

The Milford Academy

Registered number: 08163499

Governors report and financial statements

For the year ended 31 August 2015

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THE MILFORD ACADEMY
(A company limited by guarantee)

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THE MILFORD ACADEMY
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/
TRUSTEES AND ADVISERS**
FOR THE YEAR ENDED 31 AUGUST 2015

Members	Mr James Strawbridge Mrs Claire Smith (resigned 29 November 2014)
Trustees	Mrs Louise Butler Mrs Charlotte Foote Mrs Tarnia Janisse Mr Dominic Wagner Mrs Claire Smith (resigned 29 November 2014) Mr James Strawbridge Mr David Lloyd (resigned 24 November 2014) Mr Matthew Cooke Mr David Dickinson (appointed 11 June 2015)
Company registered number	08163499
Registered office	The Milford Academy Dungannon Road Clifton Estate Nottingham Nottinghamshire NG11 9BT
Company secretary	Mrs Theresa Walters
Senior management team	Dominic Wagner, Headteacher Violet Grinnell, Deputy Headteacher Sally Simons, Head of Foundation Naomi Atamanluk, KS1 Manager Helen Richardson, KS2 Manager Louise Butler, Achievement Manager Theresa Walters, School Business Manager

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/
TRUSTEES AND ADVISERS**
FOR THE YEAR ENDED 31 AUGUST 2015

Administrative details (continued)

Independent auditors Mazars LLP
Chartered Accountants
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Bankers Lloyds Bank
Old Market Square
Nottingham
NG1 6FD

Solicitors Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

THE MILFORD ACADEMY

(A company limited by guarantee)

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

The Governors present their annual report together with financial statements and Auditors' report of The Milford Academy (the academy) for the year 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area on The Clifton Estate. It is working towards a pupil capacity of 420 and has a current roll of 418 as at the school census on 1st October, 2015.

Structure, governance and management

a. 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 governors of The Milford Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Milford Academy.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

b. 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.

c. GOVERNORS' INDEMNITIES

For the Financial Year 2014 2015, the Governors have liability Insurance with RPA/ Gallagher Bassett effective date 1st September 2014. There is a limit of Indemnity of £5,000,000.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the Academy is the responsibility of the Governors who are elected and co opted under the terms of the Articles of Association.

Governors are generally elected via ballot of represented parties – i.e. all parents of pupils at school vote for the parent representative, staff for staff representative, etc. Community governors are co opted by the governing body.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

All elected governors are initially inducted via meetings with the Headteacher and the Chair of Governors. All new governors are provided with induction training (generally sourced via Nottingham City LA Governors' section). Governors are provided with on going training throughout their role.

f. ORGANISATIONAL STRUCTURE

The Milford Academy is led by the Head Teacher, Mr Dom Magner and in his absence, the Deputy Head V Grinnell. They are responsible for the day to day running of the Academy and ensuring that standards are maintained and improved in areas such as Pupil Progress and Attainment, Teaching Standards, Child

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GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

Protection, Safeguarding, Health and Safety. They also ensure that the priorities of the School Development Plan, agreed with the Academy Board, are delivered, monitored and reviewed with the support of the SMT. They are also responsible alongside the Bursar for financial management and planning, ensuring the maintenance of an effective budget that delivers on all the requirements of a school while applying principles of financial prudence.

The Academy Board are responsible for agreeing any individual financial spend of over £5,000 and hold the Senior Managers to account for all the strategic decisions of the school, the progress and attainment of pupils, Child Protection and Safeguarding, Health and Safety and the Performance Management of all the staff including the Head Teacher.

The Accounting Officer role is to ensure that all financial regulations and requirements are met and that all Auditing Procedures are followed and any subsequent recommendations relating to these processes are acted upon with the appropriate timescale and reported to the Academy Board.

This is a larger than average sized primary school with around 354 pupils in Reception to Yr 6, a further 52 in Nursery and 16 in the 2 year old pilot. The school is popular with a good reputation. The roll is steadily increasing with an anticipated move to two form entry throughout the Academy by 2019.

The school is managed by The Academy Board, made up of 3 parent governors, 2 staff governors, 1 community governor and 1 co opted Governor. There are 2 sub committees; Academy Business and Academy Development.

