

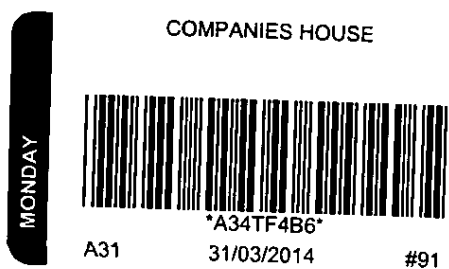
Company Number 00522385
Registered Charity Number 310283

Millfield

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 August 2013



Millfield

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Millfield

GOVERNORS AND ADVISORS

for the year ended 31 August 2013

GOVERNORS

| | |
|-------------------------|------------------------------|
| Sir John Reith KCB, CBE | (Chair of Governors) |
| Wim Bushell | |
| Richard Clark | (reappointed 15 March 2013) |
| Clare Cripps | (reappointed 15 March 2013) |
| Richard Exley | (appointed 22 November 2013) |
| Christobel Flood | |
| Christopher Hirst | (reappointed 15 March 2013) |
| John Jackson | |
| John Lever | (appointed 22 November 2013) |
| Atul Patel | |
| Michael Roulston | (reappointed 15 March 2013) |
| Anabel Sexton | |
| Marc Simon | |
| Rodney Speed | |
| Oliver Tant | |
| Timothy Taylor | |
| Robert Thornton | (reappointed 15 March 2013) |
| 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

Millfield
Street
Somerset
BA16 0YD

REGISTERED COMPANY NUMBER

00522385

REGISTERED CHARITY NUMBER

310283

Millfield

GOVERNORS AND ADVISORS (*continued*)
for the year ended 31 August 2013

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 2013

The Governors present their Annual Report and the audited financial statements for the year ended 31 August 2013. 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 ("the company") 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 company 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) (together "the 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 his/her highest standards in all aspects of life.

In setting our objectives and planning our activities the Governors have given due regard to the latest 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.

The company also owns 100% of the share capital of Millfield Overseas Limited, a company incorporated on 21 December 2012 which remained dormant for the period to 31 August 2013.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2013

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.

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 2013, the total value of scholarships and bursaries (excluding staff discounts and other concessions) was £4.6 million (2012: £4.1 million), representing 11.0% of gross fee income (2012: 9.9%), and a total of 737 pupils (45% of all pupils) (2012: 709 pupils and 43% of all pupils) benefited in some way from awards. Five pupils (2012: three) received scholarships and/or bursaries worth 100% of the fees.

The Governors have also continued to support the activities of the Millfield Foundation, an independent charity set up to raise funds for the provision of scholarships and bursaries to pupils at the school.

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 Prep School which address various types of specific learning difficulties, predominantly dyslexia. Currently these serve 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 2013

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 and percentage of pupils is shown in the table below

| | | Millfield | MPS/Pre-Prep |
|---|-----------------|-----------|--------------|
| 1 | Overseas pupils | 22% | 13% |
| 2 | Day pupils | 300 | 314 |
| 3 | Boarders | 916 | 121 |
| 4 | Boys | 61% | 53% |
| 5 | Girls | 39% | 47% |
| 6 | Nationalities | 56 | 25 |

Quality Staff

The pupil teacher ratio stands at 6.4:1 (2012 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

The school caters for pupils with a wide range of academic abilities 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 amongst Upper Sixth pupils was 97.8% (2012 98.4%) and 53.7% of entries were awarded A*, A or B grades (2012 54.1%). The 100 highest achieving candidates gained excellent results. 91.4% of entries from this group were awarded A*, A or B grades (2012 87.8%). There were some outstanding individual achievements, with 31 pupils gaining 3 or more A grades at A Level. Six pupils were awarded places at Oxford or Cambridge Universities, many pupils gained places at Russell Group and other universities both in the UK and overseas, three pupils achieved entry to music conservatoires, and eleven pupils gained academic or sports scholarships at American universities.

There were also strong results from pupils who took the Advanced Vocational Qualifications. In the four BTEC courses offered (Art & Design, Business, Sport and Music Technology), the pass rate was 95% with 53% of entries achieving distinctions.

At GCSE, 89.2% of Year 11 pupils achieved 5 or more passes at grades A* to C (2012 91.5%) with 38.3% of entries being awarded A* or A grades (2012 39.4%). The proportion of entries gaining A* or A grades amongst the 100 highest achieving candidates at GCSE was 69.6% (2012 66.6%). 21 individual pupils achieved 10 or more A* or A grades at GCSE.

Millfield 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 which enable the school to deliver excellent pastoral care, support and guidance for 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 2013

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

The 2012-13 Millfield sporting year continued with the fervour evident at the London Olympic and Paralympic Games, no doubt inspired by the success of the nine past and present Millfield pupils who took part in the games, including Helen Glover and Peter Wilson who won Olympic gold medals. The Millfield sporting community also took pride in the appointment of Chris Robshaw, an alumnus of both the Prep School and the Senior School, as England rugby captain, and the fact that four other Old Millfieldians were named in the England rugby squad, including Mako Vunipola who toured with the British and Irish Lions to Australia.

The achievements of the school's current pupils were no less impressive. Millfield teams and individuals won National Schools' or Independent Schools' titles in football, trampolining, rugby, tennis, fencing, squash, golf, swimming, modern pentathlon and biathlon. The recently introduced rowing programme continued to develop strongly and the girls' eight became the first Millfield representatives to compete at Henley. The U15 cricket XI won the Lord's Taverners cup. Many 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 and individual titles in a variety of sports, including athletics, cricket, cross country, fencing, rounders, swimming, tennis and trampolining. 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 hundreds of pupils participating in the annual Glastonbury Road Run, raising thousands of pounds for charity, and many pupils taking part in the national Swimathon event in aid of Marie Curie Cancer Care.

