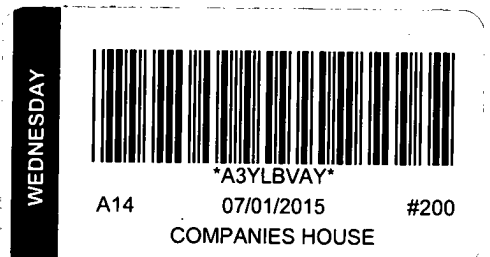


Company number: 07724780

Montacute School
(A company limited by guarantee)
Annual Report and Financial Statements
for the year ended 31 August 2014

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



Montacute School
(A company limited by guarantee)

Contents

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 8
Governance Statement	9 - 11
Statement on Regularity, Propriety and Compliance	12
Statement of Trustees' Responsibilities	13
Independent Auditors' report on the Financial Statements	14 - 15
Independent Reporting Accountant's Report on Regularity	16 - 17
Statement of Financial Activities incorporating Income & Expenditure Account	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Financial Statements incorporating: Statement of Accounting Policies, and Other Notes to the Financial Statements	21 - 40

Montacute School
(A company limited by guarantee)

Reference and Administrative Details

Company Registration Number 07724780

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

Members Sidney Carter
Stephen Butterworth
Pamela Henderson

Trustees Sidney Carter
Jill Owen * Appointed 1 September 2013
Pamela Henderson * Chair
Virginia Jewell *
Jean Joyce
Stephen Butterworth *
Karon Nougher *
Marcia Osborn
Rosemary Wallis *
Linda Creswell

* members of the finance and audit committee

Senior Leadership Team	Jill Owen	Headteacher
	Virginia Brown	Deputy Head - Resigned Easter 2014
	Ruth Payne	Assistant Head Pupil Progress
	Sarah Stobbart	Assistant Head SENCO
	Marcia Osborn	Inclusion Coordinator

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 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 2014

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates a special school for pupils aged 2 to 19 serving a catchment area in Poole, Bournemouth and East Dorset. It has a pupil capacity of 75 and had a roll of 75 in the school census in January 2014.

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 of Montacute School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Montacute School.

Details of the trustees who served during the year are included in the Reference and Administrative Details on pages 1-2.

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.

Method of Recruitment and Appointment or Election of Governors

The Members may appoint one Governor save that no more than one third of the total number of individuals appointed as Governors shall be employees of the Academy Trust (including the Headteacher).

The Headteacher shall be treated for all purposes as being an ex officio Governor.

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

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

Montacute School
(A company limited by guarantee)

Trustees' Report
for the year ended 31 August 2014

The arrangements made for the election of a Parent Governor 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 Governors

During the period 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 period consisted of a Headteacher, Deputy Head, and two Assistant Heads. The Leadership team also included the Inclusion Co-ordinator. The aim of the structure was to increase accountability and to encourage involvement in decision making at all levels. The Headteacher of the Academy is the Chief Accounting Officer.

The Leadership Team of the School is responsible for delivering the approved strategic actions of the middle term plan by the Trustees while setting up and managing the annual development priorities.

Connected Organisations including Related Party Relationships

Montacute School no longer takes a leading role in the Poole Teaching School Alliance.

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 School 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 congruent with the education and well being of the children and young people on roll.

Objectives, Strategies and Activities

The main objectives for the Trust for the year ended 31st August 2014 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 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 Headteacher in

Montacute School
(A company limited by guarantee)

Trustees' Report
for the year ended 31 August 2014

September 2013 has given new impetus to this focus. The appointment has already proved to be effective and the Headteacher has provided excellent leadership through the beginning of the building project.

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, especially during the time when the school is in the midst of a building site.

The Trustees oversaw the induction of the newly appointed Headteacher, the start of the Priority Schools Building Project for our new school, the visit by our Comenius colleagues from Europe and the appointment of Fundraising Manager to fund the much needed equipment for the new school.

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.

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.

Strategic Report

Achievements and Performance

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.

Montacute School
(A company limited by guarantee)

Trustees' Report
for the year ended 31 August 2014

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 Academy Comenius programme, which links with Schools from Ireland, Germany, Italy, Denmark and Belgium.

In the last year, the school has greatly developed its practices for measuring pupil progress through data, and in monitoring and devising intervention strategies to ensure maximum progress for individuals and groups. Within this rigorous framework, pupil progress across the school is judged to be good.

