

# Macmillan Academy

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015

# MACMILLAN ACADEMY

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## MACMILLAN ACADEMY

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015

#### Members

Dr B Phillipo  
Dr M Malden  
D Holgate

#### Governors

Dr M Malden, resigned as Vice Chair and appointed Chair 22 September 2014  
Dr B Phillipo, resigned as Chair and appointed Vice Chair 22 September 2014<sup>1</sup>  
A Bennett<sup>1</sup>  
J Cowley  
S Cutler, Parent  
K Fraser, Executive Principal<sup>1</sup>  
C Frieze<sup>1</sup>  
Dr P Heywood (appointed 25 November 2014)  
D Holgate  
P Latham, Principal  
S McGill (appointed 25 November 2014)<sup>1</sup>  
S McGovern  
C Pounder  
N Smith (appointed 25 November 2014)  
M Sonley (resigned 25 November 2014)  
J Windham

<sup>1</sup> Member of the audit committee

#### Senior leadership team

K Fraser, Executive Principal\*  
P Latham, Principal\*  
F Daffurn, Deputy Principal\*  
A Jordan, Deputy Principal\*  
N Stott, Deputy Principal\*  
R Coning  
A Lloyd  
O Stanton  
A Tumelty

\* Member of executive group

#### Company registered number

02236171

#### Principal and registered office

Stockton Road  
Middlesbrough  
TS5 4AG

**MACMILLAN ACADEMY**

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

**Patrons**

Sir J Hall KB  
Lord Stockton  
B Hutchinson

**Company secretary**

A J Wentworth

**Independent auditors**

Clive Owen LLP  
Chartered Accountants  
Statutory Auditor  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

**Bankers**

Lloyds Bank plc  
137 Albert Road  
Middlesbrough  
TS1 2PD

**Solicitors**

Jacksons Law Firm  
Innovation House  
Yarm Road  
Stockton on Tees  
TS18 3TN

## **MACMILLAN ACADEMY**

### **GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2015**

The governors, who are trustees for the purposes of charity law and also the directors for the purposes of company law, present their annual report together with the audited financial statements of Macmillan Academy (the academy) for the year ended 31 August 2015. The governors confirm that the annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves both the purposes of a trustees' report, and a directors' report under company law.

Macmillan Academy operates an academy for students aged 11-19 serving a catchment area in Middlesbrough. It has a capacity of 1,600 and at the school census date in October 2014 there were 1,528 students on roll.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Constitution**

The academy is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association and an accompanying funding agreement are the primary governing documents of the academy. Both these documents refer to the company as the trust.

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

##### **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 £1, for the debts and liabilities contracted before they ceased to be a member.

##### **Governors' indemnities**

The academy has purchased insurance to protect governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 24.

##### **Method of recruitment and appointment or election of governors**

Governors are invited by the board of governors assessing what expertise it requires to strengthen its activities and responsibilities. Efforts are made to find locally based individuals who meet the required criteria, and to approach these persons. For parent governors applications when required are invited from parents of registered students.

Governors are appointed by the board of governors, apart from the Executive Principal and the Principal, who are ex-officio governors. The governors can invite the LA to appoint an LA governor. If governors approve the application of more than one person seeking appointment as parent governor, an election by all registered parents would be conducted by secret ballot.

Governors are subject to retirement after a term of office of four years, apart from the Chair and Vice Chair, but may be eligible for re-appointment at the meeting at which they retire. A parent governor is only eligible for re-appointment as a parent governor if still a parent of a registered student. The Chair and Vice Chair are elected to their respective positions annually by their fellow governors at the first board meeting of the academy year.

## **MACMILLAN ACADEMY**

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

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Policies and procedures adopted for the induction and training of governors**

The training and induction provided for new governors depends on their existing experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new governors meet members of the executive group and are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there might only be one or two new governors in any year, induction tends to be done informally and is tailored specifically to the individual.

##### **Organisational structure**

The academy continues to operate a unified management structure. The structure consists of four levels: the governors, the executive group, the senior leadership team and the middle management team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The executive group consists of the Executive Principal, Principal and three Deputy Principals who provide strategic leadership for the academy implementing the policies laid down by the governors, with the Principal reporting back to them. The executive group are also responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts in the senior leadership team, through appointment boards which sometimes contain a governor. Some spending control is devolved to members of the senior leadership team, with limits above which a member of the executive group must countersign.

The senior leadership team includes the executive group and numbers nine in total. The middle management of the academy is centred around the group of heads of department and heads of year. These managers are responsible for the day to day operation of the academy, in particular organising the department staff, personal tutors and students.

##### **Related parties and other connected charities and organisations**

###### **M A Enterprises Limited**

D Holgate and K Fraser who are governors of the academy are directors and members of M A Enterprises Limited, a company limited by guarantee.

