

LAVINGTON SCHOOL LIMITED
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2012

Company Registration Number: 07452837



LAVINGTON SCHOOL LIMITED

Contents

	Page
Reference and Administrative Details	1
Governors' Report	3-8
Governance Statement	9-11
Statement on Regularity, Propriety and Compliance	12
Statement of Governors' Responsibilities	13
Independent Auditor's Reports	14-15
Assurance Report in Regularity	16-17
Statement of Financial Activities incorporating Income & Expenditure Account	18-19
Balance Sheet	20
Cash Flow Statement	21
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	22-24
Other Notes to the Financial Statements	25-38

LAVINGTON SCHOOL LIMITED

Reference and Administrative

Governors (Trustees) who served throughout the period 1 September 2011 – 31 August 2012 or as otherwise stated are as follows -

David Wilkinson	Chair of Governors
Nicola Holman *	
Sarah Williams	Resigned 10 October 2011
Paul Tandy *	
John Badgery	Resigned 6 February 2012
Amanda Bond	
Derek Cook	
Julie Dyer	
Liz Keen	Resigned 31 August 2012
Robert Lee *	Vice Chair of Governors
Jane Middleton-Jones	
Eleanor Oddy	
Andrew Rogers	Appointed 26 March 2012
Branwen Russell	
Graham Sprigg	Appointed 26 March 2012
Katharine Stachiewicz	Appointed 26 March 2012
Hilary Stone	Resigned 6 February 2012
Nicola Wragg	
Angela Downing*	Staff Governor
Jeremy Minns	Staff Governor – Resigned 31 August 2012
Martin Watson	Principal and Accounting Officer

* Members of the Business Management Committee

Company Secretary	Paul Tandy	
Secretary to the Governors	Dorothy Riley	
Senior Leadership Team	Headteacher	Martin Watson
	Deputy Headteacher	Daniela DeCet
	Deputy Headteacher	Gary Ford
	Deputy Headteacher	Sarah Lowkis
	Business Manager	Angela Downing

Registered Office
The Spring
Market Lavington
Devizes
Wiltshire SN10 4EB

Company Registration Number 07452837 (England and Wales)

Auditors
Moore Stephens (South) LLP
33 The Clarendon Centre
Salisbury Business Park
Dairy Meadow Lane
Salisbury
Wiltshire
SP1 2TJ

LAVINGTON SCHOOL LIMITED

Reference and Administrative (continued)

Bankers	LloydsTSB Market Place Devizes Wiltshire SN10 1JD
Solicitors	Goughs 5 Bath Road Melksham Wiltshire SN12 6LN
Surveyors	Dolmans Sussex House Bath Road Devizes SN10 2AF
Responsible Officer	Wiltshire Council Accounting and Budget Support Team – Jan Earney

LAVINGTON SCHOOL LIMITED

Governors' Report

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2012

Structure, Governance and Management

Constitution

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

The governors act as the trustees for the charitable activities of Lavington School Limited and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lavington School Limited.

Details of governors who served throughout the year except as noted 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 £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in relation to the affairs of the Academy Trust. Lavington School holds insurance in this regard to the value of £2,000,000.

Principal Activities

Secondary education of students aged 11 – 16 with a specialism in Maths and Computing.

Method of Recruitment and Appointment or Election of Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 1985 and trustees for the purposes of charity legislation.

Terms of office last for four years and governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. Governor vacancies, including those for Parent Governors, are advertised in the school newsletter which is distributed to all parents. The governors who were in office on 1 September 2011 and served until the end of the financial year, 31 August 2011, except where shown are listed above.

The articles of association require the members of the charitable company to appoint up to 18 governors, including

- The Headteacher
- Two other staff governors. All staff are invited to stand for election as a staff governor. Where there are more candidates than vacancies, all staff are invited to vote for their preferred candidate(s).
- Five parent governors. All parents are invited to stand for election as a parent governor. Where there are more candidates than vacancies, all parents are invited to vote for their preferred candidate(s).
- Ten other governors

Policies and Procedures adopted for the Induction and Training of Governors

There is an induction process for new governors, including 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 governors.

LAVINGTON SCHOOL LIMITED

Governors' Report (continued)

Training for governors includes

- Briefings prior to full governors' meetings on topics relevant to all
- In-house sessions for those governors with specific responsibilities (eg Child protection)
- Access to a wide range of external courses

Organisational Structure

Governors' responsibilities are aligned with those of the 5 members of the Senior Leadership Team
Generally, three governors sit on one of five groups as follows -

Working group/committee

Leadership and effectiveness
Achievement and standards
Personal development
Teaching and Learning
Business Management
(including finance)

Senior Leadership Team Member

Headteacher
Deputy Headteacher – Achievement and Standards
Deputy Headteacher – Personal Development
Deputy Headteacher – Teaching and Learning

Business Manager

This structure aims to involve governors closely and in a meaningful way in school development and decision making, rather than simply receiving reports

The Full Governing Body is responsible for major decisions including setting the school budget, capital expenditure and senior staff appointments

Spending within the agreed budget is devolved to the Senior Leadership Team, with regular reports (at least 6 times per year) to the Business Management Committee and the governing body

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific 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 school faces, especially in the operational areas (e.g. in relation to teaching, child protection, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg vetting of new staff and visitors) and internal financial controls in order to minimise risk. Where significant risk still remains they have ensured they have adequate insurance cover.