All Governors are Directors.

g. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Milford Academy is not connected to any other parties. However, it is an active member of the Nottingham Learning Trust.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object and activity of the charitable company is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

In addition, to promote for the benefit of individuals living on The Clifton Estate and 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 recreating 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.

In accordance with the articles of association, the charitable company has entered into a relevant funding agreement with the Secretary of State. The funding agreements specify, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced.

The main objects / aims of the trust during the period ended 31 August 2015 are summarised below:

- Successfully manage the reroofing of the school and associated works
- Establish the 2 year old pilot project in school ensuring appropriate accommodation and staffing for the Project.
- Raise attainment in the EYFSP and KS1.

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GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

- Improve progress and attainment of pupils while ensuring the spending of the Pupil Premium is having an evidenced positive impact.
- Ensure the school site and environment continues to develop to meet the needs of the anticipated 420 pupils nursery children in 2019.
- Monitor the effectiveness of our new Behavioural Policy and ensure low-level disruption in school is minimal.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

1. Remodel and extend the Reception Year Learning Environments to enable the Academy to continue to narrow the gap to National standards for the EYFSP outcomes.
2. Create a Library and associated resources to raise standards in Reading throughout the school, respond to raised national expectations and ensure an increasing percentage of children are 'Secondary ready' in this key curriculum area.
3. Significantly narrow the gap to national standards in the Year 1 phonics.
4. Ensure appropriate School Development focus on the performance of girls to narrow progress and attainment gaps while supporting their confidence, resilience and full engagement with learning.
5. Explore potential Academy partnership opportunities to sustain progress and improvement at Milford and in the local community of schools.

c. PUBLIC BENEFIT

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commissions general guidelines in public benefit.

Strategic report

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

Staffing costs for the Academy as a percentage of total income was 64.02% (2014: 65.43%).

Agency staff costs as a percentage of total staff costs was 1.08% (2014: 1.17%).

Repairs & maintenance costs as a percentage of total costs was 9.58% (2014: 8.50%).

The Academy is currently judged as GOOD by OFSTED and our Self Evaluation judgement is GOOD, supported by the "Governor Dashboard" which highlights the upward trend by the Academy.

Our academic performance is encouraging with good progress at EYFS, an upward trend maintained over recent years in results at Key Stage One and good progress with good attainment at Key Stage Two.

The pupil performance at the end of KS2 in Grammar, Punctuation and Spelling was Outstanding.

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GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

Our Key Stage 1 data is as follows:

Attainment at Key Stage 1					
2015					
Percentage Of Pupils Attaining Or Surpassing a Level By Subject					
	L1+	L2C+	L2B+	L2A+	L3+
Reading	100	98	82	44	18
Writing	100	91	71	18	7
Maths	100	98	82	53	24

b. GOING CONCERN

After making appropriate enquiries, the board of Governors has a reasonable expectation that the academy 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 Accounting Policies.

Financial review

a. FINANCIAL REVIEW

Our income for the year was £2,564,141 with a surplus of £234,590 before actuarial movements. The principal source of funding for the Academy is of course the GAG though the Academy has been able to source successfully significant additional funding to contribute to the infrastructure of the building. This is enabling the Academy to develop an energy efficient, sustainable and attractive modern environment for learning. The local community has confidence in the Academy demonstrated by the increasing number of pupils who attend every year. The Academy accounts are audited yearly by Mazars to ensure the Academy is meeting all financial regulations and requirements and spending its' funding in an efficient and effective manner. The Academy can demonstrate an improving infrastructure and rising standards of Progress and Attainment.

b. RESERVES POLICY

The Academy is fully aware of the need to invest in the education of the children currently at the Academy and the building infrastructure that accommodates them. Nevertheless it is recognised that prudent finance requires significant reserves to meet all our financial commitments (e.g. staffing costs) at the appropriate time, healthy cash flow and the ability to respond effectively to significant incident should one occur. Therefore the Academy aims for a 10% reserve of income at all times of the year where possible and works with the Academy Board to achieve this. This figure remains the subject of review throughout the year as the Academy aims to meet all of its objectives. Currently there are no funds in deficit apart from the deficit of £901,000 which relates to the local government pension scheme. There are plans in place to manage this as per external actuary guidance.

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GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

c. INVESTMENTS POLICY

The Academy does not have any investments.

d. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks for the Academy during the next few years are the reduction in students in the Academy's 'normal area' and any changes to the funding formula. The Academy closely monitors applications for places and model the financial implications of any trends.

