlife reserves giving the public access to land managed for conservation purposes
- Loans of crockery, cutlery, tables etc. for numerous local charity events
- Loan of PA systems to local charities
- Pupils' voluntary work including visiting local retirement homes and through the Duke of Edinburgh Award scheme
- Providing facilities to RAFA and the Gurkha Welfare Trust for fundraising events

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Review of the Year's Principal Achievements and Performance (*continued*)

Promoting sports in the community

- Hosting a number of local community swimming clubs on a regular basis, opening up our facilities and giving access to our Olympic size swimming pool
- Hosting, organising and providing facilities for a huge number of clubs, schools and representative organisations, including hockey, netball, cricket, tennis, basketball, golf, football and fencing
- Use of Astroturf training facilities for Street and Glastonbury and Somerton youth football clubs
- Multi-activity courses enabling local children to experience and benefit from a range of activities during school holidays together with children of the same age groups from around the world
- Providing facilities for the Somerset Active Sports Programme
- Free use of conference facilities for Team Somerset meetings, to encourage sport for local children
- Millfield grounds staff teach on courses for the IOG to assist in the development of better playing surfaces for local communities

Promoting cultural activities in the community

- High standard drama, dance and music productions are provided by our staff and pupils free of charge to the public in excellent facilities
- An art gallery and a sculpture park are freely open to the public During the year the Atkinson Gallery hosted a number of exhibitions
- Free concerts attended by local elderly people are held in the Johnson Hall and in local parish churches
- A choral society open to members of the local community run by our staff holds weekly rehearsals

Future Plans

The Governors intend to continue their current strategy of maintaining the School's position in a competitive market by continuing to provide a high quality education for our pupils and ensuring that the school discovers and develops the potential within each young person This will be done by ensuring that pupil welfare is central to the School, that pupils of all abilities achieve academic success in line with their potential, that each pupil's identity is developed through connection and affiliation within the school community, that each pupil is developed through engagement in sport, cultural and physical activities, that there is balance and challenge in the co-curriculum, that pupils are given the opportunity as part of an internationally diverse community to understand national and cultural groups and that there is effective leadership, governance and management and that the financial position of the School is strong The School has signed a memorandum of understanding with The Centre of Excellence for Applied Research and Training (CERT) in the UAE under which the School and CERT are exploring the feasibility of establishing a Millfield school in Dubai

Millfield

REPORT OF THE GOVERNING BODY *(continued)* for the year ended 31 August 2012

Governors

The Governors are responsible for the general management and administration of the School, including general policy and strategic planning. The detailed work of the Governors is delegated to committees, all of which report to the full Governing Body on a regular basis. The day to day running of the School is delegated to the Executive Group, which is made up of the Headmaster of Millfield, the Headmistress of Millfield Preparatory School, the Bursar of Millfield Schools and the Deputy Head of Millfield.

The Governors who served during the year and since the year-end are listed below

Sir John Reith	Chair of Governors	2
Wim Bushell		3*,5,8
Richard Clark		2,8
Robert Clark (resigned 16 March 2012)		2,5
Clare Cripps		1,3,7
Christobel Flood		4,6
Christopher Hirst		4
John Jackson		1, 2*,8
Atul Patel		1*,2,6
Michael Roulston		4
Anabel Sexton	Deputy Chair of Governors	5*
Marc Simon		5,6
Rodney Speed (appointed 16 March 2012)		5,6
Oliver Tant		2
Timothy Taylor		4*
Robert Thornton		3,4
Roger Trafford		3,4
David Williamson		2,6*,7

Note The numbers denote membership of the following committees and related bodies (an asterisk denotes committee chairman)

- 1 Audit and Risk Committee
- 2 Building and Finance Committee
- 3 Appointments Committee
- 4 Education Committee
- 5 Marketing and Communications Committee
- 6 International Campus Committee
- 7 Trustee, Millfield Retirement Benefits Scheme
- 8 Director, Millfield School Enterprises Ltd

New Governors are appointed by the Governing Body on the recommendation of the Appointments Committee. Candidates are proposed by existing Governors on the basis of the expertise and experience they can offer the School and appointed to fulfil the current skills mix needs of the Governing Body.

Appropriate information and training is provided to new Governors. They are provided with a Governors' Handbook and meet for individual briefings with the relevant members of the Executive Group. The Governing Body recognises that new Governors must feel confident that they are equipped to meet their statutory and wider legal responsibilities and appropriately tailored courses and information are made available to them through the Clerk to the Governors.

One third of the members of the Governing Body retire each year. Retiring Governors are eligible for re-appointment.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Statement of Governors' Responsibilities

The Governors (who are also directors of Millfield) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Governors are required to

- Select suitable accounting policies and then apply them consistently,
- Observe the methods and principles in the Charities SORP,
- Make judgments and 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 Governors are responsible for keeping proper accounting records that 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The Governors have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing the School's aims and objectives and in planning the School's future activities. In particular, the Governors have considered how planned activities will contribute to the aims and objectives they have set.

In so far as the Governors are aware

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Risk Management

The Board of Governors is responsible for the management of the risks faced by Millfield. An ongoing process has been established for identifying, evaluating and managing risks faced by the School. Detailed considerations of risk are delegated to the Audit and Risk Committee. This Committee, assisted by the School's executive management team, has identified and prioritised the key risks and a strategy for dealing with them has been approved by the Board of Governors. A formal review of risk management processes will continue to be undertaken on at least an annual basis.