###### **Endeavour Academies Trust**

B Phillippo and K Fraser who are governors of the academy are directors and members of Endeavour Academies Trust. The trust has been set up to enable educational partnership activities which would benefit the academy and reflect current government policy.

Further details are stated in Note 25 to the financial statements.

## MACMILLAN ACADEMY

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

#### OBJECTIVES AND ACTIVITIES

##### Objects and aims

The principal object and activity of the charitable company is the operation of Macmillan Academy to provide education for students of different abilities between the ages of 11 and 19 in order for them to progress to enriched lifelong learning opportunities.

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance and its appendices specifies, amongst other things, the basis for admitting students to the academy and the catchment area from which the students are drawn.

The main objectives of the academy during the year ended 31 August 2015 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, teaching and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

##### Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is 'Inspiring every student to succeed'. To this end the objectives and the strategies used to achieve them include:

- Learning that inspires. We are proud of our excellent examination performance. However, we want to expose our students to a wide range of quality learning and teaching experiences in order to create adaptability throughout life.
- Exemplary conduct. We expect all students and staff to promote integrity and honesty and to display manners, politeness and behaviour that enhances mutual respect.
- An expectation of the highest standards. We never accept 'second best'. In all areas of academy life we strive for the absolute best.
- A commitment to sustainability. We wish to keep environmental issues as a priority. We also support a wider sustainability agenda. Students will be encouraged to understand the personal, local, national and international implications of not doing so.
- Aspirational achievement. Students at all levels are challenged with personal targets in order to achieve their maximum potential in all areas of their development.
- Tolerance and partnership. Students are made aware of the need for tolerance in a multi-cultural society and are encouraged to see how they can contribute in partnership with others.
- Personal care and development. Students' individual needs are at the heart of what we do and we value their opinion; their care, health and welfare is paramount.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 11 and 19.

## MACMILLAN ACADEMY

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

#### OBJECTIVES AND ACTIVITIES (continued)

##### Public benefit

The academy makes a significant contribution by its teaching and other activities to the advancement of education for the public benefit for students aged 11-19 serving the catchment area of Middlesbrough on an open basis, and as set out in this report. Therefore, the governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

#### STRATEGIC REPORT

##### Achievements and performance (incorporating key performance indicators)

The academy continues to be oversubscribed with 1,070 applications received for 230 places in the Year 7 which started in September 2015. There was a total of 1,528 students recorded in the October 2014 census which included 386 students in the sixth form.

The academy received applications from 55 primary schools from a wide catchment area across Teesside. Students are admitted in accordance with the funding agreement policy and national guidelines.

The GCSE pass rate for 2015 was 80.1% of students achieving 5 or more A\*-C grades. The pass rate for 5 A\*-C grades including English and mathematics was 67.9%.

In Post 16, the students achieved the average points score of 323 points. The overall A level pass rate was 97.0%. The AS level pass rate was 83.0%.

The academy operates an extensive work experience programme for Year 10 students who spend two weeks in local businesses. Year 9 students spend one week on in house work experience around specific work areas of the academy.

In terms of outcomes, over 75% of Post 16 students went to university in September 2015.

During the academic year 2014/2015 students at the academy raised a total of £11,350 for a number of charities including Children in Need, Race for Life, Red Nose Day, Macmillan Coffee morning and Cardiac Risk in the Young.

##### Key Performance Indicators

The following are considered to be important areas by which the academy can be judged:

##### *Quality of teaching*

The continual observation of lessons shows that the percentage of grade 1 and 2 observations is 84% and a robust support programme of performance management has reduced the number of lessons graded 3 and 4.

##### *Student behaviour and welfare*

At this stage of the year the atmosphere as expected is good. Work will be completed in the year on work ethic, the increasing number of vulnerable students and the noticeable increase in the number of students experiencing examination stress. The academy continues to be committed to inclusion. There were no permanent exclusions in 2014/15.



## MACMILLAN ACADEMY

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

#### *Staffing*

The academy was successful in a difficult recruitment environment in appointing fifteen new members of staff for the start of the year but there is still difficulty in recruiting English teachers after the loss of one late in the year to a promoted post. The expert teachers programme is into its fourth year of a six year experience.

#### *Admissions*

The wish of so many students to attend the academy is underlined by there being 1,054 applications for 230 places.

#### *Attendance*

Attendance at 95.1% compares well with the national average.

#### *Examination results*

One of the most important aspects of any school is the examination results of its students. In this year they were as follows:

##### **GCSE**

5A\* - C 80%, 5A\* - C (including English and Maths) 68%  
English C+ or above 73%, Mathematics C+ or above 78%

##### **Post 16**

A level A\* - B grades 43%  
Vocational D\* - D 75%

#### **Equal opportunities**

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment by making support resources available and through training and career development.

#### **Going concern**

After detailed consideration, 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 section.

