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KEMSLEY PRIMARY ACADEMY
(A company limited by guarantee)

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

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KEMSLEY PRIMARY ACADEMY
(A company limited by guarantee)

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KEMSLEY PRIMARY ACADEMY
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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	3,662	-	-	3,662	-
Activities for generating funds	3	-	73,418	-	73,418	17,060
Investment income	4	348	-	-	348	300
Incoming resources from charitable activities	5	-	1,102,583	6,437	1,109,020	1,077,951
TOTAL INCOMING RESOURCES		4,010	1,176,001	6,437	1,186,448	1,095,311
RESOURCES EXPENDED						
Charitable activities		-	1,067,069	137,852	1,204,921	1,107,321
Governance costs	7	-	56,833	-	56,833	44,947
TOTAL RESOURCES EXPENDED	10	-	1,123,902	137,852	1,261,754	1,152,268
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		4,010	52,099	(131,415)	(75,306)	(56,957)

KEMSLEY PRIMARY ACADEMY
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STATEMENT OF FINANCIAL ACTIVITIES (continued)
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 £
Transfers between Funds	20	-	(33,292)	33,292	-	-
NET EXPENDITURE FOR THE YEAR		4,010	18,807	(98,123)	(75,306)	(56,957)
Actuarial gains and losses on defined benefit pension schemes		-	-	-	-	(11,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		4,010	18,807	(98,123)	(75,306)	(67,957)
<i>Total funds at 1 September 2014</i>		300	(192,450)	3,111,435	2,919,285	2,987,242
TOTAL FUNDS AT 31 AUGUST 2015		4,310	(173,643)	3,013,312	2,843,979	2,919,285

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 4 to 20 form part of these financial statements.

KEMSLEY PRIMARY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 111

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	17		3,013,312		3,111,435
CURRENT ASSETS					
Debtors	18	65,306		52,617	
Cash at bank and in hand		104,858		83,496	
		<u>170,164</u>		<u>136,113</u>	
CREDITORS: amounts falling due within one year	19	<u>(73,497)</u>		<u>(62,263)</u>	
NET CURRENT ASSETS			96,667		73,850
TOTAL ASSETS LESS CURRENT LIABILITIES			3,109,979		3,185,285
Defined benefit pension scheme liability	22	<u>(266,000)</u>		<u>(266,000)</u>	
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			2,843,979		2,919,285
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	20	92,357		73,550	
Restricted fixed asset funds	20	3,013,312		3,111,435	
Restricted funds excluding pension liability		<u>3,105,669</u>		<u>3,184,985</u>	
Pension reserve		<u>(266,000)</u>		<u>(266,000)</u>	
Total restricted funds			2,839,669		2,918,985
Unrestricted funds	20		<u>4,310</u>		<u>300</u>
TOTAL FUNDS			2,843,979		2,919,285

The financial statements were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

Eileen Hargreaves, Chair of Trustees

The notes on pages 4 to 20 form part of these financial statements.

KEMSLEY PRIMARY ACADEMY
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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, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the 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.

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 Trustees.

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 Department for Education.

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 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.

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

1. ACCOUNTING POLICIES (continued)

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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 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 Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	125 years
Fixtures and fittings	-	4 years
Computer equipment	-	3 years

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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 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 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.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Donations	3,662	-	3,662	-

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

3. ACTIVITIES FOR GENERATING FUNDS

	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Trips Income	15,801	15,801	8,390
Other Income	57,617	57,617	8,670
	<u>73,418</u>	<u>73,418</u>	<u>17,060</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Investment Income	348	-	348	300
	<u>348</u>	<u>-</u>	<u>348</u>	<u>300</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Educational Operations	-	1,109,020	1,109,020	1,077,951
	<u>-</u>	<u>1,109,020</u>	<u>1,109,020</u>	<u>1,077,951</u>

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

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Kemsley Primary Academy

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants			
General Annual Grant	819,657	819,657	671,318
Pupil Premium Grant	103,942	103,942	83,302
Other Income	-	-	182,267
Other EFA Income	172,490	172,490	122,513
Rates Relief	5,839	5,839	5,693
	<u>1,101,928</u>	<u>1,101,928</u>	<u>1,065,093</u>
Other government grants			
Other Government Grants	3,750	3,750	12,858
SEN Income	3,342	3,342	-
	<u>7,092</u>	<u>7,092</u>	<u>12,858</u>
	<u>1,109,020</u>	<u>1,109,020</u>	<u>1,077,951</u>

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational Operations	-	1,204,921	1,204,921	1,107,321
	<u>-</u>	<u>1,204,921</u>	<u>1,204,921</u>	<u>1,107,321</u>

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Educational Operations	747,179	137,852	319,890	1,204,921	1,107,321
	<u>747,179</u>	<u>137,852</u>	<u>319,890</u>	<u>1,204,921</u>	<u>1,107,321</u>