A number of high-quality drama productions took place during the year, including Grimm Tales and Frankenstein at the Senior School, Fleece, The Wizard of Oz and Cinderella at the Prep School, and Pinocchio at the Pre-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.

Art at Millfield continued to flourish and pupils of all ages produced an astonishing range of outstanding work. Many pupils contributed to a large scale drawing in the Atkinson Gallery as part of 'The Big Draw' and the Gallery hosted four major exhibitions during the year.

In music there were many excellent concerts and recitals. The school's musicians performed in a showcase concert at the Cadogan Hall in London, which included the world premiere of a specially commissioned work by Old Millfieldian and former drummer with The Police, Stewart Copeland. The school's chamber choir, Camerata, took part in the Rimini International Choral Competition and were awarded a silver commendation for their performance, and were finalists in the nationally televised BBC Songs of Praise School Choir of the Year competition. The school's outstanding string quartet won the Pro Corda National Schools Chamber Music Competition and the school continued its series of concerts featuring international artists in the Johnson Hall, including performances and pupil workshops by the Tallis Scholars, Piano Circus and clarinettist Emma Johnson. All pupils had the opportunity to participate in the House Song competitions.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2013

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

Development of Facilities and Resources

The Governors plan 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 resurfacing of the campus astro hockey pitch, the construction of three new staff residences, the installation of photovoltaic panels on the dining hall roof, the creation of additional gym facilities at the swimming pool and a new weights training room, a refurbishment of the medical centre, a refurbishment of the Maths department at the Prep School and further development of wireless internet access facilities and iPad lockers as part of the school's mobile learning project. 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 2013, the net surplus was £1.5 million (2012: £2.2 million) after charging £3.7 million (2012: £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 5.1% to £45.6 million (2012: 4.9% to £43.4 million) due mainly to fee increases of approximately 4% and increased income from holiday courses. Total resources expended in unrestricted school funds increased by 7.7% to £44.4 million (2012: 3.2% to £41.2 million).

There is a liability of £2.3 million (2012: £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 22 to the Accounts. The Governors are satisfied that current and future cash flows are sufficient to meet this liability.

The company's trading subsidiary, Millfield School Enterprises Ltd, contributed turnover, profit and net assets as outlined in notes 6 and 13 to the Financial Statements.

All surpluses are re-invested in the school.

Capital expenditure in the year was £4.4 million (2012: £3.4 million). There was a positive cash flow with £1.1 million net inflow (2012: £2.5 million net inflow) of funds as reported in the Consolidated Cash Flow Statement.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2013

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

Community Partnerships

Millfield aims to be 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, and directly by the savings to the Exchequer of funding the cost of education to UK pupils which would otherwise be borne by the state.

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
- Providing an activity day for approximately 1,000 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 2013

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 local 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
- 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

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2013

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 Prep School, the Bursar of Millfield Schools and the Senior 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*,8* |
| Richard Clark | | 2,8 |
| Clare Cripps | | 1,3,7 |
| Richard Exley | | 2 |
| Christobel Flood | | 4,6 |
| Christopher Hirst | | 4 |
| John Jackson | | 1, 2,8 |
| Atul Patel | | 1*,2,6 |
| John Lever | | 4 |
| Michael Roulston | | 4 |
| Anabel Sexton | Deputy Chair of Governors | 5* |
| Marc Simon | | 5,6 |
| Rodney Speed | | 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 induction information, a Governors' Handbook and information on their responsibilities as a charity trustee. They meet for individual briefings with the relevant members of the Executive Group and also with the Chairman of Governors. 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.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2013

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

Statement of Governors' Responsibilities

The Governors (who are also directors of Millfield for the purposes of Company law) are responsible for preparing the Report of the Governing Body 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, and
- 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 17 (5) 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.

Millfield

REPORT OF THE GOVERNING BODY (*continued*) for the year ended 31 August 2013

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

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.

Millfield

REPORT OF THE GOVERNING BODY *(continued)* for the year ended 31 August 2013

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

Millfield operates a defined benefit pension scheme for some of its support staff. This scheme was closed to new entrants in 2005. The pension liability is included in the unrestricted funds as required by Financial Reporting Standard Number 17. The scheme is in deficit by £2.3 million at 31 August 2013 (2012: £1.6 million). It is intended that this liability is repaid from operating cashflows, in accordance with the recovery plan agreed between the Governors and the Pension Scheme Trustees. Further information can be found in note 22 to these financial statements. The reserves policy takes into account repayment of this deficit.

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 21 March 2014 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 2013 on pages 15 to 39. 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 11, 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 Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

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 2013 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,
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27 March 2014