## MACMILLAN ACADEMY

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

#### FINANCIAL REVIEW

##### Financial report for the year

During the year ended 31 August 2015, total expenditure of £10,383,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year of unrestricted funds and restricted funds (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £361,000.

All of the expenditure shown in the statement of financial activities is in furtherance of the academy's objectives.

The academy held fund balances at 31 August 2015 of £19,707,000 comprising £16,594,000 of restricted funds and £3,113,000 of unrestricted funds.

At 31 August 2015 the net book value of fixed assets was £18,859,000 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

Most of the academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £1,405,000 recognised on the balance sheet.

##### Reserves policy

The governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of free reserves should be equivalent to 6% to 9% of 'total incoming resources less restricted fixed asset income', and ideally 7.5% of this income (equivalent to 4 weeks' expenditure, approximately £751,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is in surplus by £2,223,000 (see note 17). The academy's resources have been earmarked for some years to deliver projects that fit the national agenda and also benefit the students in the academy. This year has seen governors' approval of the all weather hockey pitch to be completed in October 2015 at a total cost of £567,000. Further refurbishment of the 1980's estate has been considered as a follow up.

A workshop which considered the 2016 condition improvement funding available under EFA guidelines was attended. However, it was noted that the definition of condition funding is not helpful for organisations that have worked hard to maintain post 1960s stock when so much still exists that was built post First World War. Nevertheless efforts will be made to obtain such funding.

Reserves are earmarked for future projects, planned building maintenance and ICT replacement, together with a sinking fund for other resource replacement.

## **MACMILLAN ACADEMY**

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

#### **Investments policy**

The academy invests its liquid funds in bank accounts providing higher interest rates where the institution is believed to be sound. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

#### **RISKS AND THEIR MANAGEMENT**

##### **Principal risks and uncertainties**

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/EFA, over which the academy has no control. In this context the known current increases in teaching costs because of increases in employer's pension and national insurance contributions totalling 5% create a specific risk. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant potential deficit on the academy balance sheet if the academy was called upon to meet it. 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.

##### **Financial and risk management objectives and policies**

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks. These are discussed further in the risk management section of this report, and in the governance statement.

##### **Risk management**

The governors have assessed the major risks to which the academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academy, and its finances. The governors have implemented a number of systems to assess risks that the academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, student safety and school visits) and in relation to the control of finance. The academy has an effective system of internal financial controls and this is explained in more detail in the governance statement.

The academy has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

## MACMILLAN ACADEMY

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

#### PLANS FOR FUTURE PERIODS

##### Future developments

Senior members of the executive group met the Schools Commissioner with the Chair of Governors in summer 2015. A follow up meeting is planned with the Regional Schools Commissioner. Discussions are ongoing with local primary schools and the local authority. The outcome of those discussions will determine the most appropriate solution for the future of the academy and the use of the multi academy trust.

#### DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors 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.

This report, incorporating the Strategic Report, was approved by order of the board of governors, as the company directors, on 24 November 2015 and signed on the board's behalf by:



Dr B Phillip  
Vice Chair and Chair of Audit Committee

## MACMILLAN ACADEMY

### GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

#### Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Macmillan 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 Executive 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 Macmillan Academy and the Secretary of State for Education. He is 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
Dr M Malden	6	6
Dr B Phillipo	5	6
A Bennett	3	6
J Cowley	5	6
S Cutler, Parent	5	6
K Fraser, Executive Principal	6	6
C Frieze	5	6
Dr P Heywood	4	5
D Holgate	6	6
P Latham	6	6
S McGill	3	5
S McGovern	4	6
C Pounder	4	6
N Smith	5	5
M Sonley	0	1
J Windham	5	6

Changes in the board of governors are noted on page 1.

#### Governance reviews

The governing body met in June 2015 for a training session in order to complete a review of the year. They completed a skills audit in order to secure the best fit of members for specific responsibility for different areas of the academy. It has been agreed that further governors should be sought for appointment to the board. A date has already been set for next year's review.

In the review reports to the board were assessed and a new model is being trialled in the coming year.

Members of the board receive regular communications from the Freedom and Autonomy for Schools – National Association and the National Governors' Association, both being organisations to which the academy subscribes.

As set out below a finance and audit committee continues to support the work of the board through an in depth consideration of all financial matters.

## MACMILLAN ACADEMY

### GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015 (continued)

#### Committees

An audit committee which was established in the previous year has continued to meet in respect of the matters within its terms of reference, including acting as a finance committee where relevant. During the year six meetings were held. The review, in depth, by the committee of financial matters which, where appropriate are submitted for further consideration and approval by the board, has allowed more time for the board to focus on other strategic matters.

