

Company number: 07724780

**Montacute School
(A company limited by guarantee)
Annual Report and Financial Statements
for the year ended 31 August 2013**



**Clifford Fry & Co. LLP
St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU**

Montacute School
(A company limited by guarantee)

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Reference and Administrative Details

Company registration number 07724780

Business address 3 Canford Heath Road
Poole
Dorset
BH17 9NG

Principal and Registered office 3 Canford Heath Road
Poole
Dorset
BH17 9NG

Trustees	Sidney Carter	
	Andrew Mears	(Resigned 31 August 2013)
	Pamela Henderson	# (Chair of Governors)
	Virginia Jewell	
	Jean Joyce	
	Stephen Butterworth	#
	Karon Nougher	#
	Marcia Osborn	
	Rosemary Wallis	#
	Linda Creswell	
Jill Owen	# (Appointed 01 September 2013)	
	# members of the finance committee	

Senior Leadership Team	Andrew Mears	Principal (Resigned 31 August 2013)
	Virginia Brown	Vice Principal
	Ruth Payne	Assistant Principal of Upper School
	Sarah Stobbart	Assistant Principal of Lower School
	Marcia Osborn	Inclusion Coordinator
	David Cooper	
	Susan Saddler	Finance Officer
	Jill Owen	Principal (Appointed 01 September 2013)

Montacute School
(A company limited by guarantee)
Reference and Administrative Details

Independent Auditors	Clifford Fry & Co LLP St Mary's House Netherhampton Salisbury Wiltshire SP2 8PU
Bankers	Lloyds TSB Bank plc 203 Lower Blandford Road Broadstone Dorset BH18 8DL
Solicitors	Browne Jacobson LLP Victoria Square House Victoria Square Birmingham B2 4BU

Montacute School
(A company limited by guarantee)
Trustees' Report
for the year ended 31 August 2013

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2013. Details of the trustees who served during the year are included in the Reference and Administrative Details on pages 1 - 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees for the Montacute School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Montacute School.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

Principal Activities

- To establish and maintain, and to carry on or provide for the carrying on of, an independent school in England to be known as the Montacute School ("the Academy") which is specially organised to make special educational provision for pupils with SEN and
- To promote for the benefit of individuals living in Poole and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals

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Trustees' Report
for the year ended 31 August 2013

Method of Recruitment and Appointment or Election of Trustees

The Members may appoint one Trustee save that no more than one third of the total number of individuals appointed as Trustees shall be employees of the Academy Trust (including the Principal)

The Principal shall be treated for all purposes as being an ex officio Trustee

Parent Trustee(s) shall be elected by parents of registered pupils at the Special Academy. A Parent Trustee must be a parent of a pupil at the Special Academy at the time when he is elected.

The Board of Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent of a registered pupil at the Special Academy. Any election of Parent Trustees which is contested shall be held by secret ballot.

The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Special Academy.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the year some courses carried out in the Academy were attended by some Trustees as well as seminar and induction documentation on offer through the Local Government Governors Support framework to which the Academy is a subscriber, or external providers.

Organisational Structure

The Management Structure in place for the year consisted of a Principal, Vice Principal, and two Assistant Principals. The Leadership team also included the Inclusion Manager, Leadership Support Officer, and Teacher responsible for Behaviour Support. The aim of the structure was to increase accountability and to encourage involvement in decision making at all levels. The Principal of the Academy is the Chief Accounting Officer.

The Leadership Team of the Academy is responsible for delivering the approved strategic actions of the Development Plan approved by the Trustees including setting up and managing the annual development priorities.

Risk Management

The Trustees confirm that the major risks to which the Trust is exposed have been reviewed and further work is being undertaken to ensure that all key risks are properly mitigated and anticipated.

In particular the review highlighted the need to ensure that all insurances meet current requirements, risks involved in any building work as part of the Priority School Building Programme and subsequent liabilities to maintain new buildings, risk involved in the appointment of a new Headteacher (Accounting Officer) and ongoing changes to the national funding arrangements for special needs children, are managed in a way which minimises turbulence in the Academy financial position.

Risk Management remains under review by the Finance and Audit Committees which reports to the full Board of Trustees.

Montacute School
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Trustees' Report
for the year ended 31 August 2013

Connected Organisations, including Related Party Relationships

The Academy is connected to Broadstone First School through the National College as partners in the Poole Teaching School Alliance. The Alliance receives resources from Central Government and operates under the rules applied by the Department for Education and National College, including Audit and externally applied Key Performance Indicators.