Connected Organisations, including Related Party Relationships

Lavington School is a member of the West Wiltshire Alliance which is a soft federation of secondary schools in Melksham, Trowbridge, Westbury, Warminster and Market Lavington. The WWA has successfully obtained grant funding which has supported Foundation Learning in this period. In addition, schools in WWA have shared resources to run an alternative curriculum and staff training events.

Governance of the WWA is separate from that of the school and has no impact on school operating policies.

Lavington School has strong links with its feeder school in the surrounding villages and supports their teaching of PE, ICT and mathematics by releasing teachers to visit primary schools on a weekly basis.

Auditor

Insofar as the governors are aware

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

LAVINGTON SCHOOL LIMITED

Governors' Report (continued)

Objectives and Activities

Objects and Aims

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum

Lavington School aims to

- Ensure that every student enjoys a quality education in terms of resourcing, tuition and pastoral care
- Raise the standard of educational achievement of all pupils
- Improve the effectiveness of the school by keeping the curriculum, teaching and learning and organisational structure under continual review
- Provide value for money
- Comply with all statutory and curriculum requirements
- Maintain close links with primary schools and other local schools
- Conduct the school's business in accordance with the highest standards of integrity, probity and openness

Objectives, Strategies and Activities

The main objectives of the school during the 12 months ending 31 August 2012 are as detailed in the school improvement plan covering that period, the broad headings of which are as follows -

- Focus 1 – Outstanding teaching and learning (literacy, numeracy, transferable skills, behaviour)
- Focus 2 – Outstanding curriculum opportunities (VLE, 6th set in Year 8)
- Focus 3 – Outstanding leadership and effectiveness (tracking and intervention)

Public Benefit

The Academy Trust has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives. All the Trust's charitable activities are undertaken to further its charitable purposes for the public benefit, i.e. the education of secondary age children in the village of Market Lavington and the surrounding villages and area.

Achievements and Performance

Lavington continues to be popular and oversubscribed. 141 applications were accepted for Year 7 in September 2012 against a Published Admissions Number of 137. The number on the school roll for the October census was 706 (683 at conversion to Academy in January 2011).

GCSE Examination results in 2012 although lower than the previous year were above the national average

- 72% of students achieved A* - C grades
- 60% of students achieved A* - C grades including English and mathematics
- 28% of entries resulted in grades A* or A
- 20% obtained the English Baccalaurate

Going Concern

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

LAVINGTON SCHOOL LIMITED

Governors' Report (continued)

Key Financial Performance Indicators

As mentioned above, the school continues to be oversubscribed. In spring 2012, 254 Secondary School applications named Lavington as a preferred school, an increase of 10% on the previous year. The school has students on the waiting list for some year groups and there is now an expectation by governors that the school will admit above the Planned Admission Number in future admission rounds.

Expenditure exceeded income in this financial period due to investment in a new 2 classroom build to accommodate the growing number on roll. The overall financial performance was better than forecast which enabled the building works to be financed within one financial year instead of straddling two years which was an option.

The school's successful application for a grant from the Academy Capital Maintenance Fund 2011 from the Department of Education enabled complete refurbishment of its existing food room and the creating of a second food room in an existing space.

The school continues to improve its energy management. Consumption is regularly monitored and reviewed. Minimising energy usage and expenditure is always a consideration when building developments are planned.

Out of school hours, the premises are available to outside hirers and the sports hall, in particular, is used every evening and occasionally at weekends. The school lets the sports hall at minimum cost, as a community benefit, and it is used by numerous local groups for a variety of sports.

Six long-serving members of staff retired in summer 2012 and new appointments were made accordingly. Internal promotions included five pastoral leaders and three subject leaders.

Financial Review

This financial period started with net current assets of £249,791 brought forward from the previous year which the school used to cover a new 2 classroom block capital project at a cost of £250,000.

In the same period, additional to the £2,912,240 General Annual Grant (GAG) from the Department for Education (DfE), which is main source of income, a DfE capital grant of £310,324 was awarded for 2 major food room refurbishment projects.

The year ended on 31 August 12 with net current assets of £131,039 which are expected to fund a small capital project for a small teaching area in which to deliver a wider curriculum aimed at lower ability groups from our increased number on roll -

Financial and Risk Management Objectives and Policies

All support staff in the school have the opportunity to participate in the Local Government Pension Scheme which is a defined benefit scheme. During this financial period the school's liability in the scheme has increased from £282,000 to £386,000.