During the year, S McGill, who is a qualified accountant, and G Attwood, who has considerable business experience, joined the committee.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Dr B Phillipo, Chair	5	6
A Bennett	0	2
C Frieze	5	6
S McGill	3	5
G Attwood (non board member)	2	2

In attendance:

	Meetings attended	Out of a possible
K Fraser, Executive Principal	6	6
A Robson, Finance Director	6	6

#### Review of Value for Money

As Accounting Officer the Executive Principal has responsibility for ensuring that the academy 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 academy'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 Accounting Officer for the academy has delivered improved value for money during the year by:

- Replaced all lighting within the academy with LEDs resulting in substantial savings on electricity costs and a pay back time on the investment of three years.
- Economies of scale by the purchase of paper in bulk securing significant cost savings in the region of 9%.
- Created a personalised learning centre to save off-site fees.

#### 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 Macmillan 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.

## **MACMILLAN ACADEMY**

### **GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015 (continued)**

#### **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 board of governors 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 assurance function and has decided to appoint Davies Tracey to provide that service.

The role of Davies Tracey in providing internal assurance 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:

- testing of payroll systems
- testing of purchase systems
- testing of control accounts and bank reconciliations
- testing of income

On a termly basis, the provider of internal assurance reports to the board of governors through the audit committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The provider of internal assurance has delivered its schedule of work as planned and no material control issues have arisen as a result of their work.

**MACMILLAN ACADEMY**

**GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015 (continued)**

**Review of effectiveness**

As Accounting Officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the providers of internal assurance;
- the work of the external auditors;
- 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 board of governors through the audit committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of governors on 24 November 2015 and signed on its behalf, by:



.....  
**Dr M Malden**  
**Chair of Governors**



.....  
**Mr K U Fraser**  
**Accounting Officer and Executive Principal**



**MACMILLAN ACADEMY**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2015**

As Accounting Officer of Macmillan 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 (2014).

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 (2014).

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.

*K. Fraser*

.....  
**Mr K. Fraser**  
**Accounting Officer and**  
**Executive Principal**

24 November 2015

## MACMILLAN ACADEMY

### GOVERNORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

The governors (who act as trustees of Macmillan Academy for the purposes of charity law and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' 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;
- 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 24 November 2015 and signed on its behalf by:



.....  
**Dr B Phillippo**  
**Vice Chair and Chair of Audit Committee**

## MACMILLAN ACADEMY

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACMILLAN ACADEMY

We have audited the financial statements of Macmillan 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an auditors' 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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

#### Respective responsibilities of governors and auditors

As explained more fully in the governors' responsibilities statement, the governors (who are also the directors of the academy 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 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 academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the governors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MACMILLAN ACADEMY**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACMILLAN 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christopher Beaumont BA (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

**Clive Owen LLP**

Chartered Accountants  
Statutory Auditor

140 Coniscliffe Road

Darlington

Co Durham

DL3 7RT

24 November 2015

## **MACMILLAN ACADEMY**

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MACMILLAN ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2015**

In accordance with the terms of our engagement letter dated 14 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 Macmillan 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 Macmillan Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Macmillan Academy and 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 Macmillan Academy and EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Macmillan Academy's Accounting Officer and the reporting auditors**

The Accounting Officer is responsible, under the requirements of Macmillan Academy's funding agreement with the Secretary of State for Education dated 28 February 2006, 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 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's income and expenditure.

## MACMILLAN ACADEMY

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MACMILLAN ACADEMY AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2015 (continued)

#### Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of board of governor minutes;
- Review of termly Responsible Officer reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

#### 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 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Christopher Beaumont BA (Hons) FCA DChA

Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

24 November 2015

**MACMILLAN ACADEMY**

**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 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	3	90	-	-	90	68
Activities for generating funds	4	628	-	-	628	783
Investment income	5	32	91	-	123	104
Incoming resources from charitable activities:						
Funding for the academy's educational operations		-	9,167	30	9,197	9,453
<b>TOTAL INCOMING RESOURCES</b>		<b>750</b>	<b>9,258</b>	<b>30</b>	<b>10,038</b>	<b>10,408</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities: academy educational operations						
Governance costs	9	795	8,792	736	10,323	11,058
		-	60	-	60	56
<b>TOTAL RESOURCES EXPENDED</b>	7	<b>795</b>	<b>8,852</b>	<b>736</b>	<b>10,383</b>	<b>11,114</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>						
		(45)	406	(706)	(345)	(706)
Transfers between funds	16	-	(410)	410	-	-
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>(45)</b>	<b>(4)</b>	<b>(296)</b>	<b>(345)</b>	<b>(706)</b>
Actuarial gains and losses on defined benefit pension schemes						
		-	(109)	-	(109)	342
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(45)</b>	<b>(113)</b>	<b>(296)</b>	<b>(454)</b>	<b>(364)</b>
Total funds at 1 September 2014						
		3,158	(1,292)	18,295	20,161	20,525
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>3,113</b>	<b>(1,405)</b>	<b>17,999</b>	<b>19,707</b>	<b>20,161</b>

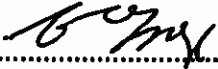
All academy activities derive from continuing operations during the above two financial years. The statement of financial activities includes all gains and losses recognised in the year. The notes on pages 24 to 41 form part of these financial statements.