The Academy also receives occasional funding from its Parent/Friend Association for specific projects. This charitable organisation raises funds specifically for this purpose but has a management structure separate from the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust was set up in 2011 to advance, for public benefit, education in the UK by establishing, maintaining and developing the Montacute Special Academy. The Academy offers a broad, balanced and relevant curriculum, designed and delivered around the specific needs of the children and young people who attend. The Academy also supports the needs of families where possible and congruent with the education and well-being of the children and young people on roll, and seeks to take a wider role in System Leadership where needed in the region through its status as a National Support School.

Objectives, Strategies and Activities

The main objectives for the Trust for the year ended 31st August 2013 was the continuation of outstanding education and care for the children on roll whilst embedding changes in Governance structure and regulation. At the same time, to further develop the organisation to respond to changing demands from external agencies, and to changing needs within.

The Trust's activities focus around ensuring that the resources for the Academy are utilised in the most efficient way for the education and care of the children and young people on roll, and that the Academy develops its workforce to respond to current and future challenges. The appointment of a new Principal has been a key activity this year. The Trust is also acutely focused on the development of the Academy building, which is inadequate, and continues to work with the Education Funding Agency as part of the Priority School Building Programme, to secure a new building which will meet the objectives of the Trust in the most effective way possible within limited resources.

The Trust has a key role in ensuring that procedures and protocols at the Academy are optimised to maximise the safety of all people for which they have responsibility.

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Trustees' Report
for the year ended 31 August 2013

Public Benefit

The Trust has considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Trust is the provision of a high quality of education to its students.

Montacute Academy currently educates up to 75 children, all of whom have severe or profound learning difficulties. The school has a good working atmosphere, and all in school are committed to this as the foundation for the learning and pastoral partnership. The school is family-friendly within a context of hard and focused work, dedicated to meeting the students' and parents' needs. Montacute became an Academy in October 2011 and offers support to others through its Teaching School status and that of National Support School.

Ofsted regards the Academy as Outstanding, and our host local authority, Poole, relies upon the Academy for extensive training and outreach work with mainstream schools. The children at school are educated in a very inclusive way, both within their own school and using opportunities created in partner schools. Ofsted also regarded the Academy as Outstanding in the way that it promoted Community Cohesion, and therefore is delivering tangible public benefit.

The Academy works in tandem with the Local Authority and Social Services to help to ensure that young people continue to progress after leaving the Academy, and the staff support parents and young people in making choices and having a voice in the process. The Leadership team of the Academy play a full part in the development of education and policy in the Local Authority as part of Schools Forum, Heads Association, and School Improvement Support Group.

ACHIEVEMENTS AND PERFORMANCE

Achievements

The Academy continues to see outstanding progress as measured against National benchmarks and expectations when compared to similar groups. The Academy closely monitors individual progress against a large number of indicators, and also compares the progress of particularly vulnerable groups to ensure that personal development is maximised for all.

The Academy uses specialist software to support the tracking and target setting process but also sets individual and personalised targets beyond those associated with the National Curriculum, including the Academy's own Key Skills Curriculum.

Ofsted regard the progress made by those on roll to be Outstanding.

Young people at the Academy are regularly awarded nationally recognised qualifications and the Academy support and provide opportunities for achievement at all levels of the Duke of Edinburgh award, including Gold.

Independence is encouraged and opportunities are provided for some students to travel abroad to work with European partners through the Comenius programme, which links with Schools from Ireland, Germany, Italy, Denmark and Belgium.

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Trustees' Report
for the year ended 31 August 2013

Going Concern

After making appropriate enquiries, the Board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Financial Performance Indicators

During the year ended 31 August 2013 the total expenditure of £2,368,746 (2012 £2,666,762) was largely covered by grants from the DfE and other income, such as voluntary income, activities for generating funds and a small amount of investment income. The deficit of expenditure over income for the year was £ 40,308. The operating result before actuarial losses on defined benefit pension schemes was a surplus of £14,692 (2012 £3,958,650).

The Academy inherited a Carry Forward of £293,662 which will in part be used to mitigate against the risks and turbulence apparent in the new financial climate and protocols around the education and funding of Children and Young People who have High Needs.

The Academy leases a building from the Local Authority for a peppercorn rent, but the lease is due to expire in three years. This has to be considered in the light of the Priority Schools Building Programme which will address the Academy's building needs over the coming two years.

FINANCIAL REVIEW

Reserves Policy

The Trustees have established that reserves amounting to £252,000 are prudent for the Academy in the light of the changes to the regulations around the funding of High Needs pupils and the fact that money is going to be following the child. This could mean that considerable turbulence is possible which could threaten the financial security of the Academy. High Needs children are funded currently at up to £40,000 and it is likely that up to £30,000 could be lost from the school budget on the transfer or loss of such a child to the school.