The key controls used include

- Formal agendas and minutes for all committee and board activity
- Clearly defined organisational responsibilities and limits of authority
- Comprehensive risk register
- Comprehensive strategic planning, revenue and capital budgeting, cash flow and management accounting
- Formal written policies
- Clear authorisation and approval levels
- Compliance with statutory requirements and external guidelines as appropriate
- Vetting procedures, as required by law, for the protection of children

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2012

Risk Management (*continued*)

Through the above risk management procedures the Governors are satisfied that the major risks identified have been adequately addressed where necessary

The major risks identified relate principally to the current state of the economy and to its uncertain effects on pupil numbers and cash flows. In addition to maintaining tight budgetary controls over expenditure, the School has established a cash reserve in order to provide a contingency against possible reductions in pupil numbers and has planned its future capital expenditure to ensure that an adequate cash reserve is maintained. It is recognised, however, that systems can only provide reasonable but not absolute assurance that major risks have been appropriately managed.

Investment Powers, Policy and Performance

There are no specific restrictions on the Governors' investment powers, and where appropriate Governors will seek the advice of a qualified investment adviser.

Reserves

The Governors have examined the needs, risks and challenges faced by the School in both the short and medium terms along with relevant financial plans and forecasts and have formulated a policy to meet those needs. There are no free reserves, but Governors are satisfied with this position given the bank facilities that are provided and the flexibility and strength of future cash flows. This policy is reviewed at Board level on a regular basis and monitored in line with the buildings development programme, which is funded from operating surpluses with the support of temporary overdrafts and a fixed term loan.

The Governors expect the present level of activities to be sustained at broadly the same level for the current year and the financial position to remain at the current satisfactory position. The performance of the trading subsidiary is expected to remain strong. They anticipate no difficulty in meeting the obligations of the Charity.

There is no financial dependence on key donors.

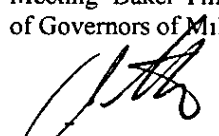
Employee Involvement

Regular meetings are held throughout the organisation, in which all subjects, teaching and non-teaching, are aired with the staff at all levels. The Governors are committed to ensuring that Millfield provides equality of opportunity in recruitment and employment. All applicants for employment and existing employees are treated by reference to their particular aptitudes, abilities and relevant qualifications and receive equal treatment as provided for by law regardless of gender, sexual orientation, marital status, race, colour, nationality, ethnic or national origins, religious belief, age or disability.

Millfield recognises that disabled persons may have special requirements and makes reasonable adjustments to interview procedures, work arrangements, premises, equipment, job design, training and retraining to remove potential barriers to disabled employees in the working environment.

Auditor

A resolution to re-appoint the auditor, Baker Tilly UK Audit LLP, will be submitted to the Annual General Meeting. Baker Tilly UK Audit LLP has indicated its willingness to continue in office. Approved by the Board of Governors of Millfield on 15 March 2013 and signed on its behalf by



Sir John G Reith
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLFIELD

We have audited the group and parent charity financial statements of Millfield ('the financial statements') for the year ended 31 August 2012 on pages 13 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 10, the governors (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2012 and of the group's 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 Companies Act 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion, the information given in the Report of the Governing Body for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charity 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.

Baker Tilly UK audit LLP.

HEATHER WHEELHOUSE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol

BS1 6AD

Date *22 April 2013.*

Millfield

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

for the year ended 31 August 2012

		Unrestricted Funds		Restricted Funds	Total 2012	Total 2011
	Note	School Funds £'000	Other Funds £'000	Funds £ 000	£'000	£'000
INCOMING RESOURCES						
Income from Charitable Activities						
- Fees receivable	3	35,962	-	-	35,962	34,465
- Other educational income	4	2,726	-	-	2,726	2,175
Incoming Resources from Generated Funds						
Activities for generating funds						
- Ancillary fees receivable		3,425	-	-	3,425	3,502
- Subsidiary trading income	6	-	581	-	581	525
- Fees from external hiring	6	296	182	-	478	415
Investment income	7	149	-	-	149	84
Voluntary Income	5	70	-	16	86	191
Other Incoming Resources	8	32	-	-	32	57
Total Incoming Resources		42,660	763	16	43,439	41,414
RESOURCES EXPENDED						
Cost of generating funds						
Cost of fund raising		305	-	-	305	233
Trading expenditure						
- Ancillary fees and external hiring		2,707	55	-	2,762	2,716
- Subsidiary trading		-	542	-	542	558
Finance and other costs	2	491	-	-	491	431
Total costs of generating funds	9	3,503	597	-	4,100	3,938
Charitable Activities						
Education and grant making		37,073	-	-	37,073	35,099
Governance costs		54	-	-	54	54
Donation to Millfield Foundation		-	-	-	-	846
Total Resources Expended	9	40,630	597	-	41,227	39,937
NET INCOMING						
RESOURCES BEFORE TRANSFERS		2,030	166	16	2,212	1,477
Transfers between funds		78	(78)	-	-	-
NET SURPLUS FOR THE YEAR		2,108	88	16	2,212	1,477
Pension scheme actuarial (loss)/gain	23	(589)	-	-	(589)	375
NET MOVEMENT IN FUNDS		1,519	88	16	1,623	1,852
Total funds brought forward	20	44,053		-	44,053	42,201
TOTAL FUNDS						
CARRIED FORWARD	20	45,660		16	45,676	44,053