**MACMILLAN ACADEMY**  
**REGISTERED NUMBER: 02236171**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£000	2015 £000	2014 £000
<b>FIXED ASSETS</b>				
Tangible assets	13		18,859	19,205
<b>CURRENT ASSETS</b>				
Debtors	14	340		241
Cash at bank		2,186		2,550
		<u>2,526</u>		<u>2,791</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(273)		(543)
<b>NET CURRENT ASSETS</b>			<u>2,253</u>	<u>2,248</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
Defined benefit pension scheme liability	22		(1,405)	(1,292)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>19,707</u></u>	<u><u>20,161</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds:				
Fixed asset funds	16	17,999		18,295
Pension reserve	16	(1,405)		(1,292)
Total restricted funds			<u>16,594</u>	<u>17,003</u>
Unrestricted funds	16		<u>3,113</u>	<u>3,158</u>
<b>TOTAL FUNDS</b>			<u><u>19,707</u></u>	<u><u>20,161</u></u>

The financial statements were approved by the governors, and authorised for issue, on 24 November 2015 and are signed on their behalf, by:

  
 .....

**C Frieze**  
**Governor**

The notes on pages 24 to 41 form part of these financial statements.



**MACMILLAN ACADEMY**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	18	347	138
Returns on investments and servicing of finance	19	(29)	91
Capital expenditure and financial investment	19	(382)	(170)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(64)	59
Financing	19	(300)	(150)
<b>(DECREASE) IN CASH IN THE YEAR</b>		(364)	(91)

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

	2015 £000	2014 £000
Decrease in cash in the year	(364)	(91)
Cash outflow from decrease in debt and lease financing	300	150
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	(64)	59
Net funds at 1 September 2014	2,250	2,191
<b>NET FUNDS AT 31 AUGUST 2015</b>	2,186	2,250

The notes on pages 24 to 41 form part of these financial statements.

## MACMILLAN ACADEMY

### 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 applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice (SORP) Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards 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 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.

Designated funds comprise unrestricted funds that have been set aside by the governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 and include grants from the Education Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

##### 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 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.

###### **Donations**

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

###### **Other income**

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

## MACMILLAN ACADEMY

### 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.

##### **Charitable activities**

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

##### **Governance costs**

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 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.

##### 1.6 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 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 on the same basis as restricted funds.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold 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, on a straight line basis over their expected useful lives on the following bases:

Freehold land & buildings	-	2% on cost
Long term leasehold property	-	evenly over the remaining years of the lease
Motor vehicles	-	25% on cost
Furniture, fittings and administration equipment	-	5% - 10% on cost
Computer and educational equipment	-	25% on cost

## MACMILLAN ACADEMY

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

#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 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.

##### 1.8 PENSION BENEFITS

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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), 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 22, 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 the 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 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.

**MACMILLAN ACADEMY**

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

**2. GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy was subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has not exceeded these limits during the year ended 31 August 2015.

**3. VOLUNTARY INCOME**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Donations	90	-	90	68
	<u>90</u>	<u>-</u>	<u>90</u>	<u>68</u>

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Other income	115	-	115	152
School trips	77	-	77	199
Catering	436	-	436	432
	<u>628</u>	<u>-</u>	<u>628</u>	<u>783</u>

**5. INVESTMENT INCOME**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest	32	-	32	83
Net finance income on pension scheme	-	91	91	21
	<u>32</u>	<u>91</u>	<u>123</u>	<u>104</u>

**MACMILLAN ACADEMY**

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

**6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>DfE/EFA revenue grants</b>				
Devolved Formula Capital	-	30	30	29
General Annual Grant (GAG)	-	8,790	8,790	9,066
Pupil Premium	-	314	314	310
Post 16 Bursary	-	49	49	48
Other DfE/EFA grants	-	14	14	-
	<u>-</u>	<u>9,197</u>	<u>9,197</u>	<u>9,453</u>

**7. RESOURCES EXPENDED**

	Staff costs 2015 £000	Non Pay Premises 2015 £000	Expenditure Other costs 2015 £000	Total 2015 £000	Total 2014 £000
<b>Academy's educational operations:</b>					
Direct costs	6,707	-	659	7,366	7,864
Allocated support costs	766	1,661	530	2,957	3,194
<b>CHARITABLE ACTIVITIES</b>	<u>7,473</u>	<u>1,661</u>	<u>1,189</u>	<u>10,323</u>	<u>11,058</u>
<b>GOVERNANCE</b>	<u>36</u>	<u>-</u>	<u>24</u>	<u>60</u>	<u>56</u>
	<u>7,509</u>	<u>1,661</u>	<u>1,213</u>	<u>10,383</u>	<u>11,114</u>