The Academy Trust has Restricted Fixed Asset Funds of £4,123,458 and reserves available for utilisation of (ignoring pension deficit) of £503,435.

Investment Policy

The Academy holds its reserves and accounts at Lloyds Bank and uses a deposit account to accrue interest, whilst incurring no current account charges. The coming year will include a review of this policy in the light of poor investment returns and advice from Auditors.

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Trustees' Report
for the year ended 31 August 2013

PLANS FOR FUTURE PERIODS

The Trustees plan to rationalise income by ensuring that each child is funded properly by their Local Authority in a way that is commensurate with their needs and not as part of a broad banding pattern. Negotiations will take place over the coming year in order to achieve this, but may have to be organised with four Local Authorities, all of whom use the Academy. The Academy welcomes the notion of each child receiving an entitlement but is concerned over the potential for turbulence within each year.

The Scope of our Priority School Building Programme and the detailed engagement with the school will be finalised in Spring 2014, and the Trustees will respond accordingly by making budgetary adjustments and shifts in Leadership support for the project should it be necessary.

A new Headteacher was appointed to take up her post in September 2013 and this is a key moment in the development of the school in a period of rapid change. The Trustees are aware that considerable work and intellectual capital will be required to ensure a smooth transition so that the school can maximise the opportunities being rapidly presented and mitigate against the risks of accelerating change.

Statement as to disclosure of information to auditors

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees 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
- the appointment of the Auditors will be considered at the first meeting of the Trustees following the presentation of the accounts

Approved by order of the board of trustees on 11 December 2013 and signed on its behalf

P.V. Henderson

Pamela Henderson
Chair of Governors

Montacute School
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Montacute School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sidney Carter	3	6
Andrew Mears	5	6
Pamela Henderson	6	6
Virginia Jewell	5	6
Jean Joyce	6	6
Stephen Butterworth	4	6
Karon Nougher	6	6
Marcia Osborn	3	6
Rosemary Wallis	4	6
Linda Creswell	6	6

Andrew Mears resigned from the Board of Trustees on 31 August 2013.

The finance committee is a sub-committee of the main board of trustees. Its purpose is to receive, review and approve the academy's budget, to monitor expenditure on a regular basis, to monitor, review and ensure effective implementation of the academy's financial procedures and to prepare financial statements for inclusion in the Annual Report and Accounts.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Karon Nougher	4	5
Rosemary Wallis	4	5
Pamela Henderson	5	5
Andrew Mears	3	5

The finance committee will take on the additional function of audit committee from September 2013.

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Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Montacute School for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate these risks. The board of trustees is of the view that there is a recognised, on-going process for identifying and managing the academy trust's significant risks that have been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Alan Reed, as responsible officer (RO).

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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Governance Statement

Review of Effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by.

- the work of the Responsible Officer,
- the work of an external accountancy adviser

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Finance Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2013 and signed on its behalf by



Pamela Henderson
Chair of Governors



Jill Owen
Accounting Officer

Montacute School
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Statement on Regularity, Propriety and Compliance

As accounting officer of Montacute School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Jill Owen
Accounting Officer
Appointed 1 September 2013

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Statement of Trustees' Responsibilities

The trustees (who act as governors of Montacute School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP,
- make judgements 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that, in its conduct and operation, the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 11 December 2013 and signed on its behalf by



Pamela Henderson
Chair of Governors

Montacute School
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**Independent Auditor's Report on the Financial Statements to
the Board of Trustees of Montacute School**

We have audited the financial statements of Montacute School for the year ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. The financial statements have been prepared under the United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction 2012/13 issued by the EFA.

This report is made solely to the company's trustees', as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's trustees' 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 company and the company's trustees' as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The trustees' (who are also directors for the purposes of company law) responsibilities 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) are set out in the statement of trustees' responsibilities.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

Montacute School
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**Independent Auditor's Report on the Financial Statements to
the Board of Trustees of Montacute School**


Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


S M Allenby FCA (Senior Statutory Auditor)
For and on behalf of Clifford Fry & Co. LLP
Chartered Accountants and
Registered Auditors

20th December 2013

St Mary's House
Netherhampton
Salisbury
Wiltshire SP2 8PU

Montacute School
(A company limited by guarantee)

**Independent Auditor's Assurance Report on Regularity to
Montacute School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 18th September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Montacute School during the year to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Montacute School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Montacute School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Montacute School and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of the trustees' accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Montacute School's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

We undertook work based upon the Regularity Reporting for Academies 2011/12 Guidance as issued by the ICAEW

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Independent Auditor's Assurance Report on Regularity to
Montacute School and the Education Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



S M Allenby FCA (Senior Statutory Auditor)
For and on behalf of Clifford Fry & Co. LLP
Chartered Accountants and
Registered Auditors