All amounts relate to continuing operations


Millfield

BALANCE SHEETS

as at 31 August 2012

		Group		Company	
	Note	2012 £'000	2011 £ 000	2012 £'000	2011 £'000
FIXED ASSETS					
Tangible fixed assets	13	55,088	54,928	55,057	54,884
Investments	14	-	-	325	325
		<u>55,088</u>	<u>54,928</u>	<u>55,382</u>	<u>55,209</u>
CURRENT ASSETS					
Stocks	15	303	337	55	58
Debtors amounts falling due after one year	16	15	-	-	-
Debtors amounts falling due within one year	16	603	970	472	918
Cash at bank and in hand		7,484	5,015	7,460	4,874
		<u>8,405</u>	<u>6,322</u>	<u>7,987</u>	<u>5,850</u>
CREDITORS amounts falling due within one year	17	(9,365)	(8,455)	(9,351)	(8,286)
NET CURRENT LIABILITIES		<u>(960)</u>	<u>(2,133)</u>	<u>(1,364)</u>	<u>(2,436)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,128</u>	<u>52,795</u>	<u>54,018</u>	<u>52,773</u>
CREDITORS amounts falling due after more than one year	18	(6,834)	(7,312)	(6,834)	(7,312)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>47,294</u>	<u>45,483</u>	<u>47,184</u>	<u>45,461</u>
Defined benefit pension liability	23	(1,618)	(1,430)	(1,618)	(1,430)
NET ASSETS INCLUDING PENSION LIABILITY		<u>45,676</u>	<u>44,053</u>	<u>45,566</u>	<u>44,031</u>
FUNDS					
Unrestricted funds					
- General	20	47,168	45,461	47,168	45,461
- Designated	20	110	22	-	-
- Pension reserve	23	(1,618)	(1,430)	(1,618)	(1,430)
		<u>45,660</u>	<u>44,053</u>	<u>45,550</u>	<u>44,031</u>
Restricted funds	20	16	-	16	-
TOTAL FUNDS		<u>45,676</u>	<u>44,053</u>	<u>45,566</u>	<u>44,031</u>

The financial statements were approved and authorised for issue by the Board of Governors of Millfield on 15 March 2013 and signed on its behalf by


Sir John G Reith
Chair of Governors

The notes on pages 16 to 38 form part of these financial statements

Millfield

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 August 2012

	Note	2012 £'000	2011 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	6,449	6,402
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		99	66
Interest paid		(396)	(430)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(297)	(364)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets	13	(3,356)	(2,138)
Proceeds on sale of tangible fixed assets		3	9
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(3,353)	(2,129)
FINANCING			
Decrease in bank and other loans		(352)	(333)
Amounts accrued to advance fee contracts		1,329	1,176
Advanced fees applied		(1,307)	(1,774)
INCREASE IN FINANCING		(330)	(931)
INCREASE IN CASH IN THE YEAR	25	2,469	2,978

Millfield

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2012

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the accounting regulations issued under the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Accounting by Charities' issued in March 2005

A summary of the more important accounting policies, including those affecting the most significant items in these financial statements, is set out below

a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention

The group had net current liabilities of £960,000 at the balance sheet date (2011 £2,133,000) and therefore the Governors have considered whether it is appropriate to prepare financial statements on the going concern basis

These financial statements have been prepared on a going concern basis, which the Governors consider to be appropriate as a result of surplus and cash-flow projections prepared for the period to 31 August 2013. These indicate that the School will be able to meet its liabilities as they fall due and together with current arrangements with the School's bankers and other lenders, indicate that the School will be able to operate within the facilities currently available. Governors have no reason to believe that current borrowing facilities will not be continued. Part of these facilities is provided in the form of an overdraft which is repayable on demand. However the School's bankers have provided this finance in the full knowledge that termly income receipts lead to significant fluctuations in the levels of cash required and therefore this flexible form of finance represents cost effective borrowing. The financial statements do not include any adjustments that would result from the withdrawal of the overdraft and loans by the School's bankers or other lenders

In light of the above the Governors have concluded that it is appropriate to use the going concern basis in the preparation of these accounts

b) Basis of consolidation

The group consolidates on a line by line basis the financial statements of the charity and its subsidiary undertakings made up to 31 August 2012. As permitted by the Companies Act 2006, the parent company's income and expenditure account has not been included in these financial statements

The parent company's surplus for the year, before movement in the pension reserve was £2,124,000 (2011 £1,567,000)

c) Funds

The restricted funds comprise donations earmarked by the donors, or the terms of an appeal, for specific purposes

Unrestricted funds are expendable at the discretion of the Governors in furtherance of the objects or administration of the charity

Designated funds comprise unrestricted funds, which are earmarked for particular purposes by the Governors

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

1. Principal Accounting Policies *(continued)*

d) Fees and similar income

Fees receivable, charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School.

Fees for education to be provided in future years are carried forward as deferred income in the balance sheet.

e) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average cost basis.

f) Tangible fixed assets

Expenditure on fixed assets is capitalised except for expenditure incurred on the replacement of assets of low value with a short life. Repair, renovation and replacement expenditure is written off in the Consolidated Statement of Financial Activities. Items costing less than £5,000 are written off as an expense as acquired.

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	Straight Line Basis %
Freehold property	2 – 4
Extensions and improvements to buildings	10
Fixtures, fittings and equipment	15
Computers	33½
Motorised plant and vehicles	15
Assets under construction	-

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

1. Principal Accounting Policies *(continued)*

g) Pension schemes

The company contributes to the Teachers' Pension Scheme (a defined benefits scheme) at rates set by the Scheme Actuary and advised to the Governors by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the company. In accordance with FRS17 therefore, the scheme is accounted for as a defined contribution scheme.