The following demonstrates that pupils have been given high quality enriching and relevant learning experiences which have promoted key qualities such as pride in achievement, and the confidence to participate within their local community. On leaving the school at 19, pupils go to local or residential colleges or have an individualized menu of activities.

- * An inclusive arts project and performance involving six partner schools from primary and secondary phases
- * A Comenius project where staff and students worked with other schools from three European countries
- * Performing a heartfelt Romeo and Juliet in the Shakespeare in Schools festival at the local Arts Centre
- * A successful ongoing work related learning partnership with the local Premier Inn

The school has recently gained a "Recognition of Commitment" towards achieving the Rights Respecting Schools award. It has also adopted Person Centred Planning to ensure that pupils get the most out of the new education, health and care planning process and that their needs and aspirations are at the centre of all we do.

Governors, Leadership, Staff and Students have worked alongside architects and builders to participate in the design of a new school, ready to move in to April 2015, to ensure that the environment in that building is used effectively for years to come to promote the learning of pupils.

Pupils have designed a new mission statement and logo, and chosen the school uniform colour to be purple in preparation for the move into the new Montacute Academy.

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.

Montacute School
(A company limited by guarantee)

Trustees' Report
for the year ended 31 August 2014

Key Financial Performance Indicators

During the year ended 31 August 2014 the total resources expended of £2,401,973 (2013: £2,368,746) was largely covered by grants from the DfE and other income, such a voluntary income, activities for generating funds and a small amount of investment income. The deficit of expenditure over income for the year was £267,186 (2013 £40,308). The operating result before actuarial losses on defined benefit pension schemes was a deficit of £221,186 (2013 surplus of £14,692).

The Academy brought forward £3,566,342 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.

Reserves Policy

The Trustees have established that reserves amounting to £108,278 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 £4,191,469 and reserves available for utilisation (excluding pension deficit) of £485,687.

Investment Policy

The Academy holds its reserves and accounts at Lloyds Bank 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.

Plans for Future Periods

The Headteacher is working with our feeder Local Authorities to ensure that each child is funded properly in a way that is commensurate with their needs and not as part of a broad banding pattern. Negotiations will continue to take place over the coming year in order to achieve this, The Academy welcomes the notion of each child receiving an entitlement but is concerned over the potential for turbulence within each year.

The commencement of the building of the new school under the Priority School Building Programme in April has required the Trustees and Leadership Team to commit substantial time to ensure that the building meets our requirements.

A new Deputy Head has been appointed and will take up her post in January 2015.

Montacute School
(A company limited by guarantee)

Trustees' Report
for the year ended 31 August 2014

Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 2 December 2014 and signed on the board's behalf by:



Pam Henderson
Chair of Trustees

Montacute School
(A company limited by guarantee)

Governance Statement
for the year ended 31 August 2014

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Montacute Academy Trust 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 Headteacher 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 Academy Trust and the Secretary of State for Education. The finance committee are 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 5 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
Pamela Henderson	5	5
Stephen Butterworth	3	5
Sidney Carter	5	5
Jean Joyce	5	5
Rosemary Wallis	4	5
Karon Nougher	5	5
Virginia Jewell	4	5
Linda Creswell	5	5
Marcia Osborn	4	5
Jill Owen	5	5
Gemma Bugler (clerk)	5	5

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:

Montacute School
(A company limited by guarantee)

Governance Statement
for the year ended 31 August 2014

Trustee	Meetings attended	Out of a possible
Karon Nougher	6	6
Rosemary Wallis	5	6
Pamela Henderson	6	6
Jill Owen	6	6
Susan Saddler *	6	6
Virginia Jewell	3	5
Steve Butterworth	4	5
Gemma Bugler (clerk)	6	6

*Attends in capacity as Finance Officer

The finance committee took on the additional function of audit committee from September 2013. The audit committee meets before each Finance Committee meeting to consider a schedule of risks to which the Trust and its business is exposed on a continuing basis. These risks areas are identified, reviewed, assessed and actioned as necessary and reported to the full Board of Trustees at their meetings. The members of the audit committee are the same as the Finance Committee.

The Trustees did not conduct an evaluation of their own effectiveness this year but will engage in such an activity every 2 years.

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 on-going process designed to

identify and prioritise the risks to the achievement of 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 was in place in Montacute

Academy Trust for the year 1 September 2013 to 31 August 2014 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 those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Montacute School
(A company limited by guarantee)

Governance Statement
for the year ended 31 August 2014

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 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 termly 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. Two visits were carried out during the year.