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

7. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Auditors' Remuneration	-	6,956	6,956	6,000
Other Professional Fees	-	49,877	49,877	38,947
	<u>-</u>	<u>56,833</u>	<u>56,833</u>	<u>44,947</u>

8. DIRECT COSTS

	Educational Operations £	Total 2015 £	<i>Total 2014 £</i>
Educational Supplies & Services	87,333	87,333	62,715
Staff Development	15,865	15,865	4,881
Educational Consultancy	742	742	6,676
Supply Teaching Costs	18,461	18,461	8,757
Technology Costs	15,924	15,924	17,792
Wages and salaries	565,458	565,458	536,619
National insurance	15,590	15,590	33,156
Pension cost	76,979	76,979	66,670
	<u>796,352</u>	<u>796,352</u>	<u>737,266</u>

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

9. SUPPORT COSTS

	Educational Operations £	Total 2015 £	Total 2014 £
Pension Income	-	-	10,000
Repairs & Maintenance	25,841	25,841	24,140
Other Occupancy Cost	5,835	5,835	2,414
Recruitment & Support	5,185	5,185	3,241
Maintenance of Premises	3,801	3,801	3,588
Water & Energy Cost	24,446	24,446	30,207
Insurance	17,745	17,745	16,172
Catering Expenses	45,294	45,294	19,166
Other Support Costs	22,332	22,332	15,654
Technology Costs	13,979	13,979	1,833
Cleaning	17,096	17,096	15,229
Security and Transport	11	11	2,280
Wages and Salaries	74,510	74,510	82,828
National Insurance	3,458	3,458	4,980
Pension Cost	11,184	11,184	15,513
Depreciation	137,852	137,852	122,810
	<u>408,569</u>	<u>408,569</u>	<u>370,055</u>

10. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Direct costs - Educational Operations	676,488	119,864	796,352	737,266
Support costs - Educational Operations	89,152	319,417	408,569	370,055
Charitable activities	<u>765,640</u>	<u>439,281</u>	<u>1,204,921</u>	<u>1,107,321</u>
Governance	-	56,833	56,833	44,947
	<u>765,640</u>	<u>496,114</u>	<u>1,261,754</u>	<u>1,152,268</u>

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

11. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Educational Operations	796,352	408,569	1,204,921	1,107,321

12. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	137,852	122,810
Auditors' remuneration	6,956	6,000

13. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	639,968	619,447
Social security costs	19,048	38,136
Other pension costs (Note 22)	88,163	82,183
	747,179	739,766
Supply teacher costs	18,461	8,757
	765,640	748,523

b. 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	13	10
Education and other support staff	24	18
	37	28

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

13. STAFF (continued)

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in either year.

14. TRUSTEES' REMUNERATION AND EXPENSES

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

Cathryn Andrews (Principal and Trustee):

Remuneration £45,000 - £50,000 (2014: 35,000 - £40,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

Claire George (Staff Trustee):

Remuneration £15,000 - £20,000 (2014: £25,000 - £30,000)

Employer's pension contributions £nil (2014: £nil)

Jensie Shepherd (Staff Trustee)

Remuneration £30,000 - £35,000 (2014: £nil)

Employer's pension contributions £nil (2014: £nil)

During the year ended 31 August 2015, expenses totalling £888 (2014: £nil) was reimbursed to 1 Trustee (2014: nil).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £559 (2014 - £1,180). The cost of this insurance is included in the total insurance cost.

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

16. OTHER FINANCE INCOME

	2015 £	2014 £
Expected return on pension scheme assets	-	8,000
Interest on pension scheme liabilities	-	(18,000)
	<u>-</u>	<u>(10,000)</u>
	<u>-</u>	<u>(10,000)</u>

17. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2014	2,857,035	429,663	11,539	3,298,237
Additions	18,147	7,480	14,102	39,729
At 31 August 2015	<u>2,875,182</u>	<u>437,143</u>	<u>25,641</u>	<u>3,337,966</u>
Depreciation				
At 1 September 2014	32,378	150,616	3,808	186,802
Charge for the year	20,105	109,286	8,461	137,852
At 31 August 2015	<u>52,483</u>	<u>259,902</u>	<u>12,269</u>	<u>324,654</u>
Net book value				
At 31 August 2015	<u>2,822,699</u>	<u>177,241</u>	<u>13,372</u>	<u>3,013,312</u>
At 31 August 2014	<u>2,824,657</u>	<u>279,047</u>	<u>7,731</u>	<u>3,111,435</u>

18. DEBTORS

	2015 £	2014 £
Other debtors	14,511	13,002
Prepayments and accrued income	50,795	39,615
	<u>65,306</u>	<u>52,617</u>
	<u>65,306</u>	<u>52,617</u>

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

19. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	17,607	21,445
Other taxation and social security	11,035	10,601
Accruals and deferred income	44,855	30,217
	73,497	62,263
£		
Deferred income		
Deferred income at 1 September 2014		18,147
EFA Grants deferred during the year		15,260
Amounts released from previous years		(18,147)
		15,260

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General Funds - all funds	300	4,010	-	-	4,310
	300	4,010	-	-	4,310
Restricted funds					
Restricted Funds - all funds	73,550	1,176,001	(1,123,902)	(33,292)	92,357
Pension reserve	(266,000)	-	-	-	(266,000)
	(192,450)	1,176,001	(1,123,902)	(33,292)	(173,643)
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	3,111,435	6,437	(137,852)	33,292	3,013,312
Total restricted funds	2,918,985	1,182,438	(1,261,754)	-	2,839,669
Total of funds	2,919,285	1,186,448	(1,261,754)	-	2,843,979

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

Restricted Fixed Assets funds relate to capital grants provided by the DfE and local authority and reduced by depreciation charges.