The company operates a final salary scheme for some of the School's non-teaching staff, which is contracted out of the state scheme. The fund is valued every three years by a professionally qualified actuary, the rates of contribution payable being determined by the actuary. This scheme is accounted for under FRS17, with the annually calculated notional surplus or deficit on the funding of the Scheme shown in the financial statements as a liability entitled "Pension Reserve", which is deducted from Unrestricted Funds in the balance sheet.

From 1 September 2005, the final salary scheme was closed to new members and from that date new applicants can apply to join a defined contribution scheme. The School's contributions are charged to the Consolidated Statement of Financial Activities in the year in which the contributions are made.

h) Operating lease income

Income from operating leases is recognised over the lease term.

i) Donations

Donations receivable for the general purpose of the charity are credited to unrestricted funds. Donations for purposes restricted by the wishes of the donor are taken to restricted funds where these wishes are legally binding on the Governors. Where donations are received as gifts in kind, where those are capable of financial measurement, the donation is included in the financial statements at an estimate of the value to the charity.

j) Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against results in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

1. Principal Accounting Policies *(continued)*

k) Resources expended

Resources expended are accounted for on an accruals basis

Expenditure is allocated to expense headings on a direct cost basis, with staff costs being allocated according to the estimated time spent by staff working in relevant departments

Costs of generating funds include all fund raising and financing support costs

Support costs include bursary costs, payroll administration, budgeting and accounting, information technology, human resources and training

Governance costs include those costs associated with constitutional and statutory requirements

The irrecoverable element of VAT is included within the item of expense to which it relates

l) Taxation

The company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes

2 Net Incoming Resources

	2012 £'000	2011 £'000
Net incoming resources are stated after charging / (crediting)		
Auditor's remuneration for		
- Audit (Company £21,450 (2011 £20,775))	24	24
- Other services to the company and its subsidiaries	7	3
Depreciation of tangible fixed assets	3,195	3,091
Operating lease costs - minibuses	117	134
(Profit)/Loss on disposal of tangible fixed assets	(2)	3
Interest payable		
- Bank interest	-	3
- Loan interest	355	373
- Interest on fees in advance	41	54
	396	430
Bad debts written off	95	1
Finance and other costs	491	431

3. Fees Receivable

	2012 £'000	2011 £'000
School fees	40,960	39,562
Less Scholarships & bursaries	(4,075)	(4,213)
Other concessions	(923)	(884)
	35,962	34,465

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

4. Other Educational Income

	2012 £'000	2011 £'000
Registration & acceptance fees	209	182
Travel, school trips, examination fees & other charges to pupils	2,517	1,993
	<u>2,726</u>	<u>2,175</u>

5. Voluntary Income

	2012 £'000	2011 £'000
Donations	<u>86</u>	<u>191</u>

6. Trading Income

Millfield owns 100% of the share capital of Millfield School Enterprises Limited, which has been wholly owned throughout the year ended 31 August 2012

Millfield School Enterprises Ltd

	2012 Millfield School Enterprises Statutory Accounts £'000	2012 Consolid -ation Adjust -ments £'000	2012 SOFA £'000	2011 Millfield School Enterprises Statutory Accounts £'000	2011 Consolid -ation Adjust -ments £'000	2011 SOFA £'000
Turnover	1,241	(478)	763	1,145	(405)	740
Cost of sales	(821)	478	(343)	(766)	405	(361)
Gross profit	<u>420</u>	<u>-</u>	<u>420</u>	<u>379</u>	<u>-</u>	<u>379</u>
Rent	(20)	20	-	(32)	32	-
Administration costs	(254)	-	(254)	(295)	-	(295)
Operating Profit	<u>146</u>	<u>20</u>	<u>166</u>	<u>52</u>	<u>32</u>	<u>84</u>
Transfer to Millfield	(58)	58	-	(142)	142	-
Retained profit/(loss)	<u>88</u>	<u>78</u>	<u>166</u>	<u>(90)</u>	<u>174</u>	<u>84</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

6. Trading Income *(continued)*

Consolidation adjustments to Turnover and Cost of Sales shown above comprise

	2012 £'000	2011 £'000
Turnover supplied to the School		
Passenger transport	336	305
Stationery & equipment	142	100
	<u>478</u>	<u>405</u>
Cost of sales to the School		
Passenger transport	336	305
Stationery & equipment	142	100
	<u>478</u>	<u>405</u>

7. Investment Income

	2012 £'000	2011 £'000
Bank and other interest	99	66
Finance gain on final salary pension scheme	50	18
	<u>149</u>	<u>84</u>

8. Other Incoming Resources

	2012 £'000	2011 £'000
Interest on overdue fees	<u>32</u>	<u>57</u>

9. Analysis of Total Resources Expended

	Staff costs £'000	Other £'000	Deprec- iation £'000	2012 Total £'000	2011 Total £'000
Costs of generating funds					
Cost of fund raising	145	160	-	305	233
Trading expenditure					
Ancillary trading expenditure	1,003	1,602	-	2,605	2,583
External hirings-ancillary	55	47	-	102	35
Subsidiary trading expenditure	110	409	6	525	554
External hirings-subsubsidiary	60	2	10	72	102
Finance costs					
Interest payable	-	396	-	396	430
Bad debts written off	-	95	-	95	1
Total costs of generating funds	<u>1,373</u>	<u>2,711</u>	<u>16</u>	<u>4,100</u>	<u>3,938</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