Principal Risks and Uncertainties

The principal risks facing Lavington School are -

- 1 Risk of reducing funding from government. This risk faces all schools in the uncertain financial climate. The school minimises this risk by
 - maintaining popularity by consistently delivering high quality teaching, learning and results
 - continually maintaining very efficient staffing levels and
 - actively marketing the school to maintain numbers on roll are maintained
- 2 Risk of financial mis-management or fraud
 - The school employs an external Responsible Officer and auditors to carry out checks on financial systems and processes. A written report is produced for governors
 - Finance and software training is available for staff

LAVINGTON SCHOOL LIMITED

Governors' Report (continued)

- 3 Risk of loss of computers and data
The impact of such a loss would be considerable but the school minimises this risk by
 - Backing up data in school
 - Consulting with experts to ensure that computer systems have all relevant securities in place eg anti-virus, security settings, etc
 - All data is backed up remotely in addition and backups are taken daily, weekly and monthly to ensure access to all
- 4 Critical incident or other emergency
 - A plan (hard copy and electronic copy) is in place to deal with most likely situations and copies are kept on and off site

Reserves Policy

The governors review the reserve levels of the school annually. The school aims to use all financial resources for the purpose provided, ie to educate students and reserves are therefore kept to a minimum. The school has never run a deficit budget and secures its financial stability by a general contingency (£10,000 currently), a staffing contingency (£16,000) and by taking out supply cover insurance.

Reserves at the end of this period are expected to contribute to a small building project in 2012/3.

Investment Policy

Governors review levels of cash held and consider putting this in a high-interest earning account if appropriate. Cash levels are generally fairly modest and in an interest-earning current account. The high at present, this is a short term position as readily available funds will be needed for building works which commence early in the next financial year.

Plans for Future Periods

The school improvement plan for the period September 12 – August 13 will focus on:-

Curriculum - provision of

- outstanding teaching and learning (literacy, numeracy, transferable skills)
- outstanding curriculum opportunities (VLE, 6th set in Year 8)
- outstanding leadership and effectiveness (tracking and intervention)

Each curriculum department draws up its own plan towards these achieving these objectives. The plan is agreed by Governors and the Senior Leadership Team, progress is monitored and reviewed at the year end.

Development of premises

- to build a suitable teaching facility for small group SEN teaching. Students are currently housed in inadequate accommodation.

Funds held as Custodian Trustee on behalf of others

The school is currently acting as treasurer for the Wiltshire Association of Secondary and Special School Headteachers (WASSH) but these funds are held in a separate bank account operated by the school and do not form part of the school accounts.

The school acts a custodian of a small amount of West Wiltshire Alliance funds. The balance at the year end (£3000) has been transferred to the new year.

LAVINGTON SCHOOL LIMITED

Governors' Report (continued)

Auditors

In so far as the governors are aware

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

The auditors have been reappointed in this second financial year of Lavington School as an academy

Approved by order of the member of the Governing Body on 10/12/12 and signed on its behalf by

Signed 

Robert Lee

Vice Chair of Governors

LAVINGTON SCHOOL LIMITED

Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lavington School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the governing body any material weaknesses or breakdown in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governors have met 6 times during the year. Attendance during the year at meetings of the governing body was as follows -

Name	Note	Meetings attended	Out of a possible
Nicola Holman	Chair	6	6
David Wilkinson	Vice Chair	5	6
John Badgery	Resigned January 12	2	2
Martin Watson	Headteacher and Accounting Officer	6	6
Amanda Bond	Parent governor	4	6
Derek Cook		4	6
Angela Downing	Staff governor	6	6
Julie Dyer		5	6
Liz Keen		4	6
Robert Lee	Parent governor	6	6
Jane Middleton-Jones		5	6
Jeremy Minns	Staff governor	1	6
Elanor Oddy	Parent governor	5	6
Andrew Rogers	Parent Governor from May 12	2	2
Branwen Russell		5	6
Graham Sprigg	Parent governor from March 12	2	3
Katharine Stachiewicz	Parent governor from March 12	3	3
Hilary Stone	Resigned January 12	1	2
Paul Tandy	Company Secretary (long term sickness)	2	6
Nicky Wragg		4	6

LAVINGTON SCHOOL LIMITED

Governance Statement (continued)

In this period, two parent governors have resigned and three been appointed

The Business Management Committee is a committee of the main governing body. Its responsibilities are aligned with those of the School Business Manager and include

- Finance
- Strategic planning of non-academic aspects of the school
- Health and safety
- Site and resource management

A focus this year was the new 2 classroom build and the major refurbishment work to the Food Rooms

Attendance at meetings in the year was as follows -

Governor		Meetings attended	Out of a possible
Angela Downing		6	6
Nicola Holman		6	6
Robert Lee	Joined committee Jan' 12	4	4
Paul Tandy	Chair (long term sickness)	3	6

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of school 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 Lavington School Limited for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the school is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the school's significant risks that has been in place for the year ending 31 August 2012 and up to the date of the approval of the annual report and financial statements. The process is regularly reviewed by the governing body.

LAVINGTON SCHOOL LIMITED

Governance Statement (continued)

The Risk Control Framework

The school'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 budget and monitoring systems with an annual budget and periodic financial reports which are reviewed in detail by the Business Management Committee, and reviewed and agreed by the full governing body
- Regular reviews by the Business Management Committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure plans
- Setting targets to measure performance, financial and other
- Clearly defined purchasing guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The governing body has considered the need for a specific internal audit function and has decided to employ the services of Wiltshire Council for the duties of Responsible Officer. The role includes performing a range of checks on the school's financial systems, visiting the school quarterly to carry out the checks and submit written reports to the Business Management Committee. Advice may also be given on financial matters and governing body's financial responsibilities.