The major risks to which The Academy is exposed, as identified by the governors, have been reviewed, and systems and procedures have been established to mitigate those risks.

Plans for future periods

a. FUTURE DEVELOPMENTS

The aim of the Academy is to become an Outstanding school and the Academy Board have a clear understanding of how this can be achieved.

There is further work to be done to ensure that every learning environment fully meets the needs of all the pupils and provides the best opportunity for every pupil to reach their potential.

Effective financial planning must be maintained at a time of economical challenge to ensure there is appropriate staffing to continue to raise progress and attainment and sufficient funding to invest in the infrastructure of The Academy.

Our 2015 School Development Plan needs to be implemented effectively to ensure that all the Key Indicators throughout school can be judged GOOD and then continue to progress towards OUTSTANDING.

The Academy also needs to implement the new national curriculum and Assessment Without Levels effectively.

Seek further economies of scale savings where possible and explore energy saving proposals like Solar panels on the roof.

Explore new partnership models to support progress within the Academy and in the local community.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are no assets / arrangements for safe custody and segregation.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

DISCLOSURE OF INFORMATION TO AUDITORS

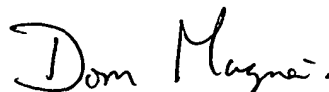
Insofar as the governors are aware:

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

This report, incorporating the Strategic report, was approved by order of the board of governors, as the company directors, on 11/12/15 and signed on the board's behalf by:



Mr David Dickinson
Chair of Governors



THE MILFORD ACADEMY

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that The Milford Academy 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 Governors 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 The Milford Academy and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The board of Governors has formally met 6 times during the year. Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr James Strawbridge	0	0
Mrs Claire Smith	0	0
Mrs Louise Butler	6	6
Mrs Charlotte Foote	6	6
Mrs Tarnia Janisse	6	6
Mr Dominic Magner	6	6
Mrs Claire Smith	6	6
Mr James Strawbridge	6	6
Mr David Lloyd	0	0
Mr Matthew Cooke	5	6
Mr David Dickinson	2	2

Our last external review of Governance was carried out by the Governors section at Nottingham City Council in September 2015. All areas of Governance were assessed as being sound with identified areas of strength in terms of overall effectiveness.

The identified areas for development include the clear definition of key roles, a tighter schedule for the working year and the use of Key Performance indicators, targets and milestones against the development priorities.

Governance reviews:

Finance and General Purposes committee:

All members of the Governing Body would be members of this committee.

The committee has delegated authority as follows:

1. To assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.
2. To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As accounting officer, the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Academy can demonstrate value for money in the last year by working with partners to secure additional and external funding to support there-roofing of the school, the 2 year old pilot project and the resourcing of the Library. During this year the infrastructure of the site has seen considerable improvements at the same time as significant progress in attainment at the EYFSP, KS1 and many areas of KS2

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 academy 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 The Milford Academy for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

THE RISK AND CONTROL FRAMEWORK

The academy'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 Governors;
- 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Ann Ross, Nottingham City Council, a , as responsible officer.

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GOVERNANCE STATEMENT (continued)

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- Sample of purchase invoices - ensuring value for money, order raised and authorisation
- A sample of income transactions - ensuring adequate documentation, banking promptly and in full
- A sample of additional payments (staffing) - ensuring authorisation
- Petty cash transactions - ensuring supporting receipts, authorisation and periodic checks of petty cash balance
- Register of Pecuniary Interest is current

On a termly basis, the Responsible Officer reports to the board of Governors on the operation of the systems of control and on the discharge of the board of Governors' financial responsibilities.

REVIEW OF EFFECTIVENESS

As accounting officer, the Select applicable officer 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 internal finance review;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Governors on 11/12/15 and signed on its behalf, by:



Mr David Dickinson
Chair of Governors



Mr Dominic Magner
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Milford Academy I have considered my responsibility to notify the academy board of Governors 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 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 board of Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy'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 Governors and EFA.