Review of Effectiveness

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

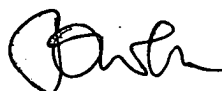
- the work of the Responsible Officer
- the work of an external accountancy adviser

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee. A plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 2 December 2014 and signed on its behalf by:



Pam Henderson
Chair of Trustees



Jill Owen
Accounting Officer

Montacute School
(A company limited by guarantee)

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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and the EFA.



Jill Owen
Accounting Officer

2 December 2014

Montacute School
(A company limited by guarantee)

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 2 December 2014 and signed on its behalf by:



Pamela Henderson
Trustee

Montacute School
(A company limited by guarantee)

**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 2014 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 Academies Accounts Direction 2013 to 2014 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 2014 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 to 2014 issued by the EFA.

Montacute School
(A company limited by guarantee)

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

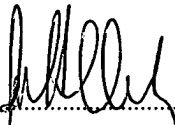
Opinion on other matter prescribed by the Companies Act 2006

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 by the academy trust; 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
Statutory Auditors

St Mary's House
Netherhampton
Salisbury
Wiltshire SP2 8PU

16th December 2014

Montacute School
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 30th June 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2014 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 Montacute School's accounting officer and the reporting accountant

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 2013, 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 to 2014. 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 2014 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 to 2014 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.

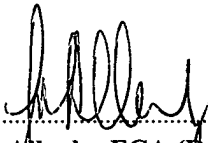
We undertook work based upon the Regularity Reporting for Academies 2011/12 Guidance as issued by the ICAEW.

Montacute School
(A company limited by guarantee)

**Independent Reporting Accountant'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 2014 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 (Reporting Accountant)
For and on behalf of Clifford Fry & Co. LLP
Chartered Accountants and
Statutory Auditors

St Mary's House
Netherhampton
Salisbury
Wiltshire
SP2 8PU

16th December 2014

Montacute School
(A company limited by guarantee)
Statement of Financial Activities
(including Income and Expenditure Account)

For the year ended 31 August 2014

		Unrestricted	Restricted	Restricted	2014	2013
	Notes	funds	funds	Fixed Asset	Total	Total
		£	£	funds	£	£
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	4,963	36,236	-	41,199	37,136
Activities for generating funds	3	34,608	25,673	-	60,281	64,234
Investment income	4	599	-	-	599	573
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	5	-	2,072,210	6,498	2,078,708	2,281,495
Total incoming resources		<u>40,170</u>	<u>2,134,119</u>	<u>6,498</u>	<u>2,180,787</u>	<u>2,383,438</u>
Resources expended						
<i>Cost of generating funds:</i>						
Cost of generating voluntary income:	6	53,072	189	-	53,261	35,619
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	2,248,855	89,509	2,338,364	2,323,356
<i>Governance costs</i>	8	-	10,348	-	10,348	9,771
Total resources expended	6	<u>53,072</u>	<u>2,259,392</u>	<u>89,509</u>	<u>2,401,973</u>	<u>2,368,746</u>
Net incoming resources before transfers		(12,902)	(125,273)	(83,011)	(221,186)	14,692
Transfer between funds	16	(1,695)	(149,327)	151,022	-	-
Net income/(expenditure) for the year		<u>(14,597)</u>	<u>(274,600)</u>	<u>68,011</u>	<u>(221,186)</u>	<u>14,692</u>
Other recognised gains and losses						
Actuarial loss on defined benefit pension schemes	20	-	(46,000)	-	(46,000)	(55,000)
Net movement in funds		<u>(14,597)</u>	<u>(320,600)</u>	<u>68,011</u>	<u>(267,186)</u>	<u>(40,308)</u>
Reconciliation of funds						
Total funds brought forward at 1 September 2013	16	95,356	(652,472)	4,123,458	3,566,342	2,247,333
Prior year adjustment		-	-	-	-	1,359,317
Total funds carried forward at 31 August 2014		<u>80,759</u>	<u>(973,072)</u>	<u>4,191,469</u>	<u>3,299,156</u>	<u>3,566,342</u>

All of the academy's activities derive from continuing operations during the above two financial periods.