20th December 2013

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

Montacute School
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Statement of Financial Activities
(including Income and Expenditure Account)

For the year ended 31 August 2013

		Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Year ended 31/08/13 Total	Period ended 31/08/12 Total
	Notes	£	£	£	£	£
Incoming resources						(restated)
Incoming resources from generating funds						
Voluntary income	2	27,136	10,000	-	37,136	-
Assets transferred from Local Authority on conversion	2	-	-	-	-	4,558,914
Activities for generating funds	3	42,577	21,657	-	64,234	118,347
Investment income	4	573	-	-	573	375
Incoming resources from academy activities	5	-	2,273,687	7,808	2,281,495	1,947,776
Total incoming resources		<u>70,286</u>	<u>2,305,344</u>	<u>7,808</u>	<u>2,383,438</u>	<u>6,625,412</u>
Resources expended						
Cost of generating voluntary income.						
Resources expended	6	25,344	10,275	-	35,619	60,960
Pension deficit from predecessor school	6	-	-	-	-	673,000
Charitable activities						
Academy educational activities	7	16,768	2,221,361	85,227	2,323,356	1,928,802
Governance costs	8	-	9,771	-	9,771	4,000
Total resources expended	6	<u>42,112</u>	<u>2,241,407</u>	<u>85,227</u>	<u>2,368,746</u>	<u>2,666,762</u>
Net incoming resources before transfers		<u>28,174</u>	<u>63,937</u>	<u>(77,419)</u>	<u>14,692</u>	<u>3,958,650</u>
Transfer between funds		-	(7,550)	7,550	-	-
Net incoming / (outgoing) resources for the year		<u>28,174</u>	<u>56,387</u>	<u>(69,869)</u>	<u>14,692</u>	<u>3,958,650</u>
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	25	-	(55,000)	-	(55,000)	(352,000)
Net movement in funds		<u>28,174</u>	<u>1,387</u>	<u>(69,869)</u>	<u>(40,308)</u>	<u>3,606,650</u>
Total funds brought forward at 1 September 2012		67,182	(653,859)	2,834,010	2,247,333	-
Prior year adjustment	13	-	-	1,359,317	1,359,317	-
Restated total funds brought forward		<u>67,182</u>	<u>(653,859)</u>	<u>4,193,327</u>	<u>3,606,650</u>	<u>-</u>
Total funds carried forward at 31 August 2013		<u>95,356</u>	<u>(652,472)</u>	<u>4,123,458</u>	<u>3,566,342</u>	<u>3,606,650</u>

All of the academy's activities derive from continuing operations during the above two financial periods
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The notes on pages 21 to 40 form an integral part of these financial statements.

Montacute School
(A company limited by guarantee)

Balance Sheet
as at 31 August 2013

		31/08/13		<i>(restated)</i> 31/08/12	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		4,117,061		4,193,327
Current assets					
Debtors	15	106,739		52,907	
Cash at bank and in hand		684,020		498,183	
		<u>790,759</u>		<u>551,090</u>	
Creditors: amounts falling due within one year	16	<u>(138,478)</u>		<u>(74,767)</u>	
Net current assets			<u>652,281</u>		<u>476,323</u>
Total assets less current liabilities			4,769,342		4,669,650
Provisions for liabilities and charges	17		<u>(1,203,000)</u>		<u>(1,063,000)</u>
Net assets			<u>3,566,342</u>		<u>3,606,650</u>
Funds of the academy trust					
Unrestricted funds	19		95,356		67,182
Restricted funds	20		(652,472)		(653,859)
Restricted fixed asset fund	21		4,123,458		4,193,327
			<u>3,566,342</u>		<u>3,606,650</u>

The financial statements were approved by the trustees, and authorised for issue on 11 December 2013 and are signed on its behalf by

P. V. Henderson

Pamela Henderson
Chair of Governors

Registration number 07724780

The notes on pages 21 to 40 form an integral part of these financial statements.

Montacute School
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Cash flow statement
for the year ended 31 August 2013

		<i>(restated)</i>
	Year ended 31/08/13	Period ended 31/08/12
	£	£
Notes		
Net incoming resources for the year	14,692	3,664,988
Cash transferred on conversion to an academy trust	-	293,662
Interest receivable	(573)	(375)
Fixed assets transferred on conversion	-	(4,265,252)
Depreciation and impairment	85,228	76,892
(Increase) in debtors	(53,832)	(52,907)
Increase in creditors	63,711	74,767
Pension finance costs	85,000	38,000
Pension deficit transferred on conversion	-	673,000
Net cash from operating activities	<u>194,226</u>	<u>502,775</u>
Returns on investments and servicing of finance	23 573	375
Capital expenditure	23 (8,962)	(4,967)
Increase in cash in the year	<u>185,837</u>	<u>498,183</u>
Reconciliation of net cash flow to movement in net funds	24	
Increase in cash in the year	185,837	498,183
Net funds at 1 September 2012	498,183	-
Net funds at 31 August 2013	<u>684,020</u>	<u>498,183</u>

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Notes to the financial statements
for the year ended 31 August 2013

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding period.