Dom Magner

Mr Dominic Magner
Accounting Officer

Date: 11.12.15

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GOVERNORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report (including the Strategic 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (2005);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping 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 Governors 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Governors on 11.12.15 and signed on its behalf by:



Mr David Dickinson
Chair of Governors



THE MILFORD ACADEMY

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MILFORD ACADEMY

We have audited the financial statements of The Milford Academy for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' Responsibilities Statement set out on page 13, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the governors as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON THE OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

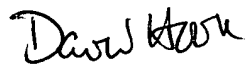
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MILFORD ACADEMY

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 11/12/15

THE MILFORD ACADEMY

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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY OF THE MILFORD ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Milford Academy during the year 1 September 2014 to 31 August 2015 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 The Milford Academy and the EFA in accordance with the terms of our engagement letter dated 21 September 2015. Our work has been undertaken so that we might state to The Milford Academy 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 Milford Academy and the EFA, for our review work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MILFORD ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Milford Academy's funding agreement with the Secretary of State for Education dated 27 July 2012, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 1 September 2014 to 31 August 2015 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 2014 to 2015 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.

A summary of the work we have undertaken is as follows

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO THE GOVERNING BODY OF THE MILFORD ACADEMY AND THE EDUCATION
FUNDING AGENCY (continued)**

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 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 11/12/15

THE MILFORD ACADEMY
(A company limited by guarantee)

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

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	16,869	-	-	16,869	-
Activities for generating funds	3	-	195,331	-	195,331	147,576
Investment income	4	504	-	-	504	384
Incoming resources from charitable activities	5	-	2,045,236	306,201	2,351,437	1,993,370
TOTAL INCOMING RESOURCES		17,373	2,240,567	306,201	2,564,141	2,141,330
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs	6,7,8	-	90,726	-	90,726	36,445
Charitable activities		-	2,145,841	68,443	2,214,284	1,885,378
Governance costs	9	-	24,541	-	24,541	36,434
TOTAL RESOURCES EXPENDED		-	2,261,108	68,443	2,329,551	1,958,257
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		17,373	(20,541)	237,758	234,590	183,073
Transfers between Funds	18	-	(1,722)	1,722	-	-
NET INCOME FOR THE YEAR		17,373	(22,263)	239,480	234,590	183,073
Actuarial gains and losses on defined benefit pension schemes		-	6,000	-	6,000	(108,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		17,373	(16,263)	239,480	240,590	75,073
Total funds at 1 September 2014		169,025	(734,193)	3,543,468	2,978,300	2,903,227
TOTAL FUNDS AT 31 AUGUST 2015		186,398	(750,456)	3,782,948	3,218,890	2,978,300

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

The notes on pages 21 to 38 form part of these financial statements.

THE MILFORD ACADEMY

Registered number: 08163499

(A company limited by guarantee)

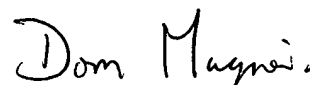
BALANCE SHEET

AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		3,782,948		3,423,622
CURRENT ASSETS					
Stocks	15	2,612		4,734	
Debtors	16	146,898		123,043	
Cash at bank		343,031		416,830	
			<u>492,541</u>	<u>544,607</u>	
CREDITORS: amounts falling due within one year	17	(155,599)		(141,929)	
NET CURRENT ASSETS			336,942		402,678
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,119,890</u>		<u>3,826,300</u>
Defined benefit pension scheme liability	23		(901,000)		(848,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>3,218,890</u>		<u>2,978,300</u>
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	18	150,544		113,807	
Restricted fixed asset funds	18	3,782,948		3,543,468	
			<u>3,933,492</u>	<u>3,657,275</u>	
Restricted funds excluding pension liability					
Pension reserve		(901,000)		(848,000)	
			<u>3,032,492</u>	<u>2,809,275</u>	
Total restricted funds					2,809,275
Unrestricted funds	18		186,398		169,025
TOTAL FUNDS			<u>3,218,890</u>		<u>2,978,300</u>

The financial statements were approved by the Governors, and authorised for issue, on 11/12/15 and are signed on their behalf, by:


Mr David Dickinson
Chair of Governors


Dom Maguire

The notes on pages 21 to 38 form part of these financial statements.

THE MILFORD ACADEMY
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	20	47,265	191,040
Returns on investments and servicing of finance	21	504	384
Capital expenditure	21	(121,568)	(120,996)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(73,799)	70,428

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(73,799)	70,428
MOVEMENT IN NET FUNDS IN THE YEAR	(73,799)	70,428
Net funds at 1 September 2014	416,830	346,402
NET FUNDS AT 31 AUGUST 2015	343,031	416,830

The notes on pages 21 to 38 form part of these financial statements.