Millfield

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

for the year ended 31 August 2013

| | Note | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2013 £'000 | Total 2012 £'000 |
|---|-----------|--------------------------------|------------------------------|------------------------|------------------------|
| INCOMING RESOURCES | | | | | |
| Income from Charitable Activities | | | | | |
| - Fees receivable | 3 | 36,434 | - | 36,434 | 35,962 |
| - Other educational income | 4 | 3,193 | - | 3,193 | 2,726 |
| Income from Resources from Generated Funds | | | | | |
| Activities for generating funds | | | | | |
| - Ancillary fees receivable | | 4,304 | - | 4,304 | 3,425 |
| - Subsidiary trading income | 6 | 876 | - | 876 | 763 |
| - Fees from external hiring | | 373 | - | 373 | 296 |
| Investment income | 7 | 349 | - | 349 | 149 |
| Voluntary income | 5 | 66 | 265 | 331 | 86 |
| Other incoming resources | 8 | 40 | - | 40 | 32 |
| Total Incoming Resources | | 45,635 | 265 | 45,900 | 43,439 |
| RESOURCES EXPENDED | | | | | |
| Cost of generating funds | | | | | |
| Cost of fund-raising | | 210 | - | 210 | 305 |
| Trading expenditure | | | | | |
| - Ancillary fees and external hiring | | 3,304 | - | 3,304 | 2,707 |
| - Subsidiary trading | 6 | 731 | - | 731 | 597 |
| Finance and other costs | 2 | 365 | - | 365 | 491 |
| Total costs of generating funds | 9 | 4,610 | - | 4,610 | 4,100 |
| Charitable Activities | | | | | |
| Education | | 39,710 | 4 | 39,714 | 37,073 |
| Governance costs | | 58 | - | 58 | 54 |
| Donation to Millfield Foundation | | - | 16 | 16 | - |
| Total Resources Expended | 9 | 44,378 | 20 | 44,398 | 41,227 |
| NET INCOMING RESOURCES FOR THE YEAR | | 1,257 | 245 | 1,502 | 2,212 |
| Pension scheme actuarial (loss) | 22 | (1,164) | - | (1,164) | (589) |
| NET MOVEMENT IN FUNDS | | 93 | 245 | 338 | 1,623 |
| Total funds brought forward | 19 | 45,660 | 16 | 45,676 | 44,053 |
| TOTAL FUNDS | | | | | |
| CARRIED FORWARD | 19 | 45,753 | 261 | 46,014 | 45,676 |

All amounts relate to continuing operations

Millfield

BALANCE SHEETS

as at 31 August 2013

| | | Group | | Company | |
|---|------|-----------------|----------------|-----------------|----------------|
| | Note | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 12 | 55,865 | 55,088 | 55,835 | 55,057 |
| Investments | 13 | - | - | 325 | 325 |
| | | <u>55,865</u> | <u>55,088</u> | <u>56,160</u> | <u>55,382</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 14 | 288 | 303 | 60 | 55 |
| Debtors amounts falling due after one year | 15 | - | 15 | - | - |
| Debtors amounts falling due within one year | 15 | 890 | 603 | 636 | 472 |
| Cash at bank and in hand | | 8,628 | 7,484 | 8,539 | 7,460 |
| | | <u>9,806</u> | <u>8,405</u> | <u>9,235</u> | <u>7,987</u> |
| CREDITORS amounts falling due within one year | 16 | <u>(10,540)</u> | <u>(9,365)</u> | <u>(10,429)</u> | <u>(9,351)</u> |
| NET CURRENT LIABILITIES | | <u>(734)</u> | <u>(960)</u> | <u>(1,194)</u> | <u>(1,364)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>55,131</u> | <u>54,128</u> | <u>54,966</u> | <u>54,018</u> |
| CREDITORS amounts falling due after more than one year | 17 | <u>(6,865)</u> | <u>(6,834)</u> | <u>(6,865)</u> | <u>(6,834)</u> |
| NET ASSETS EXCLUDING PENSION LIABILITY | | <u>48,266</u> | <u>47,294</u> | <u>48,101</u> | <u>47,184</u> |
| Defined benefit pension liability | 22 | <u>(2,252)</u> | <u>(1,618)</u> | <u>(2,252)</u> | <u>(1,618)</u> |
| NET ASSETS INCLUDING PENSION LIABILITY | | <u>46,014</u> | <u>45,676</u> | <u>45,849</u> | <u>45,566</u> |
| FUNDS | | | | | |
| Unrestricted funds - General | 19 | 47,901 | 47,168 | 47,840 | 47,168 |
| - Designated | 19 | 104 | 110 | - | - |
| - Pension reserve | 22 | (2,252) | (1,618) | (2,252) | (1,618) |
| | | <u>45,753</u> | <u>45,660</u> | <u>45,588</u> | <u>45,550</u> |
| Restricted funds | 19 | 261 | 16 | 261 | 16 |
| TOTAL FUNDS | | <u>46,014</u> | <u>45,676</u> | <u>45,849</u> | <u>45,566</u> |

The financial statements were approved and authorised for issue by the Board of Governors of Millfield on 21 March 2014 and signed on its behalf by



Sir John G Reith
Chair of Governors

The notes on pages 18 to 39 form part of these financial statements

Millfield

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 August 2013

| | Note | 2013 £'000 | Restated 2012 £'000 |
|---|------|---------------|---------------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 23 | 4,484 | 5,279 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | 142 | 99 |
| Interest paid | | (322) | (355) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE | | (180) | (256) |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | | |
| Purchase of tangible fixed assets | 12 | (4,448) | (3,356) |
| Proceeds on sale of tangible fixed assets | | 20 | 3 |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (4,428) | (3,353) |
| FINANCING | | | |
| Decrease in bank and other loans | | (358) | (352) |
| Receipts from new advance fee contracts | | 1,739 | 1,288 |
| Advance fees repaid | | (113) | (137) |
| INCREASE IN FINANCING | | 1,268 | 799 |
| INCREASE IN CASH IN THE YEAR | 24 | 1,144 | 2,469 |

The prior year cashflow statement has been restated to more properly reflect the utilisation of advance fees and interest accruing on these fees

Millfield

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013

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 £734,000 at the balance sheet date (2012 £960,000) 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 21 March 2015. 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 2013 using acquisition accounting

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 £1,447,000 (2012 £2,124,000)

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 2013

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 land | - |
| 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 | - |

g) Investments

Investments in subsidiary undertakings are stated at market value, which is deemed to materially equate to cost given the nature and purpose of the investment.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

1. Principal Accounting Policies *(continued)*

h) 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 employees 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.

i) Operating lease income

Income from operating leases is recognised over the lease term.

j) 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, and are capable of financial measurement, the donation is included in the financial statements at an estimate of the value to the charity. All donations are recognised when receivable.