1.1. Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice' Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently is set out below.

1.2. Going Concern

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

1.3. Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. The following specific policies are applied to particular categories of income:

Activities for generating funds includes catering income. This is accounted for when receivable and to the extent that the goods have been provided or service completed.

Investment income is included when receivable.

Incoming resources from academy activities includes grants received from EFA and other government grants. These are included when receivable.

Other incoming resources includes summer play scheme and letting income which is included when receivable and to the extent that the service is complete.

1.4. Resources expended

All expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating income are costs incurred in attracting voluntary income and catering income.

Costs within the academy's education activities are costs incurred on the Academy Trust's educational operations.

Support costs are those costs incurred directly in support of expenditure on the objects of the company.

Governance costs are those costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit.

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Notes to the financial statements
for the year ended 31 August 2013

1.5. Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over 50 years (buildings only)
Fixtures, fittings and equipment	-	15% Straight line
Motor vehicles	-	25% Straight line
IT equipment	-	20% Straight line

1.6. Taxation

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

1.7. Fund accounting

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

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

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

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Notes to the financial statements
for the year ended 31 August 2013

1.8. Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. Voluntary income

			Year ended 31/08/13	Period ended 31/08/12
	Unrestricted funds £	Restricted funds £	Total £	Total £
Total donations	27,136	10,000	37,136	-
	27,136	10,000	37,136	-
Assets transferred from predecessor school	-	-	-	4,558,914
	27,136	10,000	37,136	4,558,914

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Notes to the financial statements
for the year ended 31 August 2013

3. Activities for generating funds

			<i>(restated)</i>
		Year ended 31/08/13	Period ended 31/08/12
	Unrestricted funds £	Restricted funds £	Total £
Catering income	14,085	-	14,085
Other income	20,306	21,657	41,963
Reimbursements and lettings	8,186	-	8,186
	<u>42,577</u>	<u>21,657</u>	<u>64,234</u>
	<u>42,577</u>	<u>21,657</u>	<u>118,347</u>

4. Investment income

			<i>(restated)</i>
		Year ended 31/08/13	Period ended 31/08/12
	Unrestricted funds £	Total £	Total £
Bank interest receivable	573	573	375
	<u>573</u>	<u>573</u>	<u>375</u>

5. Incoming resources from academy activities

			<i>(restated)</i>
		Year ended 31/08/13	Period ended 31/08/12
	Restricted funds £	Restricted Fixed asset funds £	Total £
DfE/EFA Grants			
General Annual Grant (GAG)	1,505,966	-	1,505,966
Capital Grants	-	7,808	7,808
Other DfE/EFA Grants	44,641	-	44,641
	<u>1,550,607</u>	<u>7,808</u>	<u>1,558,415</u>
	<u>1,550,607</u>	<u>7,808</u>	<u>1,817,077</u>
Other Government Grants			
Local authority grants	513,149	-	513,149
Poole Teaching School Alliance	209,931	-	209,931
	<u>723,080</u>	<u>-</u>	<u>723,080</u>
	<u>2,273,687</u>	<u>7,808</u>	<u>2,281,495</u>
	<u>2,273,687</u>	<u>7,808</u>	<u>1,947,776</u>

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Notes to the financial statements
for the year ended 31 August 2013

6. Resources expended	Non Pay Expenditure			Year ended	(restated) Period ended
	Staff Costs £	Premises £	Other Costs £	31/08/13 Total £	31/08/12 Total £
Cost of generating voluntary income Academy's educational operations		10,275	25,344	35,619	60,960
Direct costs	1,573,352	85,228	201,248	1,859,828	1,538,810
Allocated support costs	224,417	80,375	158,736	463,528	389,992
	<u>1,797,769</u>	<u>175,878</u>	<u>385,328</u>	<u>2,358,975</u>	<u>1,989,762</u>
Governance costs including allocated support costs	-	-	9,771	9,771	4,000
	-	-	9,771	9,771	4,000
Pension deficit from predecessor school	-	-	-	-	673,000
	<u>1,797,769</u>	<u>175,878</u>	<u>395,099</u>	<u>2,368,746</u>	<u>2,666,762</u>

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Notes to the financial statements
for the year ended 31 August 2013