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 2014

	Notes	2014 £	£	2013 £	£
Fixed assets					
Tangible assets	12		4,178,574		4,117,061
Current assets					
Debtors	13	125,041		106,739	
Cash at bank and in hand		478,069		684,020	
		<u>603,110</u>		<u>790,759</u>	
Creditors: amounts falling due within one year	14	<u>(104,528)</u>		<u>(138,478)</u>	
Net current assets			<u>498,582</u>		<u>652,281</u>
Total assets less current liabilities			4,677,156		4,769,342
Pension scheme liability	20		<u>(1,378,000)</u>		<u>(1,203,000)</u>
Net assets including pension liability			<u>3,299,156</u>		<u>3,566,342</u>
Funds of the academy trust					
Restricted Fixed Asset fund	16		4,191,469		4,123,458
Restricted General fund	16		404,928		550,528
Pension Reserve	16		(1,378,000)		(1,203,000)
Unrestricted income funds	16		80,759		95,356
			<u>3,299,156</u>		<u>3,566,342</u>

The financial statements were approved by the trustees, and authorised for issue on 2 December 2014 and are signed on its behalf by:



.....
Pamela Henderson
Chair of Trustees

Registration number 07724780

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

Montacute School
(A company limited by guarantee)

Cash flow statement
for the year ended 31 August 2014

	Notes	2014 £	2013 £
Net (outgoing)/incoming resources for the year		(221,186)	14,692
Interest receivable		(599)	(573)
Depreciation and impairment		89,509	85,228
(Increase) in debtors		(18,302)	(53,832)
(Decrease)/increase in creditors		(33,950)	63,711
Pension finance costs		129,000	85,000
Net cash from operating activities		<u>(55,528)</u>	<u>194,226</u>
Returns on investments and servicing of finance	18	599	573
Capital expenditure	18	(151,022)	(8,962)
(Decrease)/increase in cash in the year		<u><u>(205,951)</u></u>	<u><u>185,837</u></u>
Reconciliation of net cash flow to movement in net funds	19		
(Decrease)/increase in cash in the year		(205,951)	185,837
Net funds at 1 September 2013		<u>684,020</u>	<u>498,183</u>
Net funds at 31 August 2014		<u><u>478,069</u></u>	<u><u>684,020</u></u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

1. Accounting policies

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

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 2013 to 2014 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.

- Grants Receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- Voluntary Income

Voluntary income includes private donations and is accounted for when receivable and when there is certainty of receipt.

- Activities for generating funds

Activities for generating funds includes catering, facilities and commensurate income. They are accounted for when receivable and to the extent that the goods have been provided or service completed.

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

1.4. Resources expended

Expenditure is recognised in the period in which a liability is incurred, and has been classified under headings that aggregate all costs related to that category. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

- Costs of Generating Funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- Charitable Activities

These are costs incurred on the academy trust's educational operations.

- Governance Costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit.

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

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
Computer 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.

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

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 20, 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

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Total donations	4,963	36,236	41,199	37,136
	<u>4,963</u>	<u>36,236</u>	<u>41,199</u>	<u>37,136</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

3. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2014 Total £	2013 Total £
Other income	12,342	25,673	38,015	41,963
Catering income	15,112	-	15,112	14,085
Reimbursements and facilities income	7,154	-	7,154	8,186
	<u>34,608</u>	<u>25,673</u>	<u>60,281</u>	<u>64,234</u>

4. Investment income

	Unrestricted funds £	2014 Total £	2013 Total £
Bank interest receivable	599	599	573
	<u>599</u>	<u>599</u>	<u>573</u>

5. Funding for the Academy Trust's Educational Operations

	Restricted funds £	Fixed asset funds £	2014 Total £	2013 Total £
DfE/EFA revenue grants				
General Annual Grant (GAG)	836,286	-	836,286	1,505,966
Capital Grants	-	6,498	6,498	7,808
Other DfE/EFA Grants	45,468	-	45,468	44,641
	<u>881,754</u>	<u>6,498</u>	<u>888,252</u>	<u>1,558,415</u>
Other government grants				
Local authority grants	1,169,482	-	1,169,482	513,149
Poole Teaching School Alliance	20,974	-	20,974	209,931
	<u>1,190,456</u>	<u>-</u>	<u>1,190,456</u>	<u>723,080</u>
	<u>2,072,210</u>	<u>6,498</u>	<u>2,078,708</u>	<u>2,281,495</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