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

**MACMILLAN ACADEMY**

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

**8. CHARITABLE ACTIVITIES**

	Total funds 2015 £000	Total funds 2014 £000
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	5,458	5,758
National insurance	413	432
Pension cost	836	818
Educational supplies	408	601
Examination fees	138	134
Staff development	17	34
Technology costs	78	75
Educational consultancy	5	1
Travel and subsistence	13	11
	7,366	7,864
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	657	791
National insurance	34	39
Pension cost	75	78
Depreciation	757	772
Recruitment and support	10	8
Maintenance of premises and equipment	350	231
Cleaning	147	161
Rates	117	126
Energy	148	172
Insurance	57	53
Security	60	60
Transport	200	276
Catering	282	320
Occupancy costs	22	22
Bank interest and charges	3	3
Other support costs	38	82
	2,957	3,194
	10,323	11,058

**9. GOVERNANCE COSTS**

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Auditor's remuneration	-	6	6	8
Legal and professional fees	-	18	18	17
Wages and salaries	-	36	36	31
	-	60	60	56
	-	60	60	56

**MACMILLAN ACADEMY**

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

**10. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets: - owned by the academy	757	772
Auditor's remuneration	6	8
	6	8

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	6,091	6,443
Social security costs	447	471
Other pension costs (Note 22)	911	896
	7,449	7,810
Supply teacher costs	60	26
Staff restructuring costs	-	111
	7,509	7,947

Included within other pension costs is £95,000 (2014: £70,000) in respect of movements in the LGPS deficit, and a £nil (£2014: £12,000) credit in respect of a refund relating to a member of staff in the Teachers' Pension Scheme (TPS).

**b. Staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2014: £110,515).

**c. Staff numbers**

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

	2015 No.	2014 No.
Teachers	114	123
Management	5	5
Administration	15	16
Premises	7	8
Educational support	37	48
Catering	15	16
	193	216



**MACMILLAN ACADEMY**

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

**11. STAFF (continued)**

**d. Higher paid staff**

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	3	3
In the band £90,001 - £100,000	1	1
In the band £130,001 - £140,000	1	1
	5	5
	5	5

All of the above employees participated in the Teachers' Pension Scheme.

**12. GOVERNORS' REMUNERATION AND EXPENSES**

The Executive Principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration fell within the following bands:

<b>K U Fraser, Executive Principal:</b>	
Remuneration	£130,000 - £135,000 (2014: £130,000 - £135,000)
Employer's pension contributions	£15,000 - £20,000 (2014: £10,000 - £15,000)
<b>P Latham, Principal:</b>	
Remuneration	£95,000 - £100,000 (2014: £90,000 - £95,000)
Employer's pension contributions	£10,000 - £15,000 (2014: £10,000 - £15,000)

During the year, one governor received reimbursement of expenses in the sum of £408 (2014 - £275).

**MACMILLAN ACADEMY**

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

**13. TANGIBLE FIXED ASSETS**

	Freehold land & buildings £000	Long term leasehold property £000	Motor vehicles £000	Furniture, fittings & equipment £000	Computer & educational equipment £000	Total £000
<b>COST</b>						
At 1 September 2014	22,962	60	49	2,681	908	26,660
Additions	-	-	-	242	169	411
Disposals	-	-	-	(55)	(138)	(193)
At 31 August 2015	<u>22,962</u>	<u>60</u>	<u>49</u>	<u>2,868</u>	<u>939</u>	<u>26,878</u>
<b>DEPRECIATION</b>						
At 1 September 2014	4,930	8	45	1,687	785	7,455
Charge for the year	444	-	4	243	66	757
On disposals	-	-	-	(55)	(138)	(193)
At 31 August 2015	<u>5,374</u>	<u>8</u>	<u>49</u>	<u>1,875</u>	<u>713</u>	<u>8,019</u>
<b>NET BOOK VALUE</b>						
At 31 August 2015	<u>17,588</u>	<u>52</u>	<u>-</u>	<u>993</u>	<u>226</u>	<u>18,859</u>
At 31 August 2014	<u>18,032</u>	<u>52</u>	<u>4</u>	<u>994</u>	<u>123</u>	<u>19,205</u>

Included within freehold land and buildings is land of £950,000 (2014: £950,000) which is not depreciated.