7. Charitable Activities - Academy's Educational Operations	<i>(restated)</i>			
	Direct costs £	Support costs £	Year ended 31/08/13 Total £	Period ended 31/08/12 Total £
Provision of education				
Staff costs	1,573,352	224,417	1,797,769	1,640,641
Depreciation	85,228	-	85,228	76,892
Educational supplies	4,376	-	4,376	10,133
Examination fees	-	-	-	2,434
Security and transport	1,564	8,295	9,859	6,246
Maintenance of premises and equipment	-	19,978	19,978	19,385
Rent and Rates	-	9,404	9,404	8,402
Insurance	-	16,831	16,831	15,006
Heat and Light	-	34,162	34,162	31,272
Professional fees	-	15,014	15,014	25,640
Telephone	-	5,577	5,577	1,948
Finance costs - Defined benefit scheme	-	85,000	85,000	38,000
Other costs	44,595	44,850	89,445	41,103
Poole Teaching School Alliance	150,713	-	150,713	11,700
	<u>1,859,828</u>	<u>463,528</u>	<u>2,323,356</u>	<u>1,928,802</u>

8. Governance costs	<i>(restated)</i>		
	Restricted funds £	Year ended 31/08/13 Total £	Period ended 31/08/12 Total £
Bank charges	45	45	-
Accountancy fees	4,801	4,801	500
Auditor remuneration	4,925	4,925	3,500
	<u>9,771</u>	<u>9,771</u>	<u>4,000</u>

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Notes to the financial statements
for the year ended 31 August 2013

9. Net incoming resources for the year		<i>(restated)</i>
	Year ended	Period ended
	31/08/13	31/08/12
	£	£
Net incoming resources is stated after charging		
Depreciation and other amounts written off tangible fixed assets	85,228	76,892
Auditors' remuneration (Note 10)	4,925	3,500
	<u> </u>	<u> </u>
 10. Auditors' remuneration		<i>(restated)</i>
	Year ended	Period ended
	31/08/13	31/08/12
	£	£
Auditors' remuneration - audit of the financial statements	3,750	3,500
	<u> </u>	<u> </u>
Auditors' remuneration - other fees		
- audit of teachers pension scheme	500	-
- preparation of annual return	675	-
	<u> </u>	<u> </u>
	<u>1,175</u>	<u>-</u>

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Notes to the financial statements
for the year ended 31 August 2013

11. Staff Costs

Employment costs	Year ended 31/08/13 £	(restated) Period ended 31/08/12 £
Wages and salaries	1,499,769	1,334,305
Social security costs	93,310	85,104
Staff pension contributions	204,690	196,782
	<u>1,797,769</u>	<u>1,616,191</u>
Supply teacher costs	-	24,450
	<u>1,797,769</u>	<u>1,640,641</u>

Number of employees

The number of employees (excluding the non teacher trustees) who earned more than £60,000 during the year was as follows

	Year ended 31/08/13 Number	Period ended 31/08/12 Number
£60,001 to £70,000	1	-
£70,001 to £80,000	<u>-</u>	<u>1</u>

The number of higher paid employees accruing pension benefit was

	Year ended 31/08/13 Number	(restated) Period ended 31/08/12 Number
Defined benefits scheme	<u>1</u>	<u>1</u>

The total contributions paid by the charity into the defined contributions scheme for higher paid employees was £9,768 (2012 £15,640)

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Notes to the financial statements
for the year ended 31 August 2013

The average monthly numbers of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows

	Year ended 31/08/13 Number	<i>(restated)</i> Period ended 31/08/12 Number
Teaching Staff	12	12
Administration and Support Staff	44	41
Management	7	7
	<u>63</u>	<u>60</u>

11.1. Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows

Andrew Mears - Principal	£45,000 to £50,000	(2012 £75,000 to £80,000)
Marcia Osborn	£20,000 to £25,000	(2012 £20,000 to £25,000)
Linda Cresswell	£20,000 to £25,000	(2012 £20,000 to £25,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £227 (2012 £Nil) was reimbursed to one trustee

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost

13. Prior year adjustment

The prior periods statements did not recognise a revaluation of the land and buildings held at 31 August 2012. The prior periods results have therefore been adjusted with the result being to increase the Assets transferred from Montacute School Trust on conversion by £1,374,422 and to increase the prior year depreciation charge by £15,105

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Notes to the financial statements
for the year ended 31 August 2013