9. Analysis of Total Resources Expended *(continued)*

	Staff costs £'000	Other £'000	Deprec- iation £'000	2012 Total £'000	2011 Total £'000
Charitable activities					
Teaching costs	16,292	2,904	363	19,559	18,920
Welfare	1,537	4,538	68	6,143	5,943
Premises	2,033	3,479	2,449	7,961	7,260
Support costs of schooling	1,832	1,279	299	3,410	2,976
Educational and grant making	21,694	12,200	3,179	37,073	35,099
Governance costs	-	54	-	54	54
Donations & grants	-	-	-	-	846
Total resources expended	23,067	14,965	3,195	41,227	39,937

10. Transfers

	2012 £'000	2011 £'000
Transfer from trading subsidiary		
Donation	58	142
Rent	20	32
Total from trading subsidiary	78	174
Transfer from designated funds	78	174

11. Employee Information

	2012 Number	2011 Number
The average number of persons (full-time equivalent) employed by the group during the year was		
Teaching	260	260
Administration and support	389	382
	649	642

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

11 Employee Information *(continued)*

	2012 £'000	2011 £'000
Staff costs (for the above persons)		
Wages and salaries	19,660	18,900
Social security costs	1,489	1,442
Pension costs	1,918	2,007
	<u>23,067</u>	<u>22,349</u>

The number of employees whose emoluments (excluding pension contributions) exceeded £60,000 were

	2012 Number	2011 Number
£60,001 - £70,000	8	5
£70,001 - £80,000	1	2
£80,001 - £90,000	1	1
£90,001 - 100,000	2	1
£100,001 - £110,000	1	1
£160,001 - £170,000	-	1
£180,001 - £190,000	1	-

Contributions to the Teachers' Pension Scheme were made for ten (2011 seven) higher paid employees and contributions were made to the company's final salary scheme for non-teaching staff in respect of one (2011 one) higher paid employee. Pension contributions made during the year in respect of these employees were £106,372 (2011 £86,301) to the Teachers' Pension Scheme and £9,217 (2011 £11,027) to the company's final salary pension scheme. Both of these are defined benefit schemes.

Additionally, Millfield made contributions to a defined contribution scheme for three (2011 three) higher paid non-teaching staff totalling £25,556 (2011 £21,075).

No emoluments were paid to the Governors in respect of their services to Millfield during the year, nor have they received any other form of disclosable trustee benefit (2011 £Nil).

During the year, ten (2011 six) Governors were reimbursed expenses totalling £8,519 (2011 £4,833).

12. Taxation

The company is a registered charity, and as such is entitled to tax exemptions on income and gains, properly applied for its charitable purposes.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

13. Tangible Fixed Assets (Group)

	Freehold Property £'000	Assets under construction £'000	Extensions and improve- ments to buildings £'000	Fixtures Fittings and Equipment £'000	Computers £'000	Motorised Plant and Vehicles £'000	Total £'000
Cost							
At 1 Sept 2011	68,075	696	8,953	5,719	2,183	507	86,133
Additions	-	1,609	1,194	263	260	30	3,356
Transfers		(1,082)	1,082	-	-	-	-
Disposals	(65)	-	(226)	-	-	(25)	(316)
At 31 August 2012	<u>68,010</u>	<u>1,223</u>	<u>11,003</u>	<u>5,982</u>	<u>2,443</u>	<u>512</u>	<u>89,173</u>
Depreciation							
At 1 Sept 2011	19,050	-	5,597	4,458	1,696	404	31,205
Charge for year	1,358	-	936	509	352	40	3,195
Disposals	(65)		(227)	-	-	(23)	(315)
At 31 August 2012	<u>20,343</u>	<u>-</u>	<u>6,306</u>	<u>4,967</u>	<u>2,048</u>	<u>421</u>	<u>34,085</u>
Net book value							
At 31 August 2012	<u>47,667</u>	<u>1,223</u>	<u>4,697</u>	<u>1,015</u>	<u>395</u>	<u>91</u>	<u>55,088</u>
At 1 Sept 2011	<u>49,025</u>	<u>696</u>	<u>3,356</u>	<u>1,261</u>	<u>487</u>	<u>103</u>	<u>54,928</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

13. Tangible Fixed Assets (Company)

	Freehold Property £'000	Assets under construction £'000	Extensions and improve- ments to buildings £'000	Fixtures Fittings and Equipment £'000	Computers £'000	Motorised Plant and Vehicles £'000	Total £'000
Cost							
At 1 Sept 2011	68,075	696	8,953	5,686	2,159	466	86,035
Additions	-	1,609	1,194	263	257	30	3,353
Transfers	-	(1,082)	1,082	-	-	-	-
Disposals	(65)	-	(226)	-	-	(25)	(316)
At 31 August 2012	<u>68,010</u>	<u>1,223</u>	<u>11,003</u>	<u>5,949</u>	<u>2,416</u>	<u>471</u>	<u>89,072</u>
Depreciation							
At 1 Sept 2011	19,050	-	5,597	4,438	1,688	378	31,151
Charge for year	1,358	-	936	505	343	37	3,179
Disposals	(65)	-	(227)	-	-	(23)	(315)
At 31 August 2012	<u>20,343</u>	<u>-</u>	<u>6,306</u>	<u>4,943</u>	<u>2,031</u>	<u>392</u>	<u>34,015</u>
Net book value							
At 31 August 2012	<u>47,667</u>	<u>1,223</u>	<u>4,697</u>	<u>1,006</u>	<u>385</u>	<u>79</u>	<u>55,057</u>
At 1 Sept 2011	<u>49,025</u>	<u>696</u>	<u>3,356</u>	<u>1,248</u>	<u>471</u>	<u>88</u>	<u>54,884</u>