**14. DEBTORS**

	2015 £000	2014 £000
Trade debtors	-	1
Amounts owed by related undertakings	90	58
VAT recoverable	74	15
Other debtors	3	64
Prepayments	92	54
Grants receivable	81	49
	<u>340</u>	<u>241</u>

**15. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015 £000	2014 £000
Academy's contribution to capital works	-	300
Trade creditors	68	51
Other creditors	130	72
Accruals and deferred income	75	120
	<u>273</u>	<u>543</u>

MACMILLAN ACADEMY

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

15. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	£000
<b>DEFERRED INCOME</b>	
Deferred income at 1 September 2014	73
Resources deferred during the year	36
Amounts released from previous years	(73)
	<u>36</u>
Deferred income at 31 August 2015	<u><u>36</u></u>

At the balance sheet date the academy was holding monies relating to the period September 2015 to March 2016 for capital and revenue grants received in advance.

16. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>DESIGNATED FUNDS</b>						
Designated fund	155	-	(4)	-	-	151
	<u>155</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>151</u>
<b>GENERAL FUNDS</b>						
Unrestricted general funds	2,248	750	(774)	-	-	2,224
Unrestricted fixed asset funds	755	-	(17)	-	-	738
	<u>3,003</u>	<u>750</u>	<u>(791)</u>	<u>-</u>	<u>-</u>	<u>2,962</u>
Total unrestricted funds	<u>3,158</u>	<u>750</u>	<u>(795)</u>	<u>-</u>	<u>-</u>	<u>3,113</u>
<b>RESTRICTED FUNDS</b>						
	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General annual grant (GAG)	-	8,790	(8,380)	(410)	-	-
Pupil premium	-	314	(314)	-	-	-
Post 16 Bursary	-	49	(49)	-	-	-
Other DfE/EFA grants	-	14	(14)	-	-	-
Pension reserve	(1,292)	91	(95)	-	(109)	(1,405)
	<u>(1,292)</u>	<u>9,258</u>	<u>(8,852)</u>	<u>(410)</u>	<u>(109)</u>	<u>(1,405)</u>

**MACMILLAN ACADEMY**

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

**16. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
GAG capital expenditure	1,173	-	(307)	410	-	1,276
Government capital grant	14,697	30	(369)	-	-	14,358
Private sector capital sponsorship	1,159	-	(29)	-	-	1,130
ERDF capital grant	591	-	(15)	-	-	576
LA capital grant	212	-	(5)	-	-	207
NDC capital grant	463	-	(11)	-	-	452
	<u>18,295</u>	<u>30</u>	<u>(736)</u>	<u>410</u>	<u>-</u>	<u>17,999</u>
Total restricted funds	<u>17,003</u>	<u>9,288</u>	<u>(9,588)</u>	<u>-</u>	<u>(109)</u>	<u>16,594</u>
Total of funds	<u><u>20,161</u></u>	<u><u>10,038</u></u>	<u><u>(10,383)</u></u>	<u><u>-</u></u>	<u><u>(109)</u></u>	<u><u>19,707</u></u>

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

The designated fund represents the contribution made by the academy from unrestricted funds towards the capital works funded by the DfE. Depreciation is charged against this fund over the useful economic life of the associated assets.

General annual grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil premium is additional funding to be spent as the academy sees fit to support deprived students. Post 16 Bursary is funding for sixth form students. Other DfE/EFA grants relate to appeals and assistance with EFA returns.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

MACMILLAN ACADEMY

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	889	-	17,970	18,859	19,205
Current assets	2,223	273	30	2,526	2,791
Current liabilities	-	(273)	-	(273)	(543)
Pension scheme liability	-	(1,405)	-	(1,405)	(1,292)
	<u>3,113</u>	<u>(1,405)</u>	<u>17,999</u>	<u>19,707</u>	<u>20,161</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net outgoing resources before revaluations	(345)	(706)
Returns on investments and servicing of finance	29	(91)
Depreciation of tangible fixed assets	757	772
Capital grants from DfE	(29)	(29)
(Increase)/decrease in debtors	(99)	184
Increase/(decrease) in creditors	30	(41)
FRS 17 adjustments	4	49
<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>347</u>	<u>138</u>

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

	2015 £000	2014 £000
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received (note 5)	(29)	94
Interest paid	-	(3)
<b>NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<u>(29)</u>	<u>91</u>
	2015 £000	2014 £000
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(411)	(199)
Capital grants from DfE	29	29
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<u>(382)</u>	<u>(170)</u>

**MACMILLAN ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2015 £000	2014 £000
<b>FINANCING</b>		
Repayment of loan from DfE/EFA	(300)	(150)

**20. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	2,550	(364)	-	2,186
<b>DEBT:</b>				
Debts due within one year	(300)	300	-	-
<b>NET FUNDS</b>	<u>2,250</u>	<u>(64)</u>	<u>-</u>	<u>2,186</u>

**21. CAPITAL COMMITMENTS**

At 31 August 2015 the academy had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	405	-

**22. 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 Teesside Pension Fund. Both are multi-employer 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**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.