6. Resources expended

	Non Pay Expenditure			2014	2013
	Staff Costs £	Premises £	Other £	Total £	Total £
Cost of generating voluntary income:	-	-	16,470	16,470	35,619
Cost of activities for generating funds	16,652	-	20,139	36,791	-
Academy's educational operations:					
Direct costs	1,517,005	89,509	249,140	1,855,654	1,859,828
Allocated support costs	359,349	77,328	46,033	482,710	463,528
	<u>1,893,006</u>	<u>166,837</u>	<u>331,782</u>	<u>2,391,625</u>	<u>2,358,975</u>
Governance costs	-	-	10,348	10,348	9,771
	<u>1,893,006</u>	<u>166,837</u>	<u>342,130</u>	<u>2,401,973</u>	<u>2,368,746</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

7. Charitable Activities

	2014	2013
	Total	Total
	£	£
Direct costs - educational operations		
Teaching and educational support staff	1,517,005	1,573,352
Depreciation	89,509	85,228
Technology costs	4,994	-
Educational supplies	15,264	4,376
Security and transport	-	1,564
Staff development	15,769	-
Educational consultancy	19,603	-
Other direct costs	193,510	44,595
Poole teaching school alliance	-	150,713
	<u>1,855,654</u>	<u>1,859,828</u>
	Total	Total
	2014	2013
	£	£
Support costs - educational operations		
Support staff costs	359,349	224,417
Technology costs	4,315	-
Maintenance of premises and equipment	11,032	19,978
Cleaning	7,163	-
Rent and rates	9,222	9,404
Energy costs	31,926	34,162
Insurance	17,985	16,831
Security and transport	10,311	8,295
Professional fees	-	15,014
Telephone	-	5,577
Other support costs	29,661	44,850
Recruitment and support	1,746	-
Finance costs - Defined benefit scheme	-	85,000
	<u>482,710</u>	<u>463,528</u>
Total direct and support costs	<u>2,338,364</u>	<u>2,323,356</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

8. Governance costs

	2014	2013
	Total	Total
	£	£
Bank charges	52	45
Accountancy fees	4,346	4,801
Auditor remuneration - audit fee	3,750	3,750
Auditor remuneration - other fees	1,450	1,175
Professional fees	750	-
	<u>10,348</u>	<u>9,771</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

9. Staff

Staff costs

	2014	2013
	£	£
Staff costs during the period were:		
Wages and salaries	1,392,104	1,462,282
Social security costs	83,071	93,310
Pension costs	338,064	289,690
	<u>1,813,239</u>	<u>1,845,282</u>
Supply staff costs	79,767	37,487
	<u><u>1,893,006</u></u>	<u><u>1,882,769</u></u>

Higher paid staff

The number of employees (excluding the non teacher trustees) whose emoluments exceeded £60,000 during the year was:

	2014	2013
	Number	Number
£60,001 to £70,000	-	1
£70,001 to £80,000	<u>1</u>	<u>-</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employers' pension contributions for this member of staff amounted to £10,361 (2013 : £9,768).

Staff numbers

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:

	2014	2013
	Number	Number
Charitable Activities		
Teaching Staff	11	12
Administration and Support Staff	43	44
Management	<u>7</u>	<u>7</u>
	<u><u>61</u></u>	<u><u>63</u></u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

10. Related Party Transactions - 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, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

Jill Owen	£70,000 to £75,000 (2013: £nil)
Marcia Osborn	£25,000 to £30,000 (2013: £20,000 to £25,000)
Linda Creswell	£20,000 to £25,000 (2013: £20,000 to £25,000)

During the year ended ended 31 August 2014, travel and subsistence expenses totalling £425 (2013: £227) were reimbursed to 2 trustees (2013: 1 trustee).

Other related party transactions involving the trustees are set out in note 21.

11. 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.

Montacute School
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2014**

12. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2013	4,224,422	15,989	31,935	6,835	4,279,181
Additions	142,972	8,050	-	-	151,022
At 31 August 2014	<u>4,367,394</u>	<u>24,039</u>	<u>31,935</u>	<u>6,835</u>	<u>4,430,203</u>
Depreciation					
At 1 September 2013	140,834	3,364	15,302	2,620	162,120
Charge for the year	76,339	2,968	7,984	2,218	89,509
At 31 August 2014	<u>217,173</u>	<u>6,332</u>	<u>23,286</u>	<u>4,838</u>	<u>251,629</u>
Net book values					
At 31 August 2014	<u>4,150,221</u>	<u>17,707</u>	<u>8,649</u>	<u>1,997</u>	<u>4,178,574</u>
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>

The land and buildings were valued by independent valuers, 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.