k) 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 2013

1 Principal Accounting Policies *(continued)*

l) 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

m) 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

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Net incoming resources are stated after charging / (crediting) | | |
| Auditor's remuneration for | | |
| - Audit (Company £22,100 (2012 £21,450)) | 25 | 24 |
| - Taxation services to the company and its subsidiaries | 14 | 7 |
| Depreciation of tangible fixed assets | 3,663 | 3,195 |
| Operating lease costs - minibuses | 113 | 117 |
| Profit on disposal of tangible fixed assets | (12) | (2) |
| Interest payable | | |
| - Loan interest | 322 | 355 |
| - Interest on fees in advance | 39 | 41 |

3. Fees Receivable

| | 2013 £'000 | 2012 £'000 |
|-------------------------------|---------------|---------------|
| School fees | 42,176 | 40,960 |
| Less Scholarships & bursaries | (4,628) | (4,075) |
| Other concessions | (1,114) | (923) |
| | <u>36,434</u> | <u>35,962</u> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

4. Other Educational Income

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Registration & acceptance fees | 206 | 209 |
| Travel, school trips, examination fees & other charges to pupils | 2,987 | 2,517 |
| | <u>3,193</u> | <u>2,726</u> |

5. Voluntary Income

| | 2013 £'000 | 2012 £'000 |
|-----------|---------------|---------------|
| Donations | <u>331</u> | <u>86</u> |

6. Trading Income

Millfield owns 100% of the share capital of Millfield School Enterprises Limited, which has been wholly owned throughout the current and prior year

Millfield School Enterprises Ltd

| | 2013 Millfield School Enterprises Statutory Accounts £'000 | 2013 Consolid -ation Adjust -ments £'000 | 2013 SOFA £'000 | 2012 Millfield School Enterprises Statutory Accounts £'000 | 2012 Consolid -ation Adjust -ments £'000 | 2012 SOFA £'000 |
|-----------------------|--|---|-----------------------|--|---|-----------------------|
| Turnover | 1,361 | (485) | 876 | 1,241 | (478) | 763 |
| Cost of sales | (849) | 424 | (425) | (821) | 478 | (343) |
| Gross profit | <u>512</u> | <u>(61)</u> | <u>451</u> | <u>420</u> | <u>-</u> | <u>420</u> |
| Rent | (20) | 20 | - | (20) | 20 | - |
| Administration costs | (306) | - | (306) | (254) | - | (254) |
| Operating Profit | <u>186</u> | <u>(41)</u> | <u>145</u> | <u>146</u> | <u>20</u> | <u>166</u> |
| Transfer to Millfield | (131) | 131 | - | (58) | 58 | - |
| Retained profit | <u>55</u> | <u>90</u> | <u>145</u> | <u>88</u> | <u>78</u> | <u>166</u> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

6. Trading Income *(continued)*

Consolidation adjustments to Turnover and Cost of Sales shown above comprise

| | 2013 £'000 | 2012 £'000 |
|---------------------------------|---------------|---------------|
| Turnover supplied to the school | | |
| Passenger transport | 321 | 336 |
| Stationery & equipment | 164 | 142 |
| | <u>485</u> | <u>478</u> |
| Cost of sales to the school | | |
| Passenger transport | 260 | 336 |
| Stationery & equipment | 164 | 142 |
| | <u>424</u> | <u>478</u> |

7. Investment Income

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Bank and other interest | 142 | 99 |
| Finance gain on final salary pension scheme | 207 | 50 |
| | <u>349</u> | <u>149</u> |

8. Other Incoming Resources

| | 2013 £'000 | 2012 £'000 |
|--------------------------|---------------|---------------|
| Interest on overdue fees | 28 | 32 |
| Rents received | 12 | - |
| | <u>40</u> | <u>32</u> |

9 Analysis of Total Resources Expended

| | Staff costs £'000 | Other £'000 | Deprec- iation £'000 | 2013 Total £'000 | 2012 Total £'000 |
|--------------------------------|-------------------------|----------------|----------------------------|------------------------|------------------------|
| Costs of generating funds | | | | | |
| Cost of fund-raising | 173 | 37 | - | 210 | 305 |
| Trading expenditure | | | | | |
| Ancillary fees | 1,072 | 1,755 | - | 2,827 | 2,605 |
| External hirings-ancillary | 170 | 307 | - | 477 | 102 |
| Subsidiary trading expenditure | 216 | 497 | 18 | 731 | 597 |
| Finance costs | - | 365 | - | 365 | 491 |
| | <u>1,631</u> | <u>2,961</u> | <u>18</u> | <u>4,610</u> | <u>4,100</u> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

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

| | Staff costs £'000 | Other £'000 | Deprec- iation £'000 | 2013 Total £'000 | 2012 Total £'000 |
|----------------------------|-------------------------|----------------|----------------------------|------------------------|------------------------|
| Charitable activities | | | | | |
| Teaching costs | 16,773 | 3,483 | 564 | 20,820 | 19,559 |
| Welfare | 2,025 | 4,460 | 80 | 6,565 | 6,143 |
| Premises | 2,129 | 3,684 | 2,600 | 8,413 | 7,961 |
| Support costs of schooling | 2,030 | 1,485 | 401 | 3,916 | 3,410 |
| Educational | <u>22,957</u> | <u>13,112</u> | <u>3,645</u> | <u>39,714</u> | <u>37,073</u> |
| Governance costs | - | 58 | - | 58 | 54 |
| Donations and grants | - | 16 | - | 16 | - |
| Total resources expended | <u>24,588</u> | <u>16,147</u> | <u>3,663</u> | <u>44,398</u> | <u>41,227</u> |