The net book value of the Group and Company tangible fixed assets includes an amount of £4,246,065 (2011 £4,458,000) in respect of freehold land which is not depreciated

Included within the Company's freehold property are assets which are licenced under operating leases, where Millfield acts as the lessor, with a net book value of £232,014 (2011 £520,875)

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

14. Fixed Asset Investments

	2012 £'000	2011 £'000
Company		
Interest in Group undertakings at cost	<u>325</u>	<u>325</u>

The company had the following subsidiary undertaking at the year-end

	Millfield School Enterprises Limited
Nature of business	Service
Proportion of nominal value of issued shares held by the company	100%
Country of incorporation	England
	£
Net assets	<u>434,570</u>
Turnover	1,241,631
Expenditure	<u>(1,154,101)</u>
Profit for the financial year	<u>87,530</u>

The results of the subsidiary entity have been included in these consolidated financial statements

15. Stocks

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
School provisions and consumables	55	58	55	58
Goods for resale	<u>248</u>	<u>279</u>	<u>-</u>	<u>-</u>
	<u>303</u>	<u>337</u>	<u>55</u>	<u>58</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

16 Debtors: amounts falling due after one year

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Prepayments	15	-	-	-

Debtors: amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade debtors – school fees	171	530	171	530
Trade debtors – other	120	219	49	134
Other debtors	147	151	111	120
Amounts due from subsidiary	-	-	-	80
Prepayments	165	70	141	54
	<u>603</u>	<u>970</u>	<u>472</u>	<u>918</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£'000	£ 000	£'000	£'000
Bank loan (see note 18)	358	335	358	335
School fees paid in advance (see note 19)	1,121	1,020	1,121	1,020
Amounts due to subsidiary	-	-	43	-
Trade creditors	810	928	760	764
Taxation and social security costs	556	723	556	723
Other creditors	255	284	255	284
Accruals	1,285	1,149	1,278	1,144
School fees deposits held	4,964	4,000	4,964	4,000
Chartwells loan (see note 18)	16	16	16	16
	<u>9,365</u>	<u>8,455</u>	<u>9,351</u>	<u>8,286</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

18. Creditors: amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Fixed term loan (see below)	4,618	4,977	4,618	4,977
School fees paid in advance (see note 19)	1,050	1,129	1,050	1,129
School fees deposits held	1,150	1,174	1,150	1,174
Chartwells loan (see below)	16	32	16	32
	<u>6,834</u>	<u>7,312</u>	<u>6,834</u>	<u>7,312</u>

Fixed Term Loan – Group and Company

The loan is unsecured and repayable over 20 years from 2 September 2002 at a fixed rate of 6.88% p.a., as follows

	2012	2011
	£'000	£'000
Over one year		
Within 1 to 2 years	386	358
Within 2 to 5 years	1,327	1,240
Over 5 years	2,905	3,379
	<u>4,618</u>	<u>4,977</u>
Within one year	358	335
	<u>4,976</u>	<u>5,312</u>

Chartwells Loan – Group and Company

This loan is unsecured and interest free. It is repayable over eight years from 1 September 2006, as follows

	2012	2011
	£'000	£'000
Over one year		
Within 1 to 2 years	16	16
Within 3 to 5 years	-	16
	<u>16</u>	<u>32</u>
Within one year	16	16
	<u>32</u>	<u>48</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

19. Advance Fee Payments

Parents sometimes deposit a lump sum with the School as an advance on future fees. Each arrangement is in respect of an agreed amount to be credited against future fees bills for an agreed number of terms. The unused balance of the advance is repayable upon request. It is intended that the advance of fees will be applied as follows:

	2012 £'000	2011 £'000
Over one year		
Within 1 to 2 years	536	598
Within 3 to 5 years	476	495
After 5 years	38	36
	<hr/>	<hr/>
	1,050	1,129
Within one year	1,121	1,020
	<hr/>	<hr/>
	2,171	2,149
	<hr/>	<hr/>

Figures for advanced fee payments are included within the balance for School fees in advance and deposits held (notes 17 and 18).

The balance represents the accrued liability under these arrangements. The movements during the year were:

	2012 £'000	2011 £'000
Balance at 1 September 2011	2,149	2,747
New contracts	1,288	1,122
Amounts accrued to contracts	41	54
	<hr/>	<hr/>
	3,478	3,923
Amounts utilised in the payment of fees to the School	(1,170)	(1,451)
Refunds of fees paid in advance	(137)	(323)
	<hr/>	<hr/>
Balance at 31 August 2012	2,171	2,149
	<hr/>	<hr/>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

20. Funds

	Balance 1 September 2011 £'000	Incoming Resources £'000	Resources Expended £'000	Actuarial gain/(loss) Transfers £'000	Balance 31 August 2012 £'000
Unrestricted funds					
- General	45,461	41,891	(40,262)	78	47,168
Designated					
- Pension reserve	(1,430)	769	(368)	(589)	(1,618)
Restricted					
- Awards Fund	-	16	-	-	16
Total Company	44,031	42,676	(40,630)	(511)	45,566
Designated					
- Millfield School Enterprises Ltd	22	763	(597)	(78)	110
Total Group	44,053	43,439	(41,227)	(589)	45,676

Restricted Funds

The Awards Fund is restricted to the provision of awards to pupils of the School. During the year the School has organised fundraising activities jointly with the independent charity Millfield Foundation, whose objects are solely to provide awards to pupils of Millfield Schools.