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

20. STATEMENT OF FUNDS (continued)

Restricted General funds have arisen through revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The Restricted funds can only be used in the terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds relates to investment income during the period.

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.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	300	4,010	-	-	4,310
Restricted funds	(192,450)	1,176,001	(1,123,902)	(33,292)	(173,643)
Restricted fixed asset funds	3,111,435	6,437	(137,852)	33,292	3,013,312
	<u>2,919,285</u>	<u>1,186,448</u>	<u>(1,261,754)</u>	<u>-</u>	<u>2,843,979</u>

21. 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	-	-	3,013,312	3,013,312	3,111,435
Current assets	4,310	165,854	-	170,164	136,113
Creditors due within one year	-	(73,497)	-	(73,497)	(62,263)
Provisions for liabilities and charges	-	(266,000)	-	(266,000)	(266,000)
	<u>4,310</u>	<u>(173,643)</u>	<u>3,013,312</u>	<u>2,843,979</u>	<u>2,919,285</u>

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

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 Kent County Council. 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 2004 and of the LGPS 31 August 2015.

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.

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and

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22. PENSION COMMITMENTS (continued)

affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

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

Local Government Pension Scheme

The 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 £ , of which employer's contributions totalled £ and employees' contributions totalled £ . The agreed contribution rates for future years are % for employers and % 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.

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

The amounts recognised in the Balance sheet are as follows:

	2015	2014
	£	£
Present value of funded obligations	(447,000)	<i>(447,000)</i>
Fair value of scheme assets	181,000	<i>181,000</i>
Net liability	<u>(266,000)</u>	<i><u>(266,000)</u></i>

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

	2015	2014
	£	£
Current service cost	-	<i>(49,000)</i>
Interest on obligation	-	<i>(18,000)</i>
Expected return on scheme assets	-	<i>8,000</i>
Total	<u>-</u>	<i><u>(59,000)</u></i>

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

	2015	2014
	£	£
Opening defined benefit obligation	447,000	<i>358,000</i>
Current service cost	-	<i>49,000</i>
Interest cost	-	<i>18,000</i>
Contributions by scheme participants	-	<i>11,000</i>
Actuarial Losses	-	<i>18,000</i>
Benefits paid net of transfers in	-	<i>(7,000)</i>
Closing defined benefit obligation	<u>447,000</u>	<i><u>447,000</u></i>

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22. PENSION COMMITMENTS (continued)

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

	2015	<i>2014</i>
	£	£
Opening fair value of scheme assets	181,000	<i>118,000</i>
Expected return on assets	-	<i>8,000</i>
Actuarial gains and (losses)	-	<i>7,000</i>
Contributions by employer	-	<i>44,000</i>
Contributions by employees	-	<i>11,000</i>
Benefits paid net of transfers in	-	<i>(7,000)</i>
	181,000	<i>181,000</i>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £NIL (2014 - £NIL).

The academy expects to contribute £NIL 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	<i>2014</i>
Equities	- %	<i>6.70 %</i>
Gilts	- %	<i>3.00 %</i>
Other bonds	- %	<i>3.60 %</i>
Property	- %	<i>5.90 %</i>
Cash	- %	<i>2.90 %</i>

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

	2015	<i>2014</i>
Discount rate for scheme liabilities	- %	<i>4.00 %</i>
Rate of increase in salaries	- %	<i>4.50 %</i>
Rate of increase for pensions in payment / inflation	- %	<i>3.50 %</i>
Inflation assumption (CPI)	- %	<i>2.70 %</i>
RPI increase	- %	<i>3.50 %</i>

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

	2015	<i>2014</i>
Retiring today		
Males		<i>22.7</i>
Females		<i>25.1</i>
Retiring in 20 years		
Males		<i>24.9</i>
Females		<i>27.4</i>

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

22. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015	2014
	£	£
Defined benefit obligation	(447,000)	(447,000)
Scheme assets	181,000	181,000
	(266,000)	(266,000)
Deficit	(266,000)	(266,000)
Experience adjustments on scheme liabilities	-	(18,000)
Experience adjustments on scheme assets	-	7,000
	-	(11,000)

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee 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.

Please refer to note 14 for Trustees' remuneration and expenses. No other related party transactions took place during the year.