THE MILFORD ACADEMY

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors 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 included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

THE MILFORD ACADEMY

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 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 are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on leasehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% Straight line
Fixtures and fittings	-	12.5% Straight line
Computer equipment	-	33.33% Straight line

THE MILFORD ACADEMY

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

1. ACCOUNTING POLICIES (continued)

1.6 Leased assets

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Taxation

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

1.9 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

THE MILFORD ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 Fund accounting

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

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

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

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	16,869	-	16,869	-

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Academy trips	-	15,620	15,620	3,401
Sundry income	-	154,443	154,443	137,367
Insurance	-	25,268	25,268	6,808
	-	195,331	195,331	147,576

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	504	-	504	384

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
General Annual Grant (GAG)	-	1,456,915	1,456,915	1,513,005
Capital grants	-	306,201	306,201	141,904
Other DfE/EFA grants	-	249,154	249,154	190,829
	-	2,012,270	2,012,270	1,845,738
Other government grants				
Local authority grants	-	339,167	339,167	147,632
	-	339,167	339,167	147,632
	-	2,351,437	2,351,437	1,993,370

6. Resources expended

	Staff costs £	Premises £	Other costs £	Total 2015 £	Total 2014 £
Costs of activities for generating funds	26,242	-	64,484	90,726	36,445
- Direct costs	1,237,845	51,401	82,471	1,371,717	1,227,846
- Allocated support costs	377,553	286,411	178,603	842,567	657,532
Sub total	1,641,640	337,812	325,558	2,305,010	1,921,823
Governance costs including allocated support costs	-	-	24,541	24,541	36,434
Total	1,641,640	337,812	350,099	2,329,551	1,958,257

THE MILFORD ACADEMY
(A company limited by guarantee)

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

7. Direct costs

	Total 2015 £	Total 2014 £
Teaching and educational support staff	1,237,845	1,118,075
Depreciation	51,401	44,452
Educational supplies	54,036	43,253
Staff development	22,145	18,241
Educational consultancy	6,290	3,825
Total	1,371,717	1,227,846

8. Support costs

	Total 2015 £	Total 2014 £
Support staff costs	377,553	283,070
Depreciation	17,042	11,254
Technology costs	9,753	7,387
Maintenance of premises and equipment	223,107	166,443
Cleaning	7,054	5,830
Rent & rates	11,659	17,938
Energy costs	25,109	20,658
Insurance	8,730	16,823
Security	9,021	10,321
Catering	64,752	46,630
Other support costs	88,787	71,178
Total	842,567	657,532

9. GOVERNANCE COSTS

	Total funds 2015 £	Total funds 2014 £
Legal and professional fees	16,191	28,059
Auditors' non audit costs	5,750	5,600
Governance Auditors' non audit costs	2,600	2,775
Total	24,541	36,434

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

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	68,443	55,706
Auditors' remuneration	5,750	5,600
Auditors' remuneration - non-audit	2,600	2,775
Operating lease rentals:		
- other operating leases	4,240	4,240
	<u>68,443</u>	<u>55,706</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	1,305,317	1,147,130
Social security costs	80,933	62,032
Other pension costs (Note 23)	220,633	149,590
	<u>1,606,883</u>	<u>1,358,752</u>
Supply teacher costs	17,757	16,393
FRS17 costs	17,000	26,000
	<u>1,641,640</u>	<u>1,401,145</u>

b. Staff numbers

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

	2015	2014
	No.	No.
Teachers	12	11
Administration and support	44	39
Management	7	7
	<u>63</u>	<u>57</u>

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

11. STAFF (continued)

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015	2014
	No.	No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0
	<u> </u>	<u> </u>

The above employee participated in the Teachers' Pension Scheme.

12. GOVERNORS' REMUNERATION AND EXPENSES

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

	2015	2014
	£	£
D Magner (Principal)	70,000-75,000	65,000-70,000
L Butler (Staff Governor)	25,000-30,000	25,000-30,000

During the year, no Governors received any reimbursement of expenses (2014 - £NIL).