The function has been delivered in line with EFA requirements and no material control issues have arisen.

Reviewing Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year 2011/12 the review has been informed by -

- The work of the Responsible Officer
- The work of the external auditor
- The work of the Business Management Committee
- The financial management and governance self-assessment process
- Regular meetings with the School's Business Manager who has responsibility for the development and maintenance of the internal controls framework

The Accounting Officer is aware of the implications of the findings of this review. Only minor weaknesses have been identified at any point and these have all been addressed.

Approved by order of the members of the governing body on 10 December 2012 and signed on its behalf by -



Signature

R Lee

Vice Chair of Governors



Signature

M Watson

Accounting Officer and Headteacher

LAVINGTON SCHOOL LIMITED

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Lavington School I have considered my responsibility to notify the governing body 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 Lavington School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Lavington School Governing Body are able to identify any material irregular or improper use of funds by the School or , or material non-compliance with the terms and conditions of funding under the Funding Agreement and the Academies Financial Handbook.

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



Martin Watson

Accounting Officer

LAVINGTON SCHOOL LIMITED

Statement of Governors' Responsibilities

The governors (who act as trustees for the charitable activities of Lavington School Limited 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 Requirements 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 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,
- Observe the methods and principles in the Charities SORP,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether or not applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

The 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended

The 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 Governing Body on ^{6 Dec 2012} and signed on its behalf by

10/12/12



Robert Lee

Vice Chair

LAVINGTON SCHOOL LIMITED

Independent Auditor's Report on the Financial Statements to the Governing Body of Lavington School Limited

We have audited the financial statements of Lavington School Limited for the year ended 31st August 2012 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and Auditor

As explained more fully in the Governors' Responsibilities Statement set out above, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 2012, and of its incoming resources and application of resources, including its income and expenditure, for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

LAVINGTON SCHOOL LIMITED

Independent Auditor's Report on the Financial Statements to the Governing Body of Lavington School Limited

- 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

Opinion on other matters prescribed by the Academy's Funding Agreement with the Secretary of State for Education

- the financial statements have been prepared in accordance with the Financial Reporting Framework including the Accounts Direction 2011/12 issued by the EFA in respect of the relevant financial period, and
- proper accounting records have been kept



Andrew Williams

Senior Statutory Auditor

For and on behalf of Moore Stephens (South) LLP, Statutory Auditor

33 The Clarendon Centre

Dairy Meadow Lane

Salisbury Business Park

Salisbury

Wiltshire

SP1 2TJ

20 March 2012

LAVINGTON SCHOOL LIMITED

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

In accordance with the terms of our engagement letter dated 7 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lavington School Limited during the period 1 September 2011 to 31 August 2012 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 Lavington School Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lavington School Limited and the EFA those matters we are required to state to them 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 Lavington School Limited and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Academy Trust Limited's Lower accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lavington School Limited Trust's funding agreement with the secretary of State for Education dated 23 March 2010 and the Academies Financial Handbook as published by DfES in 2006, 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 in accordance with our engagement and the requirements of the Academies Accounts Direction 2011/12. 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 period 1 September 2011 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate audit 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 don't express a positive opinion

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

- consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance,
- analytical procedures on the general activities of the academy trust,
- a review of minutes of committees and board meetings which may be relevant to regularity,
- consideration of discussions with key personnel including the accounting officer and governing body,
- tests of control have been carried out on a control activity which are relevant to regularity,
- substantive testing of individual transactions

LAVINGTON SCHOOL LIMITED

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

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Moore Stephens (South) LLP

Chartered Accountants

For and on behalf of Moore Stephens (South) LLP, Statutory Auditor

33 The Clarendon Centre

Dairy Meadow Lane

Salisbury Business Park

Salisbury

Wiltshire

SP1 2TJ

20 December 2012

LAVINGTON SCHOOL LIMITED

Statement of Financial Activities for the year ended 31 August 2012 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £	Total 2011 £
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	-	6,626	-	6,626	12,709,995
Voluntary income - transfer from Local Authority on conversion		-	-	-	-	
Activities for generating funds	4	163,558	32,284	-	195,842	123,506
Investment income	5	627	-	-	627	267
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	6	-	3,361,244	119,885	3,481,129	2,662,833
Project management grants	6	-	-	-	-	
Other incoming resources	7	-	-	-	-	
Total incoming resources		164,185	3,400,154	119,885	3,684,224	15,496,601
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		-	-	-	-	
Fundraising trading		-	-	-	-	
Other resources expended-transfer from Local Authority on conversion		-	-	-	-	
<i>Charitable activities</i>						
Academy's educational operations	8	72,388	3,240,831	1,447,087	4,760,306	2,741,376
Governance costs	9	-	56,067	-	56,067	35,414
Total resources expended	7	72,388	3,296,898	1,447,087	4,816,373	2,776,790