13. Debtors	2014 £	2013 £
Trade debtors	81,510	70,666
Other debtors	11,991	14,271
Prepayments	31,540	21,802
	<u>125,041</u>	<u>106,739</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

14. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	19,028	28,624
Taxes and social security creditor	22,022	26,427
Other creditors	30,457	25,757
Accruals and deferred income	33,021	57,670
	<u>104,528</u>	<u>138,478</u>

Deferred income

	2014	2013
	£	£
Deferred income at 1 September 2013	16,973	27,865
Resources deferred in the year	19,205	16,973
Amounts released from previous years	(16,973)	(27,865)
Deferred income at 31 August 2014	<u>19,205</u>	<u>16,973</u>

At the balance sheet date the academy was holding funds received in advance for an Insurance Reimbursement, Comenius Grant and an Infants Free School Meals Grant.

15. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Total funds
	£	£	£	£
Fund balances at 31 August 2014 as represented by:				
Tangible fixed assets	-	-	4,178,574	4,178,574
Current assets	80,759	509,456	12,895	603,110
Current liabilities	-	(104,528)	-	(104,528)
Defined benefit pension provision	-	(1,378,000)	-	(1,378,000)
	<u>80,759</u>	<u>(973,072)</u>	<u>4,191,469</u>	<u>3,299,156</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

16. Funds

	Balance at 1 September 2013 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balance at 31 August 2014 £
Unrestricted funds						
General funds	28,657	35,207	(49,470)	-	-	14,394
Amenity	66,699	4,963	(3,602)	(1,695)	-	66,365
Total unrestricted funds	95,356	40,170	(53,072)	(1,695)	-	80,759
Restricted general funds						
General Annual Grant (GAG)	397,829	836,286	(737,025)	(145,532)	-	351,558
Other DfE/EFA grants	-	45,468	(38,267)	-	-	7,201
Other government grants	-	1,169,482	(1,169,482)	-	-	-
Monty's Appeal	250	36,236	(189)	(3,795)	-	32,502
Amenity	10,000	-	(9,960)	-	-	40
PTSA	142,449	7,474	(149,923)	-	-	-
SEND	-	13,500	(10,000)	-	-	3,500
Other restricted income	-	25,673	15,546	-	-	10,127
Pension reserve	(1,203,000)	-	(129,000)	-	(46,000)	(1,378,000)
	(652,472)	2,134,119	(2,259,392)	(149,327)	(46,000)	(973,072)
Restricted fixed asset funds						
Restricted fixed asset fund	4,117,061	-	(89,509)	151,022	-	4,178,574
Devolved Formula Capital	6,397	6,498	-	-	-	12,895
	4,123,458	6,498	(89,509)	151,022	-	4,191,469
Total restricted funds	3,470,986	2,140,617	(2,348,901)	1,695	(46,000)	3,218,397
Total funds	3,566,342	2,180,787	(2,401,973)	-	(46,000)	3,299,156

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 2014.

Purposes of the funds:

Unrestricted funds

These funds are for the general use of the Academy.

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

Restricted general funds

The restricted funds are used directly for the provision of education. They include the pension scheme provision of £1,378,000.

The reserves available for utilisation amount to £485,687 and are made up of:-

	£
Restricted funds	(973,072)
LGPS pension provision	1,378,000
	<u>404,928</u>
Plus: Unrestricted funds	80,759
	<u><u>485,687</u></u>

Restricted fixed asset funds

The funds are used for the purpose of buying or constructing fixed assets and include unspent capital grants of £12,895.

The transfers between funds represent tangible fixed assets purchased during the year out of non capital grants.

17. Controlling interest

It is considered that there is no controlling party.

18. Gross cash flows

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	599	573
	<u>599</u>	<u>573</u>
Capital expenditure		
Payments to acquire tangible assets	151,022	8,962
	<u>151,022</u>	<u>8,962</u>

19. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	684,020	(205,951)	478,069
Net funds	<u>684,020</u>	<u>(205,951)</u>	<u>478,069</u>

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

20. 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, which is managed by Dorset County Pension Fund. 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 March 2013.