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

13. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2014	3,463,529	76,755	12,980	3,553,264
Additions	392,796	24,974	9,999	427,769
At 31 August 2015	3,856,325	101,729	22,979	3,981,033
Depreciation				
At 1 September 2014	115,750	10,470	3,422	129,642
Charge for the year	51,401	12,716	4,326	68,443
At 31 August 2015	167,151	23,186	7,748	198,085
Net book value				
At 31 August 2015	3,689,174	78,543	15,231	3,782,948
At 31 August 2014	3,347,779	66,285	9,558	3,423,622

Included in land and buildings is leasehold land at cost of £1,224,300 (2014: £1,224,300) which is not depreciated.

15. STOCKS

	2015 £	2014 £
Finished goods and goods for resale	2,612	4,734

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

16. DEBTORS

	2015	2014
	£	£
Trade debtors	2,182	11,943
VAT Recoverable	76,404	36,840
Other debtors	-	30,018
Prepayments and accrued income	68,312	44,242
	<u>146,898</u>	<u>123,043</u>

17. CREDITORS:
Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	-	19,744
Other taxation and social security	21,376	17,549
Other creditors	20,388	25,512
Accruals and deferred income	113,835	79,124
	<u>155,599</u>	<u>141,929</u>

Deferred income

	£
Deferred income at 1 September 2014	60,559
Resources deferred during the year	52,769
Amounts released from previous years	<u>(60,559)</u>
Deferred income at 31 August 2015	<u>52,769</u>

The deferred income at 31 August 2015 (2014: £60,559) relates to:

- £3,335 Additional inclusion
- £29,188 UIFSM
- £3,090 SA+ clawback
- £9,373 High needs
- £5,903 Roof income unspent
- £1,880 Trips income in advance

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

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	169,025	17,373	-	-	-	186,398
Restricted funds						
General Annual Grant (GAG)	82,157	1,456,915	(1,418,949)	(1,722)	-	118,401
Other restricted	-	195,331	(195,331)	-	-	-
Other DfE/EFA Grants	31,650	588,321	(587,828)	-	-	32,143
Pension reserve	(848,000)	-	(59,000)	-	6,000	(901,000)
	<u>(734,193)</u>	<u>2,240,567</u>	<u>(2,261,108)</u>	<u>(1,722)</u>	<u>6,000</u>	<u>(750,456)</u>
Restricted fixed asset funds						
Capital expenditure from GAG	143,089	-	(5,813)	1,722	-	138,998
Capital donations	3,252,412	-	(44,979)	-	-	3,207,433
DfE/EFA Capital Grant	147,967	306,201	(17,651)	-	-	436,517
	<u>3,543,468</u>	<u>306,201</u>	<u>(68,443)</u>	<u>1,722</u>	<u>-</u>	<u>3,782,948</u>
Total restricted funds	<u>2,809,275</u>	<u>2,546,768</u>	<u>(2,329,551)</u>	<u>-</u>	<u>6,000</u>	<u>3,032,492</u>
Total of funds	<u><u>2,978,300</u></u>	<u><u>2,564,141</u></u>	<u><u>(2,329,551)</u></u>	<u><u>-</u></u>	<u><u>6,000</u></u>	<u><u>3,218,890</u></u>

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

18. STATEMENT OF FUNDS (continued)

The specific purposes for which the funds are to be applied are as follows:

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Governors;
- Restricted funds (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the academy;
- Pension reserve represents the movements on the Local Government Pension Scheme liability;
- Other restricted reserve represents funds which are restricted by the donor including school trip income;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose

The transfers relate to GAG funding used for capital expenditure.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	3,782,948	3,782,948	3,423,622
Current assets	186,398	306,143	-	492,541	544,607
Creditors due within one year	-	(155,599)	-	(155,599)	(141,929)
Provisions for liabilities and charges	-	(901,000)	-	(901,000)	(848,000)
	<u>186,398</u>	<u>(750,456)</u>	<u>3,782,948</u>	<u>3,218,890</u>	<u>2,978,300</u>

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

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Net incoming resources before revaluations	234,590	183,073
Returns on investments and servicing of finance	(504)	(384)
Depreciation of tangible fixed assets	68,443	55,706
Capital grants from DfE	(306,201)	(22,058)
Decrease/(increase) in stocks	2,122	(4,734)
Increase in debtors	(23,855)	(81,354)
Increase in creditors	13,670	12,791
FRS 17 adjustments	59,000	48,000
Net cash inflow from operations	47,265	191,040