10. Employee Information

| | 2013 Number | 2012 Number |
|--|----------------|----------------|
| The average number of persons (full-time equivalent) employed by the group during the year was | | |
| Teaching | 256 | 260 |
| Administration and support | 428 | 389 |
| | <u>684</u> | <u>649</u> |

The increase in average number of full-time equivalent administration and support employees is due in part to bringing cleaners previously supplied through an agent in-house, and to higher staffing levels in the educational and recreational holiday courses as a result of improved course attendance

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

10. Employee Information *(continued)*

| | 2013 £'000 | 2012 £'000 |
|-------------------------------------|---------------|---------------|
| Staff costs (for the above persons) | | |
| Wages and salaries | 21,002 | 19,660 |
| Social security costs | 1,572 | 1,489 |
| Pension costs | 2,014 | 1,918 |
| | <u>24,588</u> | <u>23,067</u> |

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

| | 2013 Number | 2012 Number |
|---------------------|-------------------|-------------------|
| £60,001 - £70,000 | 4 | 8 |
| £70,001 - £80,000 | 2 | 1 |
| £80,001 - £90,000 | 1 | 1 |
| £90,001 - 100,000 | 1 | 2 |
| £100,001 - £110,000 | 1 | 1 |
| £110,001 - £120,000 | 1 | - |
| £130,001 - £140,000 | 1 | - |
| £180,001 - £190,000 | 1 | 1 |
| | <u> </u> | <u> </u> |

Contributions to the Teachers' Pension Scheme were made for nine (2012 ten) higher paid employees and no contributions were made to the company's final salary scheme for non-teaching staff in respect of higher paid employees (2012 one). Pension contributions made during the year in respect of these employees were £109,823 (2012 £106,372) to the Teachers' Pension Scheme and £nil (2012 £9,217) 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 (2012 three) higher paid non-teaching staff totalling £24,314 (2012 £25,556).

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 (2012 £nil).

During the year, ten (2012 ten) Governors were reimbursed expenses totalling £8,028 (2012 £8,519) for travel and subsistence.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

11. 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

12. 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 2012 | 68,010 | 1,223 | 11,003 | 5,982 | 2,443 | 512 | 89,173 |
| Additions | 697 | 466 | 1,704 | 568 | 850 | 163 | 4,448 |
| Transfers | 732 | (1,223) | 37 | - | 454 | - | - |
| Disposals | - | - | (340) | - | - | (74) | (414) |
| At 31 August 2013 | <u>69,439</u> | <u>466</u> | <u>12,404</u> | <u>6,550</u> | <u>3,747</u> | <u>601</u> | <u>93,207</u> |
| Depreciation | | | | | | | |
| At 1 Sept 2012 | 20,343 | - | 6,306 | 4,967 | 2,048 | 421 | 34,085 |
| Charge for year | 1,425 | - | 1,028 | 464 | 695 | 51 | 3,663 |
| Disposals | - | - | (340) | - | - | (66) | (406) |
| At 31 August 2013 | <u>21,768</u> | <u>-</u> | <u>6,994</u> | <u>5,431</u> | <u>2,743</u> | <u>406</u> | <u>37,342</u> |
| Net book value | | | | | | | |
| At 31 August 2013 | <u>47,671</u> | <u>466</u> | <u>5,410</u> | <u>1,119</u> | <u>1,004</u> | <u>195</u> | <u>55,865</u> |
| At 1 Sept 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> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

12. 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 2012 | 68,010 | 1,223 | 11,003 | 5,949 | 2,416 | 471 | 89,072 |
| Additions | 697 | 466 | 1,704 | 568 | 848 | 142 | 4,425 |
| Transfers | 732 | (1,223) | 37 | - | 454 | - | - |
| Disposals | - | - | (340) | - | - | (65) | (405) |
| At 31 August 2013 | 69,439 | 466 | 12,404 | 6,517 | 3,718 | 548 | 93,092 |
| Depreciation | | | | | | | |
| At 1 Sept 2012 | 20,343 | - | 6,306 | 4,943 | 2,031 | 392 | 34,015 |
| Charge for year | 1,425 | - | 1,028 | 461 | 685 | 46 | 3,645 |
| Disposals | - | - | (340) | - | - | (63) | (403) |
| At 31 August 2013 | 21,768 | - | 6,994 | 5,404 | 2,716 | 375 | 37,257 |
| Net book value | | | | | | | |
| At 31 August 2013 | 47,671 | 466 | 5,410 | 1,113 | 1,002 | 173 | 55,835 |
| At 1 Sept 2012 | 47,667 | 1,223 | 4,697 | 1,006 | 385 | 79 | 55,057 |

The net book value of the Group and Company tangible fixed assets includes an amount of £4,246,065 (2012 £4,246,065) in respect of freehold land which is not depreciated

Included within the Group and Company's freehold property are assets which are licenced under operating leases, where Millfield acts as the lessor, with a net book value of £225,385 (2012 £232,014)

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

13 Fixed Asset Investments

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Company | | |
| Interest in Group undertakings at cost | 325 | 325 |

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

| | Millfield Overseas Limited | Millfield School Enterprises Limited |
|--|----------------------------------|---|
| Nature of business | Dormant | Service |
| Proportion of nominal value of issued shares held by the company | 100% | 100% |
| Country of incorporation | England | England |
| | £ | £ |
| Net assets | 1 | 489,293 |
| Turnover | - | 1,361,679 |
| Expenditure | - | (1,306,956) |
| Profit for the financial year | - | 54,723 |

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

Millfield Overseas Limited was incorporated on 21 December 2012 and was dormant for the period ended 31 August 2013

14. Stocks

| | Group | | Company | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| School provisions and consumables | 60 | 55 | 60 | 55 |
| Goods for resale | 228 | 248 | - | - |
| | 288 | 303 | 60 | 55 |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