LAVINGTON SCHOOL LIMITED

Statement of Financial Activities for the year ended 31 August 2012 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Net incoming (outgoing) resources before transfers	91,797	92,789	(1,327,202)	(1,132,149)	12,719,811
Transfers					
Gross transfers between funds	16	3,012	(314,817)	311,805	-
Net incoming (outgoing) resources before other recognised gains and losses		94,809	(211,561)	(1,015,397)	(1,132,149)
Other recognised gains and losses					12,719,811
Gains (losses) on assets			-	-	-
Brought forward defined benefit pension scheme liability	26	-	-	-	(316,000)
Actuarial (losses) gains on defined benefit pension schemes	16,26	-	(106,000)	-	36,000
Net movement in funds		94,809	(317,561)	(1,015,397)	(1,238,149)
Reconciliation of funds					
Total funds brought forward as at 1 September 2011	16	36,230	(68,439)	12,290,336	12,258,127
Total funds carried forward as at 31 August 2012		131,039	(386,000)	11,274,939	11,019,978

All of the Academy's activities derive from continuing operations during the above financial period

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

LAVINGTON SCHOOL LIMITED

Balance Sheet as at 31 August 2012

Company Number 07452837

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	13		<u>11,274,939</u>		<u>12,290,336</u>
			<u>11,274,939</u>		<u>12,290,336</u>
Current assets					
Debtors	16	<u>152,989</u>		205,181	
Cash at bank and in hand		<u>137,350</u>		<u>336,813</u>	
Total current assets		<u>290,339</u>		<u>541,994</u>	
Liabilities					
Creditors Amounts falling due within one year	17	<u>(159,300)</u>		<u>(292,203)</u>	
Net current assets			<u>131,039</u>		<u>249,791</u>
Total assets less current liabilities			<u>11,405,978</u>		<u>12,540,127</u>
Pension scheme surplus	28		<u>(386,000)</u>		<u>(282,000)</u>
Net assets including pension surplus			<u>11,019,978</u>		<u>12,258,127</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	18		<u>11,274,939</u>		<u>12,290,336</u>
General fund	18		-		213,561
Pension reserve	18		<u>(386,000)</u>		<u>(282,000)</u>
Total restricted funds			<u>10,888,939</u>		<u>12,221,897</u>
Unrestricted funds					
General fund	18		<u>131,039</u>		<u>36,230</u>
Total unrestricted funds			<u>131,039</u>		<u>36,230</u>
Total Funds			<u>11,019,978</u>		<u>12,258,127</u>

The financial statements on pages 18 to 38 were approved by the Governors, and authorised for issue
10th Dec 2012 and signed on their behalf by



Robert Lee
Vice Chair

LAVINGTON SCHOOL LIMITED

Cashflow Statement for the year ended 31 August 2012

		2012 £	2011 £
Net cash inflow from operating activities	22	(953,436)	207,414
Cash transferred on conversion to an academy trust		-	-
Returns on investments and servicing of finance	23	627	267
Capital expenditure	24	753,346	129,132
(Decrease) / increase in cash in the year	25	<u>(199,463)</u>	<u>336,813</u>
Reconciliation of net cash flow to movement in net funds			
Net funds as at 1 September 2011		336,813	-
Net funds as at 31 August 2012		<u>137,350</u>	<u>336,813</u>

All of the academy trust's activities are derived from acquisitions in the current financial period

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012

1. Statement of Accounting Policies

Basis of Preparation

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

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 company 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.

Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**
Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.
- **Sponsorship income**
Sponsorship income provided to the academy trust 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.
- **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 it is receivable and to the extent the goods have been provided or on completion of the service.
- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 academy trust's policies.

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

Resources Expended

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Land and buildings	2% straight line
Fixtures, fittings and equipment	33% & 25% straight line
ICT equipment	33% straight line

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

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

Investments

The academy's shareholding in the wholly owned subsidiary, ABC Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

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

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

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

2. General Annual Grant (GAG)

	2012 £	2011 £
a. Results and Carry Forward for the year		
GAG brought forward from previous year	238,836	-
GAG allocation for current year	2,912,240	2,051,482
Total GAG available to spend	3,151,076	2,051,482
Recurrent expenditure from GAG	(2,810,984)	(1,812,646)
Fixed assets purchased from GAG	-	-
Transfer from unrestricted fund	340,092	238,836
Other restricted GAG funds	340,092	238,836
GAG carried forward to next year	340,092	238,836
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(349,469)	(246,178)
GAG to surrender to DfE (12% rule breached if result is positive)	(9,377) no breach	(7,342) no breach
b Use of GAG brought forward from previous year for recurrent purposes		
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	2,810,984	1,812,646
GAG allocation for current year	(2,912,240)	(2,051,482)
GAG allocation for previous year x 2%	(41,030)	-
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)	(142,286) no breach	(238,836) no breach

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

3. Voluntary income

	Unrestricted Funds £	Restricted Funds £	2012 Total £	2011 Total £
Donations – Capital	-	-	-	12,523,851
Other Donations	-	6,626	6,626	186,144
	<u>-</u>	<u>6,626</u>	<u>6,626</u>	<u>123,506</u>

4. Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	2012 Total £	2011 Total £
Other Income	56,918	-	56,918	63,685
Other Restricted Income	-	32,284	32,284	-
Catering Income	106,640	-	106,640	59,821
	<u>163,558</u>	<u>32,284</u>	<u>195,842</u>	<u>123,506</u>

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	2012 Total £	2011 Total £
Bank Interest Received	627	-	627	267
	<u>627</u>	<u>-</u>	<u>627</u>	<u>267</u>

6. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	2012 Total £	2011 Total £
DfE/YPLA capital grant				
Devolved Formula Capital allocations	-	15,561	15,561	-
Academy main building grant	-	104,324	104,324	181,684
Other EFA capital grants	-	119,885	119,885	181,684
	<u>-</u>	<u>119,885</u>	<u>119,885</u>	<u>181,684</u>
DfE / YPLA revenue grants				
General Annual Grant (GAG) (note 2)	-	2,912,240	2,912,240	2,051,482
Other DfE / YPLA grants	-	418,609	418,609	161,869
	<u>-</u>	<u>3,330,849</u>	<u>3,330,849</u>	<u>2,213,351</u>
Other Government grants				
Other grants	-	30,395	30,395	-
School Standards Funds	-	-	-	86,114
	<u>-</u>	<u>30,395</u>	<u>30,395</u>	<u>86,114</u>

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

7. Resources Expended

	Staff Costs £	Non Pay expenditure Premises £	Other Costs £	Total £	Total £
Academy's educational operations					
Direct costs	2,254,955	277,612	1,420,574	3,953,141	2,007,135
Allocated support costs	410,752	217,793	178,620	807,165	736,241
Implementation costs				-	
	2,665,707	495,405	1,599,194	4,760,306	2,743,376
Governance costs including allocated support costs	-	-	56,067	56,067	35,414
	2,665,707	495,405	1,655,261	4,816,373	2,778,790
Net Incoming/outgoing resources for the year include:				Total £	Total £
Operating leases				-	-
Fees payable to auditor - audit				4,500	4,500
- other services				4,542	-
Responsible officer				238	-

8. Charitable Activities – Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Direct costs				
Teaching and educational support staff costs	-	2,254,955	2,254,955	1,521,691
Depreciation	-	277,612	277,612	249,508
DFE valuation of buildings	-	1,169,475	1,169,475	-
Educational supplies	-	97,442	97,442	121,788
Examination fees	-	41,277	41,277	38,749
Staff development	-	15,447	15,447	8,709
ICT costs	-	72,765	72,765	26,820
Other direct costs	-	24,168	24,168	20,319
	-	3,953,141	3,953,141	1,987,584

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

Allocated support costs

Support staff costs	-	410,752	410,752	269,569
Depreciation	-	-	-	36,558
Recruitment and support	-	10,265	10,265	5,489
Maintenance of premises and equipment	-	123,398	123,398	302,372
Cleaning	-	9,110	9,110	5,108
Rent & rates	-	25,867	25,867	13,555
Light & Heat	-	57,879	57,879	30,139
Marketing	-	-	-	1,437
Telephones	-	2,802	2,802	5,336
Insurance	-	48,951	48,951	30,593
Music fees	10,467	-	10,467	-
Trips and visits travel costs	8,382	-	8,382	-
Catering	53,539	-	53,539	32,545
Subsistence & Related costs	-	15,101	15,101	5,150
Bank interest and charges	-	30	30	6
Other support costs	-	30,622	30,622	15,935
	72,388	734,777	807,165	734,241

9. Governance costs

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Legal and professional fees	-	38,903	38,903	11,543
Payroll Support	-	7,516	7,516	17,283
Auditors' remuneration				
Audit of financial statements	-	4,500	4,500	4,500
Accountancy	-	4,542	4,542	-
Responsible officer audit	-	238	238	-
Other professional fees	-	2,368	2,368	-
Support costs	-	(2,000)	(2,000)	2,000
Governors' reimbursed expenses	-	-	-	88
	-	56,067	56,067	35,414

10. Staff costs

Staff costs during the period were

	Total 2012 £	Total 2011 £
Wages and salaries	2,127,011	1,647,411
Social security costs	342,122	103,826
Other pension costs	168,003	211,432
	2,637,136	1,962,669
Supply teacher costs	28,571	40,023
Compensation payments	-	-
	2,665,707	2,002,692

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

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

	2012 No.	2011 No.
Charitable Activities		
Teachers	38	44
Administration and support	38	33
Management	5	5
	<u>81</u>	<u>82</u>

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

	2012 No	2011 No.
£60,001 - £70,000	0	0
£70,001 - £80,000	0	0
£80,001 - £90,000	1	0

The above employee participated in the Teachers' Pension Scheme During the year ended 31 August 2012, pension contributions amounted to £11,595 (2011 £13,096)

11. Governors' remuneration and expenses [required for trustee governors]

Principal and 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 was as follows, this was not received for services as a governor but in respect of their employment in the Academy