Contributions amounting to £24,604 (2013: £25,756) 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The 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 contribution made for the year ended 31 August 2014 was £157,000, of which employers contributions totalled £120,000 and employees contributions totalled £37,000. The agreed contribution rates for future years are 17.4% for employers and between 5.5% and 12.5% for employees.

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

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

Principal Actuarial Assumptions

	2014	2013
	%	%
Rate of increase in salaries	4.10	4.90
Rate of increase in pensions in payment inflation	2.60	2.90
Discount rate for scheme liabilities	3.90	4.70
Inflation assumption (RPI)	3.40	3.70
Inflation assumption (CPI)	2.60	2.90

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
Adjustment to discount rate	+0.1%	+0.0%	-0.1%
Present Value of Total Obligations	2,505	2,558	2,612
Projected Service Cost	176	180	184
Adjustment to long term salary increase	+0.1%	+0.0%	-0.1%
Present Value of Total Obligations	2,567	2,558	2,549
Projected Service Cost	180	180	180
Adjustment to pension increases and deferred revaluation	+0.1%	+0.0%	-0.1%
Present Value of Total Obligations	2,603	2,558	2,514
Projected Service Cost	184	180	176
Adjustment to mortality age rating assumption	+ 1 Year	None	- 1 Year
Present Value of Total Obligations	2,470	2,558	2,647
Projected Service Cost	174	180	186

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

	As at 31/08/14	As at 31/08/13
Retiring today:		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years:		
Males	24.9	22.1
Females	27.4	26.0

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

The academy's share of the assets and liabilities in the schemes and the expected rate of return were:

	Expected return at 31/08/14 %	Fair value at 31/08/14 £ 000's	Expected return at 31/08/13 %	Fair value at 31/08/13 £ 000's
Equities	6.9	643	6.5	672
Gilts	3.0	236	3.5	217
Alternative Assets	6.9	57	-	-
Property	5.9	108	4.5	87
Cash	2.9	109	0.5	54
Absolute Return Portfolio	6.9	27	2.5	54
Total market value of assets		1,180		1,084
Present value of scheme liabilities - Funded		(2,558)		(2,287)
Deficit in the scheme		(1,378)		(1,203)
Net pension asset/(liability)		(1,378)		(1,203)

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 2014) for the period to 31 August 2015. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields. We have adopted the above expected returns in line with the returns adopted as part of the 2013 actuarial valuation.

The actual return on scheme assets was £142,000 (2013: £121,000).

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

Amounts recognised in the statement of financial activities:

	2014 £ 000's	2013 £ 000's
Current service cost (net of employee contributions)	(197)	(167)
Total operating charge	(197)	(167)

Analysis of pension finance income/(costs):

Interest on pension liabilities	(113)	(77)
Expected return on pension scheme assets	61	41
Pension finance income/(costs)	(52)	(36)

The actuarial gains and losses for the current period 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 £453,000 loss (2013: £407,000 loss).

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

	2014 £ 000's	2013 £ 000's
Opening Defined Benefit Obligation	2,287	1,872
Service cost	197	167
Interest cost	113	77
Actuarial losses/ (gains)	(75)	136
Estimated benefits paid (net of transfers in)	(1)	-
Contributions by Scheme participants	37	35
Closing Defined Benefit Obligation at 31 August 2014	2,558	2,287

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

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

	2014	2013
	£ 000's	£ 000's
Opening fair value of Scheme assets	1,084	809
Expected return on Scheme assets	61	41
Actuarial gains/(losses)	(121)	81
Employer contributions including unfunded	120	118
Employee contributions	37	35
Estimated benefits paid (net of transfers in and including unfunded)	(1)	-
Fair value of Scheme assets at 31 August 2014	<u>1,180</u>	<u>1,084</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £111,000.

The five year history of experience adjustments is as follows:

	2014	2013	2012	2011
	£ 000's	£ 000's	£ 000's	£ 000's
Defined benefit obligation	(2,558)	(2,287)	(1,872)	(1,269)
Fund assets	1,180	1,084	809	596
Surplus/(deficit) in the scheme	<u>(1,378)</u>	<u>(1,203)</u>	<u>(1,063)</u>	<u>(673)</u>
Experience adjustments on Fund liabilities	306	-	-	-
Experience adjustments on Fund assets	(121)	81	39	-

21. Related party transactions

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

No related party transactions took place in the period of account.

Montacute School
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2014

22. 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.