15. Debtors: amounts falling due after one year

| | Group | | Company | |
|-------------|-------|-------|---------|-------|
| | 2013 | 2012 | 2013 | 2012 |
| | £'000 | £'000 | £'000 | £'000 |
| Prepayments | - | 15 | - | - |

Debtors: amounts falling due within one year

| | Group | | Company | |
|-----------------------------|------------|------------|------------|------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors – school fees | 218 | 171 | 218 | 171 |
| Trade debtors – other | 115 | 120 | 74 | 49 |
| Other debtors | 337 | 147 | 156 | 111 |
| Prepayments | 220 | 165 | 188 | 141 |
| | <u>890</u> | <u>603</u> | <u>636</u> | <u>472</u> |

16. Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---------------|--------------|---------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loan (see note 17) | 386 | 358 | 386 | 358 |
| School fees paid in advance (see note 18) | 1,477 | 1,121 | 1,477 | 1,121 |
| Amounts due to subsidiary | - | - | 3 | 43 |
| Trade creditors | 1,685 | 810 | 1,599 | 760 |
| Taxation and social security costs | 684 | 556 | 684 | 556 |
| Other creditors | 233 | 255 | 233 | 255 |
| Accruals | 1,074 | 1,285 | 1,046 | 1,278 |
| School fees deposits held | 4,985 | 4,964 | 4,985 | 4,964 |
| Chartwells loan (see note 17) | 16 | 16 | 16 | 16 |
| | <u>10,540</u> | <u>9,365</u> | <u>10,429</u> | <u>9,351</u> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

17 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £'000 | £'000 | £'000 | £'000 |
| Fixed term loan (see below) | 4,232 | 4,618 | 4,232 | 4,618 |
| School fees paid in advance (see note 18) | 1,168 | 1,050 | 1,168 | 1,050 |
| School fees deposits held | 1,465 | 1,150 | 1,465 | 1,150 |
| Chartwells loan (see below) | - | 16 | - | 16 |
| | <u>6,865</u> | <u>6,834</u> | <u>6,865</u> | <u>6,834</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

| | 2013 | 2012 |
|---------------------|--------------|--------------|
| | £'000 | £'000 |
| Over one year | | |
| Within 1 to 2 years | 413 | 386 |
| Within 2 to 5 years | 1,420 | 1,327 |
| Over 5 years | 2,399 | 2,905 |
| | <u>4,232</u> | <u>4,618</u> |
| Within one year | 386 | 358 |
| | <u>4,618</u> | <u>4,976</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

| | 2013 | 2012 |
|---------------------|-----------|-----------|
| | £'000 | £'000 |
| Over one year | | |
| Within 1 to 2 years | - | 16 |
| | <u>16</u> | <u>16</u> |
| Within one year | 16 | 32 |
| | <u>16</u> | <u>32</u> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

18 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:

| | 2013 £'000 | 2012 £'000 |
|---------------------|---------------|---------------|
| Over one year | | |
| Within 1 to 2 years | 651 | 536 |
| Within 3 to 5 years | 517 | 476 |
| After 5 years | - | 38 |
| | <hr/> | <hr/> |
| Within one year | 1,168 | 1,050 |
| | 1,477 | 1,121 |
| | <hr/> | <hr/> |
| | 2,645 | 2,171 |
| | <hr/> | <hr/> |

Figures for advanced fee payments are included within the balance for school fees paid in advance (notes 16 and 17)

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

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Balance at 1 September 2012 | 2,171 | 2,149 |
| New contracts | 1,739 | 1,288 |
| Amounts accrued to contracts | 39 | 41 |
| | <hr/> | <hr/> |
| | 3,949 | 3,478 |
| | <hr/> | <hr/> |
| Amounts utilised in the payment of fees to the school | (1,191) | (1,170) |
| Refunds of fees paid in advance | (113) | (137) |
| | <hr/> | <hr/> |
| Balance at 31 August 2013 | 2,645 | 2,171 |
| | <hr/> | <hr/> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

19. Funds - Group

| | Balance 1 September 2012 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Actuarial gain/(loss) Transfers £'000 | Balance 31 August 2013 £'000 |
|------------------------------------|---|--------------------------------|--------------------------------|--|---------------------------------------|
| Unrestricted funds | | | | | |
| - General | 47,168 | 43,850 | (43,268) | 151 | 47,901 |
| Designated | | | | | |
| - Millfield School Enterprises Ltd | 110 | 876 | (731) | (151) | 104 |
| Pension reserve | (1,618) | 909 | (379) | (1,164) | (2,252) |
| | <u>45,660</u> | <u>45,635</u> | <u>(44,378)</u> | <u>(1,164)</u> | <u>45,753</u> |
| Restricted | | | | | |
| - Awards Fund | 16 | - | (16) | - | - |
| - Millfield Centre Fund | - | 250 | - | - | 250 |
| - Sports Equipment Fund | - | 15 | (4) | - | 11 |
| | <u>16</u> | <u>265</u> | <u>(20)</u> | <u>-</u> | <u>259</u> |
| Total Group | <u>45,676</u> | <u>45,900</u> | <u>(44,398)</u> | <u>(1,164)</u> | <u>46,014</u> |