Where appropriate, income generated for the Awards Fund is periodically transferred to the Millfield Foundation.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

21. Allocation of Group Net Assets

	Fixed assets £'000	Net current liabilities £'000	Long term liabilities £'000	Pension reserve £'000	Total £'000
Unrestricted funds					
- General	55,058	(1,056)	(6,834)	-	47,168
Designated funds					
- Millfield School Enterprises Ltd	30	80	-	-	110
- Pension reserve	-	-	-	(1,618)	(1,618)
Restricted funds					
- Awards Foundation	-	16	-	-	16
Total Group	55,088	(960)	(6,834)	(1,618)	45,676

22. Capital Commitments

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Authorised by the Governors but not provided for in the financial statements of which £324,500 (2011 £122,000) has been contracted	5,462	2,895	5,402	2,895

23 Pension Obligations

The total group pension costs were £2,310,103 (2011 £2,345,676) of which £1,457,659 (2011 £1,479,295) related to the teachers' superannuation scheme, £718,313 (2011 £763,011) related to the Millfield Final Salary Scheme for non-teaching staff and £134,131 (2011 £103,370) was paid into defined contribution schemes

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

23. Pension Obligations *(continued)*

The Government Actuary's Department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The pension charge for the year includes contributions payable to the TPS of £1,457,659 (2011 £1,479,295).

Final Salary Scheme

For some of its non-teaching staff, the School operates a funded final salary scheme, whose assets are held in separate trustee-administered funds.

From 1st September 2005, the final salary scheme was closed to new members. New staff are able to apply to join a defined contribution scheme to which the employer contributes 10% of pensionable salary.

Triennial Valuation

The final salary scheme is subject to triennial valuations by independent actuaries, the last full actuarial valuation being carried out as at 1 September 2010, using the projected unit method. The following actuarial assumptions were made:

Investment returns (period up to retirement)	6.0%
Investment returns (period after retirement)	4.0%
Inflation	3.0%
Salary growth	3.0%
Pension increases (on pension in excess of Guaranteed Minimum Pension)	3.0%

At the last valuation, the market value of the assets held was £8,478,000 and this value was sufficient to cover 73% of the benefits accrued to members after allowing for expected future increases in earnings, giving a shortfall of £3,203,000.

Employer's contributions made to the scheme in the period were £719,232 (2011 £771,383) and the agreed contribution rate with effect from 1st September 2010 is 20% of pensionable pay, inclusive of 6% (2011 6%) member contributions in the year. An additional contribution of £400,000 per year in respect of deficit funding has been agreed by the employer for 8 years and 6 months from 1 September 2010.

FRS17 (Retirement Benefits)

These financial statements reflect the requirements of FRS17. The charge for the year as calculated by the actuary of £368,000 (2011 £376,000) together with a finance gain of £50,000 (2011 £18,000) and the actuarial loss of £589,000 (2011 £375,000 gain) has been recognised in the Consolidated Statement of Financial Activities during the year.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

23. Pension Obligations *(continued)*

FRS17 Assumptions

	2012	2011
Discount rate	4.1%	5.4%
Inflation (RPI)	2.2%	3.0%
Salary increases	2.2%	3.0%
Post 88 GMP increases in payment	2.2%	2.9%
97-05 pension increases in payment	2.2%	2.9%
Post 05 pension increases in payment	2.2%	2.3%
Expected return on assets	6.6%	6.6%
	Number	Number
Future life expectancy at age 65		
Retiring today – males	21.3	21.3
Retiring today - females	24.1	24.1
Retiring in 20 years - males	23.2	23.2
Retiring in 20 years - females	26.0	26.0

Major categories of plan assets as a percentage of total plan assets:

	2012	2011
Global Absolute Return Strategy Funds (G A R S)	90%	89%
Property funds	10%	11%
Cash	0%	0%

The assets in the scheme and the expected rate of return were:

	Rate of long term return expected at August			Scheme Assets		
	2012	2011	2010	2012 £'000	2011 £'000	2010 £'000
G A R S Funds	6.6%	6.6%	6.6%	9,419	8,063	3,746
Equities	N/a	N/a	6.6%	-	-	2,319
Gilts	N/a	N/a	4.0%	-	-	544
Bonds	N/a	N/a	5.0%	-	-	855
Property	10.2%	6.6%	6.6%	1,073	1,035	971
Cash	0%	0%	0.5%	17	27	43
AVC's	N/a	N/a	N/a	1,747	1,646	1,586
				<u>12,256</u>	<u>10,771</u>	<u>10,064</u>

The expected annual return on equity (and property) has been taken to be 6.6% and determined as equal to the dividend yield on the FTSE Actuaries All-Share index at the assumed rate of dividend growth of 0.5% above inflation together with an adjustment to allow for market conditions. The expected annual return on corporate bond investments has been determined as the annualised yield on the Markit iBoxx Sterling AA-rated over 15 year Corporate Bond Index. The expected annual return on gilt investments has been determined as the annualised yield on the FTSE 20-year gilts index at the year end.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