M Watson, Head Teacher and Trustee	£80,000 - £85,000
A Downing, Bursar and Trustee	£40,000 - £45,000
J Mins, Teacher and Trustee	£40,000 - £45,000

During the year ended 31 August 2012 no travel and subsistence expenses were reimbursed to governors (2011 £88 travel expenses were reimbursed)

Related party transactions involving the trustees are set out in note 27

12. 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2012 is included within the total fee for insurance

The cost of this insurance is included in the total insurance cost

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

13. Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
As at 1 September 2011	12,475,415	21,275	79,713	12,576,403
Transfer on conversion	-	-	-	-
Additions	312,377	6,190	113,123	431,690
Disposals	(1,169,475)	-	-	(1,169,475)
As at 31 August 2012	11,618,317	27,465	192,836	11,838,618
Depreciation				
As at 1 September 2011	249,508	4,384	32,175	286,067
Charged in year	201,283	5,564	70,765	277,612
Disposals	-	-	-	-
As at 31 August 2012	450,791	9,948	102,940	563,679
Net book values				
As at 31 August 2012	11,167,526	17,517	89,896	11,274,939
As at 31 August 2011	12,225,907	16,891	47,538	12,290,336

The land and buildings were valued on the depreciated replacement cost method in an exercise undertaken by the Education Funding Agency as at the 31 August 2012. The land is valued at £1,505,969 and the buildings at £10,112,351. The Academy has not obtained a separate valuation. The Academy did not consider it an effective use of public funds to obtain an additional valuation. The property is insured for a re build cost of £13,725,000.

An adjustment has been made to the value of the land and buildings as reflected at the end of the 2010/11 accounting period to bring it in line with the EFA valuation carried out in August 2012. This is shown above as a disposal on the freehold land and buildings.

14. Debtors

	2012 £	2011 £
Trade debtors	-	-
Prepayments	115,152	134,356
Sundry debtors	37,837	70,825
	<u>152,989</u>	<u>205,181</u>

15. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	44,689	-
Accruals and deferred income	114,611	292,203
	<u>159,300</u>	<u>292,203</u>

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

Deferred income	2012
	£
Deferred income as at 1 September 2011	58,470
Resources deferred in the year	25,723
Amounts released from previous years	(58,470)
Deferred income as at 31 August 2012	25,723

Deferred income relates to insurance grants, devolved formula capital and music and tennis coaching fees relating to the academic year 2012/13

16. Funds

	Balance at 1 September 2011 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2012 £
Restricted general funds					
General Annual Grant (GAG)	-	2,944,524	(2,853,735)	(90,789)	-
Other Income	-	6,626	(6,626)	-	-
Other DfE/YPLA grants	-	418,609	(418,609)	-	-
LEA and other grants	-	30,395	(30,395)	-	-
Pension Reserve	(282,000)	-	2,000	(106,000)	(386,000)
Other restricted	213,561	-	-	(213,561)	-
	(68,439)	3,400,154	(3,307,365)	(410,350)	(386,000)
Restricted fixed asset funds					
DfE/YPLA capital grants	12,290,336	119,885	(271,376)	(1,169,475)	10,969,370
Donated assets	-	-	-	-	-
Capital expenditure from GAG	-	-	(6,236)	311,805	305,569
Private sector capital sponsorship	-	-	-	-	-
	12,290,336	119,885	(277,612)	(857,670)	11,274,939
Total restricted funds	12,221,897	3,520,039	(3,584,977)	(1,268,020)	10,888,939
Unrestricted funds					
Unrestricted funds	36,230	164,185	(61,921)	(7,455)	131,039
Total unrestricted funds	36,230	164,185	(61,921)	(7,455)	131,039
Total funds	12,258,127	3,684,224	(3,646,898)	(1,275,475)	11,019,978

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

17. Analysis of net assets between funds

Fund balances at 31 August 2012 are represented by

	Unrestricted general fund £	Restricted general fund £	Restricted fixed asset fund £	Total 2012 £
Tangible fixed assets	-	-	11,274,939	11,274,939
Current assets	-	290,339	-	290,339
Current liabilities	-	(159,300)	-	(159,300)
Pension scheme liability	-	(386,000)	-	(386,000)
Total net assets	-	(254,961)	11,274,939	11,019,978

18. Capital commitments

	2012 £	2011 £
Contracted for, but not provided in the financial statements	Nil	Nil

19. Financial commitments

Operating leases

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<u>-</u>	<u>-</u>
<u>Other</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	25,634	10,653
Expiring in over five years	-	-
	<u>25,634</u>	<u>10,653</u>

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

20. Reconciliation of net income to net cash inflow from operating activities

	2012 £	2011 £
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(1,132,149)	12,719,811
Depreciation (note 13)	277,612	286,067
(Loss)/profit on disposal of tangible fixed assets	-	-
Capital grants from DfE and other capital income	(15,561)	(12,705,535)
Interest receivable (note 5)	(627)	(267)
FRS 17 pension cost less contributions payable (note 27)	(13,000)	(4,000)
FRS 17 pension finance income (note 27)	11,000	6,000
(Increase)/decrease in debtors	52,192	(205,181)
Increase/(decrease) in creditors	(132,903)	292,203
Net cash inflow from operating activities	(953,436)	389,098