## MACMILLAN ACADEMY

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

#### 22. PENSION COMMITMENTS (continued)

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 total contribution made to the TPS in the period amounted to £1,080,000 (2014: £1,085,000) of which employer's contributions totalled £641,000 (2014: £656,000) and employees' contributions totalled £439,000 (2014: £429,000).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust 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 £249,000 (2014: £260,000), of which employer's contributions totalled £175,000 (2014: £183,000) and employees' contributions totalled £74,000 (2014: £77,000). The agreed contribution rates for future years are 14.6% for employers and variable from 5.5% to 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.

MACMILLAN ACADEMY

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

22. PENSION COMMITMENTS (continued)

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 £000	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000
Equities	7.00	3,677	7.50	3,623
Property	6.20	277	6.80	238
Government bonds	2.50	76	2.90	84
Corporate bonds	3.20	71	3.30	194
Cash	1.00	286	1.10	172
Other	7.00	81	7.50	102
Total market value of assets		4,468		4,413
Present value of scheme liabilities		(5,873)		(5,705)
(Deficit)/surplus in the scheme		(1,405)		(1,292)

The amounts recognised in the balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(5,873)	(5,705)
Fair value of scheme assets	4,468	4,413
Net liability	(1,405)	(1,292)

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

	2015 £000	2014 £000
Current service cost	(269)	(252)
Interest on obligation	(214)	(241)
Expected return on scheme assets	305	262
Past service cost	(1)	(1)
Total	(179)	(232)
Actual return on scheme assets	(57)	587



**MACMILLAN ACADEMY**

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

**22. PENSION COMMITMENTS (continued)**

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

	2015 £000	2014 £000
Opening defined benefit obligation	5,705	5,241
Current service cost	269	252
Interest cost	214	241
Contributions by scheme participants	74	77
Actuarial Gains	(253)	(17)
Past service costs	1	1
Benefits paid	(137)	(90)
	<u>5,873</u>	<u>5,705</u>
Closing defined benefit obligation	<u>5,873</u>	<u>5,705</u>

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

	2015 £000	2014 £000
Opening fair value of scheme assets	4,413	3,656
Expected return on assets	305	262
Actuarial (losses) and gains	(362)	325
Contributions by employer	175	183
Contributions by employees	74	77
Benefits paid	(137)	(90)
	<u>4,468</u>	<u>4,413</u>
	<u>4,468</u>	<u>4,413</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £720,000 loss (2014 - £611,000 loss).

The academy expects to contribute £180,000 to its Defined Benefit Pension Scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	82.30 %	82.10 %
Corporate bonds	1.60 %	4.40 %
Government bonds	1.70 %	1.90 %
Property	6.20 %	5.40 %
Cash	6.40 %	3.90 %
Other	1.80 %	2.30 %

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.00 %	2.10 %
Inflation assumption (CPI)	2.00 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

MACMILLAN ACADEMY

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

22. PENSION COMMITMENTS (continued)

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	23	22.9
Females	25.5	25.4
Retiring in 20 years		
Males	25.2	25.1
Females	27.8	27.7

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

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(5,873)	(5,705)	(5,241)	(4,794)	(3,486)
Scheme assets	4,468	4,413	3,656	3,026	2,632
Deficit	<u>(1,405)</u>	<u>(1,292)</u>	<u>(1,585)</u>	<u>(1,768)</u>	<u>(854)</u>
Experience adjustments on scheme liabilities	253	17	127	(902)	489
Experience adjustments on scheme assets	<u>(362)</u>	<u>325</u>	<u>242</u>	<u>91</u>	<u>(168)</u>

It must be appreciated in accordance with the Charity Commission publication, 'Charity Reserves and Defined Benefit Pension Schemes' that where, under FRS17, a charity discloses a significant pension fund deficit, this does not mean that an immediate liability for this amount crystallises. Similarly, where a pension surplus is disclosed this does not create an immediately realisable asset that can be released straight away and expended on the purposes of the charity. In particular, the disclosure of a pension liability does not mean that the equivalent amount is already committed and is no longer available to the trustees to further the charity's objectives.

## MACMILLAN ACADEMY

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

#### 23. CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means, of any asset for which a capital grant was received, the academy shall, if it does not re-invest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposals equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:

(a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

All DfE/EFA and other government grants are repayable in certain circumstances if appropriate conditions are not met.

#### 24. 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 £2 million on any one claim and the cost for the year ended 31 August 2015 was £1,618 (2014 - £1,583). The cost of this insurance is included in the total insurance cost.

#### 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 governor 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 transactions took place in the period of account.

##### **M A Enterprises Limited ("MAE")**

D Holgate and K U Fraser, who are governors of the academy are directors and members of MAE, a company limited by guarantee.

In the year to 31 August 2015 MAE achieved an operating profit of £89,990 (2014: £68,379), which was donated to the academy under gift aid. At 31 August 2015 debtors include a balance of £89,990 (2014: £57,785) due from MAE.