23. Pension Obligations *(continued)*

	2012 £'000	2011 £'000
Balance sheet:		
Fair value of assets	10,509	9,126
Defined benefit obligation	(12,127)	(10,556)
Shortfall	(1,618)	(1,430)
Funding level	87%	86%
 Analysis of changes in the present value of defined benefit obligations (DBO)		
	2012 £'000	2011 £'000
Opening defined benefit obligation	10,556	10,648
Current service cost	327	376
Employees' contributions	137	138
Interest cost	563	524
Changes in actuarial assumptions	939	(750)
Actuarial experience gains	-	-
Benefits paid	(395)	(380)
 Closing defined benefit obligation	<u>12,127</u>	<u>10,556</u>

Millfield expects to contribute £698,000 to its defined benefits pension scheme in the year ended 31 August 2013

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

23. Pension Obligations *(continued)*

Analysis of changes in the fair value of assets:	2012 £'000	2011 £'000
Opening fair value of assets	9,126	8,478
Expected return	613	542
Employer's contributions	719	723
Employees' contributions	137	138
Actuarial experience gains/(losses)	309	(375)
Benefits paid	(395)	(380)
Closing fair value of assets	<u>10,509</u>	<u>9,126</u>

Amounts for the current and previous four periods:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of assets	10,509	9,126	8,478	6,910	6,562
Defined benefit obligation	(12,127)	(10,556)	(10,648)	(10,190)	(8,582)
Shortfall	<u>(1,618)</u>	<u>(1,430)</u>	<u>(2,170)</u>	<u>(3,280)</u>	<u>(2,020)</u>
Experience adjustment on assets	310	(376)	475	(933)	(647)
Experience adjustment on DBO	(74)	-	(186)	280	160

The charge to the Consolidated Statement of Financial Activities for the financial year comprised:

	2012 £'000	2011 £'000
Charged to resources expended in the year		
Current service cost	(327)	(334)
Life insurance premium	(41)	(42)
Total charge to net incoming resources	<u>(368)</u>	<u>(376)</u>
Charged to finance and other costs		
Expected return on pension scheme assets	613	542
Interest on pension scheme liabilities	(563)	(524)
Net finance and other gains	<u>50</u>	<u>18</u>
Total charge to the Consolidated Statement of Financial Activities	<u>(318)</u>	<u>(358)</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

23. Pension obligations *(continued)*

Analysis of the amounts shown within pension actuarial gains and losses

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Actuarial return less expected return on pension scheme assets	309	(376)	475	(933)	(647)
Percentage of scheme assets	3%	(4%)	5%	(9%)	(8%)
Experience gains and (losses) arising on scheme liabilities	(74)	-	(186)	280	160
Percentage of the present value of scheme liabilities	(1%)	0%	(2%)	3%	2%
Changes in assumptions underlying the present value of the scheme liabilities	(824)	751	569	(1,028)	(592)
Percentage of the present value of scheme liabilities	(7%)	8%	5%	(10%)	(7%)
Actuarial (loss)/gain recognised in the SOFA	<u>(589)</u>	<u>375</u>	<u>858</u>	<u>(1,681)</u>	<u>(1,079)</u>
Percentage of the present value of scheme liabilities	<u>(5%)</u>	<u>4%</u>	<u>8%</u>	<u>(16%)</u>	<u>(13%)</u>

Movement in the balance sheet liability over the year was as follows

	2012 £'000	2011 £'000
Liability at 31 August 2011	(1,430)	(2,170)
Current service cost	(368)	(376)
Employer contributions	719	723
Other finance gain	50	18
Actuarial (loss)/gain	<u>(589)</u>	<u>375</u>
Liability at 31 August 2012	<u>(1,618)</u>	<u>(1,430)</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

24 Reconciliation Of Net Incoming Resources To Net Cash Inflow From Operating Activities

	2012 £'000	2011 £'000
Net incoming resources	2,212	1,477
Depreciation of tangible fixed assets	3,195	3,091
Interest receivable	(99)	(66)
Interest payable	396	430
Loss/(gain) on sale of tangible fixed assets	(2)	3
Decrease in stocks	34	1
Decrease in debtors	352	393
Increase in creditors and provisions	762	1,438
Difference between pension charges assessed by the actuary and the contributions paid	(401)	(365)
Net cash inflow from operating activities	<u>6,449</u>	<u>6,402</u>

25. Reconciliation of Net Cash Flow To Movement In Net Funds/(Debt)

	2012 £'000	2011 £'000
Increase in cash in the year	2,469	2,978
Cash flow from movement in debt	295	931
Change in net funds resulting from cash flows	<u>2,764</u>	<u>3,909</u>
Net debt at 1 September 2011	(2,427)	(6,336)
Net funds/(debt) at 31 August 2012	<u>337</u>	<u>(2,427)</u>

26. Analysis of Net Funds/(Debt)

	At 1 September 2011 £'000	Cash flows £'000	At 31 August 2012 £'000
Cash at bank and in hand	5,015	2,469	7,484
Debt due after one year	(6,105)	437	(5,668)
Debt due within one year	(1,337)	(142)	(1,479)
Total net (debt)/funds	<u>(2,427)</u>	<u>2,764</u>	<u>337</u>

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2012

27. Financial Commitments

At 31 August 2012 the group had annual non-cancellable commitments, as follows

	Motor Vehicles	
	2012	2011
	£'000	£'000
Expiring within one year	113	53
Expiring in two to five years	311	174
	<u>424</u>	<u>227</u>

28. Capital

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