14. Tangible fixed assets	Land and buildings leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	(restated) Total £
Cost					
At 1 September 2012	4,224,422	7,027	31,935	6,835	4,270,219
Additions	-	8,962	-	-	8,962
At 31 August 2013	<u>4,224,422</u>	<u>15,989</u>	<u>31,935</u>	<u>6,835</u>	<u>4,279,181</u>
Depreciation					
At 1 September 2012	67,355	966	7,318	1,253	76,892
Charge for the year	73,479	2,398	7,984	1,367	85,228
At 31 August 2013	<u>140,834</u>	<u>3,364</u>	<u>15,302</u>	<u>2,620</u>	<u>162,120</u>
Net book values					
At 31 August 2013	<u>4,083,588</u>	<u>12,625</u>	<u>16,633</u>	<u>4,215</u>	<u>4,117,061</u>
At 31 August 2012	<u>4,157,067</u>	<u>6,061</u>	<u>24,617</u>	<u>5,582</u>	<u>4,193,327</u>

The land and buildings were valued by independent valuers (now value), on the 19th September 2012 on the basis of depreciated replacement cost. The land was valued at £550,465 and the buildings at £3,673,957.

The land is not depreciated.

15. Debtors	Year ended 31/08/13 £	(restated) Period ended 31/08/12 £
Trade debtors	70,666	375
Other debtors	14,271	4,669
Prepayments	21,802	47,863
	<u>106,739</u>	<u>52,907</u>

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Notes to the financial statements
for the year ended 31 August 2013

16. Creditors: amounts falling due within one year	Year ended 31/08/13 £	(restated) Period ended 31/08/12 £
Trade creditors	28,624	28,648
Taxes and social security creditor	26,427	-
Other creditors	25,757	7,231
Accruals and deferred income	57,670	38,888
	<u>138,478</u>	<u>74,767</u>
Deferred income		
	Year ended 31/08/13 £	Period ended 31/08/12 £
Deferred income at 1 September 2012	27,865	-
Resources deferred in the year	16,973	27,865
Amounts released from previous years	(27,865)	-
Deferred income at 31 August 2013	<u>16,973</u>	<u>27,865</u>

At the balance sheet date the academy was holding funds received in advance for an insurance reimbursement and Comenius grant

17. Provisions for liabilities	Year ended 31/08/13 £	(restated) Period ended 31/08/12 £
Pension obligations		
At 1 September 2012	(1,063,000)	(673,000)
Pension deficit	(140,000)	(390,000)
At 31 August 2013	<u>(1,203,000)</u>	<u>(1,063,000)</u>

The pension provision arises due to the Local Government Pension Scheme (see note 25)

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Notes to the financial statements
for the year ended 31 August 2013

18. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset funds £	(restated) Total funds £
Fund balances at 31 August 2013 as represented by				
Tangible fixed assets	-	-	4,117,061	4,117,061
Current assets	95,356	689,006	6,397	790,759
Current liabilities	-	(138,478)	-	(138,478)
Defined benefit pension provision	-	(1,203,000)	-	(1,203,000)
	<u>95,356</u>	<u>(652,472)</u>	<u>4,123,458</u>	<u>3,566,342</u>

19. Unrestricted funds

	(restated) At 1 September 2012 £	Incoming resources £	Outgoing resources £	At 31 August 2013 £
General funds	<u>67,182</u>	<u>70,286</u>	<u>(42,112)</u>	<u>95,356</u>

Purposes of unrestricted funds

These funds are for the general use of the Academy

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Notes to the financial statements
for the year ended 31 August 2013

20.	Restricted funds	<i>(restated)</i>					At 31 August 2013 £
		At 1 September 2012 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	
	Provision of education	<u>(653,859)</u>	<u>2,305,344</u>	<u>(2,241,407)</u>	<u>(7,550)</u>	<u>(55,000)</u>	<u>(652,472)</u>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

Purposes of restricted funds

The restricted funds are used directly for the provision of education. They include the pension scheme provision of £1,203,000

The reserves available for utilisation amount to £503,435 and are made up of

	Note	£
Restricted funds		(652,472)
LGPS pension provision	25	<u>1,203,000</u>
		550,528
Plus		
Unrestricted funds - school	19	61,622
Unrestricted funds - amenity account		33,734
Poole Teaching School Alliance		<u>(142,449)</u>
		<u>503,435</u>

The reserves include £142,449 which relates to the Poole Teaching School Alliance. This was under the joint control of Montacute School and Broadstone First School as at the 31 August 2013

From the 1 September 2013 Montacute School will have no controlling interest over the Poole School Teaching Alliance and the associated reserves

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Notes to the financial statements
for the year ended 31 August 2013

21. Restricted fixed asset funds	<i>(restated)</i>				At 31 August 2013 £
	At 1 September 2012 £	Incoming resources £	Outgoing resources £	Transfers £	
Restricted fixed asset fund	4,193,327	7,808	(85,227)	7,550	4,123,458