Funds - Company

| | Balance 1 September 2012 £'000 | Incoming Resources £'000 | Resources Expended £'000 | Actuarial gain/(loss) Transfers £'000 | Balance 31 August 2013 £'000 |
|-------------------------|---|--------------------------------|--------------------------------|--|---------------------------------------|
| Unrestricted funds | | | | | |
| - General | 47,168 | 43,850 | (43,329) | 151 | 47,840 |
| Pension reserve | (1,618) | 909 | (379) | (1,164) | (2,252) |
| | <u>45,550</u> | <u>44,759</u> | <u>(43,708)</u> | <u>(1,013)</u> | <u>45,588</u> |
| Restricted | | | | | |
| - Awards Fund | 16 | - | (16) | - | - |
| - Millfield Centre Fund | - | 250 | - | - | 250 |
| - Sports Equipment Fund | - | 15 | (4) | - | 11 |
| | <u>16</u> | <u>265</u> | <u>(20)</u> | <u>-</u> | <u>259</u> |
| Total Company | <u>45,566</u> | <u>45,024</u> | <u>(43,728)</u> | <u>(1,013)</u> | <u>45,849</u> |

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

The Millfield Centre Fund and Sports Equipment Fund are restricted to the purchase of capital items specified by those donors. The fixed asset acquisition will discharge the restriction and the asset will be held in the unrestricted funds. Where assets are re-allocated from one fund to another, these will be reflected as a transfer in the year of acquisition.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

20. Allocation of Group Net Assets

| | Fixed assets £'000 | Net current liabilities £'000 | Long term liabilities £'000 | Pension reserve £'000 | Total £'000 |
|------------------------------------|--------------------------|-------------------------------------|-----------------------------------|-----------------------------|----------------|
| Unrestricted funds | | | | | |
| - General | 55,835 | (1,069) | (6,865) | - | 47,901 |
| Designated funds | | | | | |
| - Millfield School Enterprises Ltd | 30 | 74 | - | - | 104 |
| - Pension reserve | - | - | - | (2,252) | (2,252) |
| Restricted funds | | | | | |
| - Millfield Centre Fund | - | 250 | - | - | 250 |
| - Sports Equipment Fund | - | 11 | - | - | 11 |
| Total Group | 55,865 | (734) | (6,865) | (2,252) | 46,014 |

21 Capital Commitments

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2013 £'000 | 2012 £'000 | 2013 £'000 | 2012 £'000 |
| Contracted but not provided as at 31 August | 96 | 325 | 96 | 325 |

22. Pension Obligations

The total group pension contributions were £2,336,873 (2012 £2,310,103) of which £1,481,689 (2012 £1,457,659) related to the Teachers' Pension Scheme, £701,681 (2012 £718,313) related to the Millfield Final Salary Scheme for non-teaching staff and £153,503 (2012 £134,131) 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.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

22. Pension Obligations *(continued)*

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 11.2%. For subsequent years the design structure and distributional approach for the contribution increases that will apply in 2014/15, and beyond, are under discussion with unions and employers.

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%.

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 £1,481,689 (2012: £1,457,659).

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 1 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 £701,708 (2012: £719,232) and the agreed contribution rate with effect from 1 September 2010 is 20% of pensionable pay, inclusive of 6% (2012: 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.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

22. Pension Obligations *(continued)*

FRS17 (Retirement Benefits)

These financial statements reflect the requirements of FRS17. The charge for the year as calculated by the actuary of £379,000 (2012: £368,000) together with a finance gain of £207,000 (2012: £50,000) and the actuarial loss of £1,164,000 (2012: £589,000 loss) has been recognised in the Consolidated Statement of Financial Activities during the year.

FRS17 Assumptions

| | 2013 | 2012 |
|--------------------------------------|------|------|
| Discount rate | 4.6% | 4.1% |
| Inflation (RPI) | 3.2% | 2.2% |
| Inflation (CPI) | 2.3% | 1.7% |
| Salary increases | 2.3% | 2.2% |
| Post 88 GMP increases in payment | 2.3% | 2.2% |
| 97-05 pension increases in payment | 3.2% | 2.2% |
| Post 05 pension increases in payment | 2.5% | 2.2% |
| Expected return on assets | 6.6% | 6.6% |

| | Number | Number |
|----------------------------------|--------|--------|
| Future life expectancy at age 65 | | |
| Retiring today – males | 21.6 | 21.3 |
| Retiring today - females | 24.4 | 24.1 |
| Retiring in 20 years - males | 23.5 | 23.2 |
| Retiring in 20 years - females | 26.2 | 26.0 |

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

| | 2013 | 2012 |
|---|------|------|
| Global Absolute Return Strategy Funds (G A R S) | 89% | 90% |
| Property funds | 10% | 10% |
| Cash | 1% | 0% |

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

| | Rate of long term return expected at August | | | Scheme Assets | | |
|---------------|--|------|------|---------------|---------------|---------------|
| | 2013 | 2012 | 2011 | 2013 £'000 | 2012 £'000 | 2011 £'000 |
| G A R S Funds | 6.6% | 6.6% | 6.6% | 10,232 | 9,419 | 8,063 |
| Property | 6.6% | 6.6% | 6.6% | 1,122 | 1,073 | 1,035 |
| Cash | 0.5% | 0.2% | 0% | 87 | 17 | 27 |
| AVC's | N/a | N/a | N/a | 1,766 | 1,747 | 1,646 |
| | | | | <u>13,207</u> | <u>12,256</u> | <u>10,771</u> |

The Scheme's assets consist of a diversified portfolio of growth assets managed actively to achieve returns in excess of inflation in the long-term. As in previous years the expected long-term return has been assumed to be 6.6% p a.