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	504	384
	2015	2014
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(427,769)	(143,054)
Capital grants from DfE	306,201	22,058
Net cash outflow capital expenditure	(121,568)	(120,996)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014	Cash flow	Other non-cash changes	31 August 2015
	£	£	£	£
Cash at bank and in hand:	416,830	(73,799)	-	343,031
Net funds	416,830	(73,799)	-	343,031

THE MILFORD ACADEMY

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

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire County Council 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £20,389 were payable to the scheme at 31 August 2015 (2014 - £18,852) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

THE MILFORD ACADEMY

(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

The pension costs paid to TPS in the period amounted to £133,599 (2014: £123,925).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £102,000, of which employer's contributions totalled £77,000 and employees' contributions totalled £25,000. The agreed contribution rates for future years are 18% for employers and varying rates of 5.5% and 7.5% 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.

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	5.80	674,000	6.50	597,000
Bonds	5.80	66,000	3.60	57,000
Property	5.80	119,000	5.50	93,000
Cash	5.80	33,000	2.90	35,000
Gilts	5.80	25,000	3.00	48,000
Other	5.80	31,000	-	-
Total market value of assets		948,000		830,000
Present value of scheme liabilities		(1,849,000)		(1,678,000)
(Deficit)/surplus in the scheme		(901,000)		(848,000)

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(1,849,000)	(1,678,000)
Fair value of scheme assets	948,000	830,000
Net liability	(901,000)	(848,000)

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

23. PENSION COMMITMENTS (continued)

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

	2015	2014
	£	£
Current service cost	(119,000)	(91,000)
Interest on obligation	(68,000)	(64,000)
Expected return on scheme assets	51,000	38,000
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Total	(136,000)	(117,000)
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Actual return on scheme assets	16,000	70,000
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Movements in the present value of the defined benefit obligation were as follows:

	2015	2014
	£	£
Opening defined benefit obligation	1,678,000	1,313,000
Current service cost	119,000	91,000
Interest cost	68,000	64,000
Contributions by scheme participants	25,000	23,000
Actuarial (Gains)/losses	(41,000)	187,000
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Closing defined benefit obligation	1,849,000	1,678,000
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Movements in the fair value of the academy's share of scheme assets:

	2015	2014
	£	£
Opening fair value of scheme assets	830,000	621,000
Expected return on assets	51,000	38,000
Actuarial gains and (losses)	(35,000)	79,000
Contributions by employer	77,000	69,000
Contributions by employees	25,000	23,000
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	948,000	830,000
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The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(296,000) (2014 - £(302,000)).

The academy expects to contribute £77,000 to its Defined benefit pension scheme in 2016.

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

The major categories of scheme assets and the expected returns are as follows:

	2015	2014
Equities	71.00 %	72.00 %
Gilts	3.00 %	6.00 %
Other bonds	7.00 %	7.00 %
Cash	3.00 %	4.00 %
Property	13.00 %	11.00 %
Other	3.00 %	- %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	3.90 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %
Commutation of pensions to lump sums	50.00 %	50.00 %
Inflation assumption (RPI)	3.60 %	3.50 %

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

	2015	2014
Retiring today		
Males	22.1	22.0
Females	25.2	25.1
Retiring in 20 years		
Males	24.2	24.1
Females	27.6	27.4

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015	2014	2013
	£	£	£
Defined benefit obligation	(1,849,000)	(1,678,000)	(1,313,000)
Scheme assets	948,000	830,000	621,000
Deficit	(901,000)	(848,000)	(692,000)
Experience adjustments on scheme liabilities	41,000	(187,000)	(240,000)
Experience adjustments on scheme assets	(35,000)	79,000	46,000

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

24. OPERATING LEASE COMMITMENTS

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

	Land and buildings			Other
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Between 2 and 5 years	-	-	4,240	4,240

25. RELATED PARTY TRANSACTIONS

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

The following related party transaction took place in the period of account:

D Magner (a governor of the academy trust) is also a director of Nottingham Learning Trust Limited. During the year, the academy received income of £18,269 (2014: £8,179). A balance of £Nil (2014: £3,618) is included within debtors at 31 August 2015.

26. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.