Of the capital grants received £6,397 (2012: £Nil) remains unspent at the year end

Purposes of restricted fixed asset funds

The funds are used for the purpose of buying or constructing fixed assets

22. Controlling interest

It is considered that there is no controlling party

23. Gross cash flows

	<i>(restated)</i>	
	Year ended 31/08/13 £	Period ended 31/08/12 £
Returns on investments and servicing of finance		
Interest received	573	375
Capital expenditure		
Payments to acquire tangible assets	8,962	4,967

24. Analysis of changes in net funds

	<i>(restated)</i>		
	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	498,183	185,837	684,020
Net funds	498,183	185,837	684,020

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Notes to the financial statements
for the year ended 31 August 2013

25. Pension and other post-retirement benefits

The Academy's employees belong to two principal pension schemes the Teacher's Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff Both are defined benefit schemes The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2013

Contributions amounting to £25,756 (2012 £Nil) were payable to the schemes at 31 August and are included within creditors

Teacher's Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

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The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

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Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions for the year ended 31 August 2013 were £153,000 of which employer's contributions totalled £118,000 and employees' contributions totalled £35,000. The agreed contribution rates for future years are 17.4% for employers and between 5.5% and 7.5% for employees depending on their full time equivalent salary.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The main assumptions used by the actuary were:

	2013	2012
	%	%
Rate of increase in salaries	4.90	3.90
Rate of increase in pensions in payment	2.90	1.90
Discount rate	4.70	3.90
Inflation assumption (RPI)	3.70	2.70
Inflation assumption (CPI)	2.90	1.90

Sensitivity Analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£ 000's	£ 000's	£ 000's
	+0.1%	0.0%	-0.1%
Adjustment to discount rate			
Present value of total obligation	2,220	2,287	2,356
Projected service cost	174	180	187
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	2,202	2,287	2,373
Projected service cost	172	180	188

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

	As at 31/08/13	As at 31/08/12
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 years		
Males	22.1	22.0
Females	26.0	25.9

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are

		2013		2012
	Long-term rate of return expected %	Fair Value £ 000's	Long-term rate of return expected %	Fair Value £ 000's
Equities	6.5	672	5.8	494
Government bonds	3.5	217	2.8	162
Corporate bonds	-	-	-	-
Property	4.5	87	3.8	73
Cash	0.5	54	0.5	40
Other	2.5	54	0.5	40
Total fair value of assets		1,084		809
Present value of scheme liabilities		(2,287)		(1,872)
Surplus/(Deficit) in the scheme		(1,203)		(1,063)
Related deferred tax liability		-		-
Net pension asset/(liability)		(1,203)		(1,063)

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2013 for the period to 31 August 2014). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities and property are then assumed to be a margin above gilt yields.

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Amounts recognised in the statement of financial activities:	Year ended 31/08/13 £ 000's	(restated) Period ended 31/08/12 £ 000's
Current service cost	167	116
Total operating charge	167	116
Analysis of pension costs/(income)		
Interest on obligation	77	63
Expected return on Scheme assets	(41)	(32)
Pension finance costs/(income)	36	31

Movements in the present value of defined benefit obligations were as follows:	Year ended 31/08/13 £ 000's	(restated) Period ended 31/08/12 £ 000's
Opening Defined Benefit Obligation	1,872	1,269
Service cost	167	116
Interest cost	77	63
Actuarial losses/ (gains)	136	391
Estimated benefits paid (net of transfers in)	-	-
Contributions by Scheme participants	35	33
Closing Defined Benefit Obligation	2,287	1,872

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Movements in the fair value of Academy's share of scheme assets:	(restated)
	Year ended
	31/08/13
	£ 000's
	Period ended
	31/08/12
	£ 000's
Opening fair value of Scheme assets	809
Expected return on Scheme assets	41
Actuarial gains/(losses)	81
Contributions by employer including unfunded	118
Contributions by Scheme participants	35
Estimated benefits paid (net of transfers in and including unfunded)	-
Fair value of Scheme assets at end of period	1,084
	809

The estimated value of employer contributions for the year ended 31 August 2014 is £118,000.

The history of experience adjustments is as follows:	(restated)
	Year ended
	31/08/13
	£ 000's
	Period ended
	31/08/12
	£ 000's
Defined Benefit Obligation	(2,287)
Scheme assets	1,084
Surplus/(deficit)	(1,203)
Experience adjustments on Scheme liabilities	-
Experience adjustments on Scheme assets	81
	39

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £407,000 loss (2012 £352,000 loss)

26. Company limited by guarantee

Montacute School is a company limited by guarantee and accordingly does not have share capital

Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member