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

22. Pension Obligations *(continued)*

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Balance sheet | | |
| Fair value of assets (excluding AVC's) | 11,441 | 10,509 |
| Defined benefit obligation | (13,693) | (12,127) |
| Shortfall | (2,252) | (1,618) |
| Funding level | 84% | 87% |

Analysis of changes in the present value of defined benefit obligations (DBO):

| | 2013 £'000 | 2012 £'000 |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 12,127 | 10,556 |
| Current service cost | 379 | 368 |
| Employees' contributions | 129 | 137 |
| Interest cost | 493 | 563 |
| Changes in actuarial assumptions | 1,113 | 898 |
| Benefits paid | (548) | (395) |
| Closing defined benefit obligation | 13,693 | 12,127 |

Millfield expects to contribute £695,000 to its defined benefits pension scheme in the year ended 31 August 2014

Analysis of changes in the fair value of assets:

| | 2013 £'000 | 2012 £'000 |
|----------------------------------|---------------|---------------|
| Opening fair value of assets | 10,509 | 9,126 |
| Expected return | 700 | 613 |
| Employer's contributions | 702 | 719 |
| Employees' contributions | 129 | 137 |
| Actuarial experience (loss)/gain | (51) | 309 |
| Benefits paid | (548) | (395) |
| Closing fair value of assets | 11,441 | 10,509 |

Amounts for the current and previous four periods

| | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 | 2009 £'000 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Fair value of assets | 11,441 | 10,509 | 9,126 | 8,478 | 6,910 |
| Defined benefit obligation | (13,693) | (12,127) | (10,556) | (10,648) | (10,190) |
| Shortfall | (2,252) | (1,618) | (1,430) | (2,170) | (3,280) |
| Experience adjustment on assets | (51) | 309 | (376) | 475 | (933) |
| Experience adjustment on DBO | - | (74) | - | (186) | 280 |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

22. Pension Obligations *(continued)*

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

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Charged to resources expended in the year | | |
| Current service cost | (330) | (327) |
| Life insurance premium | (49) | (41) |
| Total charge to net incoming resources | (379) | (368) |
| Charged to finance and other costs | | |
| Expected return on pension scheme assets | 700 | 613 |
| Interest on pension scheme liabilities | (493) | (563) |
| Net finance and other gains | 207 | 50 |
| Total charge to the Consolidated Statement of Financial Activities | (172) | (318) |

Analysis of the amounts shown within pension actuarial gains and losses

| | 2013 £'000 | 2012 £'000 | 2011 £'000 | 2010 £'000 | 2009 £'000 |
|---|---------------|---------------|---------------|---------------|---------------|
| Actuarial return less expected return on pension scheme assets | (51) | 309 | (376) | 475 | (933) |
| Percentage of scheme assets | - | 3% | (4%) | 5% | (9%) |
| Experience gains and (losses) arising on scheme liabilities | - | (74) | - | (186) | 280 |
| Percentage of the present value of scheme liabilities | - | (1%) | - | (2%) | 3% |
| Changes in assumptions underlying the present value of the scheme liabilities | (1,113) | (898) | 751 | 569 | (1,028) |
| Percentage of the present value of scheme liabilities | (8%) | (7%) | 8% | 5% | (10%) |
| Actuarial (loss)/gain recognised in the SOFA | (1,164) | (589) | 375 | 858 | (1,681) |
| Percentage of the present value of scheme liabilities | (9%) | (5%) | 4% | 8% | (16%) |

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NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

22. Pension obligations *(continued)*

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

| | 2013 £'000 | 2012 £'000 |
|-----------------------------|----------------|----------------|
| Liability at 31 August 2012 | (1,618) | (1,430) |
| Current service cost | (379) | (368) |
| Employer contributions | 702 | 719 |
| Other finance gain | 207 | 50 |
| Actuarial loss | (1,164) | (589) |
| Liability at 31 August 2013 | <u>(2,252)</u> | <u>(1,618)</u> |

23. Reconciliation of Net Incoming Resources To Net Cash Inflow From Operating Activities

| | 2013 £'000 | Restated 2012 £'000 |
|---|---------------|---------------------------|
| Net incoming resources | 1,502 | 2,212 |
| Depreciation of tangible fixed assets | 3,663 | 3,195 |
| Interest receivable | (142) | (99) |
| Interest payable | 361 | 396 |
| Gain on sale of tangible fixed assets | (12) | (2) |
| Decrease in stocks | 15 | 34 |
| (Increase)/decrease in debtors | (272) | 352 |
| Increase in creditors and provisions | 1,090 | 762 |
| Advance fees applied | (1,191) | (1,170) |
| Difference between pension charge assessed by the actuary and the contributions paid | (530) | (401) |
| Net cash inflow from operating activities | <u>4,484</u> | <u>5,279</u> |

24 Reconciliation of Net Cash Flow To Movement In Net Funds

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Increase in cash in the year | 1,144 | 2,469 |
| Cash flow from movement in debt | (116) | 295 |
| Change in net funds resulting from cash flows | <u>1,028</u> | <u>2,764</u> |
| Net funds/(debt) brought forward | 337 | (2,427) |
| Net funds at 31 August 2013 | <u>1,365</u> | <u>337</u> |

Millfield

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2013

25. Analysis of Net Funds

| | At 1 September 2012 £'000 | Cash flows £'000 | At 31 August 2013 £'000 |
|--------------------------|---------------------------------|---------------------|-------------------------------|
| Cash at bank and in hand | 7,484 | 1,144 | 8,628 |
| Debt due after one year | (5,668) | 268 | (5,400) |
| Debt due within one year | (1,479) | (384) | (1,863) |
| Total net funds | <u>337</u> | <u>1,028</u> | <u>1,365</u> |

26 Financial Commitments

At 31 August 2013 the group had annual non-cancellable commitments, as follows

| | Motor Vehicles | |
|-------------------------------|----------------|---------------|
| | 2013 £'000 | 2012 £'000 |
| Expiring within one year | 198 | 113 |
| Expiring in two to five years | <u>113</u> | <u>311</u> |

27 Related Party Transactions

The school has taken advantage of the exemptions conferred by Financial Reporting Standard 8 in not disclosing transactions and balances with wholly owned subsidiary undertakings

28. Capital

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