21. Returns on investments and servicing of finance

Interest received	627	267
Net cash inflow from returns on investment and servicing of finance	627	267

22. Capital expenditure and financial investment

Purchase of tangible fixed assets	(431,690)	(52,552)
Capital grants from DfE/YPLA	15,561	181,684
Capital funding received from sponsors and others	-	-
DFE valuation of buildings	1,169,475	-
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	753,346	129,132

23. Analysis of charges in net funds

	As at 1 September 2011 £	Cash flows £	As at 31 August 2012 £
Cash in hand and at bank	336,813	(199,463)	137,350
Cash with investment managers	-	-	-
	336,813	(199,463)	137,350

24. Contingent Liabilities

The academy had no contingent liabilities at 31 August 2012

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

25. Members' Liability

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

26. Pension and similar obligations

The academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County 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 was 31 March 2004 and of the LGPS 31 March 2010

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

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

rate of return is 6.5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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 and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £128,000, of which employer's contributions totalled £100,000 and employees' contributions totalled £28,000.

Principal Actuarial Assumptions

	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.50%	4.90%
Rate of increase for pensions in payment/inflation	2.20%	2.60%
Discount rate for scheme liabilities	4.10%	5.40%
Inflation assumption (CPI)	2.60%	2.60%
Commutation of pensions to lump sums	75.00%	50.00%

Change in assumptions at 31 August 2012	Approximate % increase to employer liability	Approximate monetary amount (£000's)
0.5% decrease in real discount rate	11%	126
1 year increase in member life expectancy	3%	36
0.5% increase in the salary increase rate	4%	47
0.5% increase in the pension increase rate	6%	77

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

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

	At 31 August 2012	At 31 August 2011
<i>Retiring today</i>		
Males	21.3	21.3
Females	23.6	23.6
<i>Retiring in 20 years</i>		
Males	24.9	23.3
Females	25.5	25.5

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

	Expected return at 31 August 2012	Fair value at 31 August 2012 £	Expected return at 31 August 2011	Fair value at 31 August 2011 £
Equities	5.50%	546,000	6.80%	405,000
Bonds	3.50%	154,000	4.60%	128,000
Property	3.50%	89,000	4.80%	84,000
Cash	2.80%	24,000	3.90%	26,000
Total market value of assets		813,000		643,000

Present value of scheme liabilities
- Funded

(1,199,000) (925,000)

Surplus/(deficit) in the scheme

(386,000) (282,000)

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (ie As at 1 September 2011 for the year to 31 August 2012). The return on gilts and other bonds are assumed to be gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on the scheme assets was £64,000 (2011: (£13,000)).

Amounts recognised in the statement of financial activities

	2012 £	2011 £
Current service cost (net of employee contributions)	87,000	59,000
Past service cost	-	-
Total operating charge	87,000	59,000

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	(42,000)	(27,000)
Interest on pension liabilities	<u>53,000</u>	<u>33,000</u>
Pension finance income/(costs)	<u>11,000</u>	<u>6,000</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 financial activities since the adoption of FRS 17 is a £70,000 loss (2011 £36,000 gain)

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

	2012 £	2011 £
At 1 September 2011	925,000	890,000
Current Service cost	87,000	59,000
Interest cost	53,000	33,000
Employee contributions	28,000	18,000
Actuarial (gain)/loss	115,000	(76,000)
Benefits paid	(9,000)	1,000
Past Service cost	-	-
At 31 August 2012	<u>1,199,000</u>	<u>925,000</u>

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

	2012 £	2011 £
At 1 September 2011	643,000	574,000
Expected return on assets	42,000	27,000
Actuarial (gain)/loss	9,000	(40,000)
Employer contributions	100,000	63,000
Employee contributions	28,000	18,000
Benefits paid	(9,000)	1,000
At 31 August 2012	<u>813,000</u>	<u>643,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £103,000

The two year history of experience adjustments is as follows:

	2012 £	2011 £
Present value of defined benefit obligations	(1,199,000)	(925,000)
Fair value of share of scheme assets	813,000	643,000
Deficit in the scheme	<u>(386,000)</u>	<u>(282,000)</u>

LAVINGTON SCHOOL LIMITED

Notes to the Financial Statements for the year ended 31 August 2012 (continued)

Experience adjustments on share of scheme assets	9,000	(40,000)
--------------------------------------------------	-------	----------

Experience adjustments on scheme liabilities	-	-
----------------------------------------------	---	---

27. 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, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have 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.

28. Academy Trading Account for the period ended 31 August 2012

	Notes	£	£
Income			
DfE/EFA General Annual Grant (GAG)	5	2,912,240	2,051,482
DfE/EFA Start Up Grant	5	-	-
DfE/EFA Capital Grants	5	119,885	181,684
Other DfE/EFA Grants	5	418,609	161,869
Other Government Grants	5	30,395	86,114
Voluntary income	3	6,626	12,709,995
Investment income		627	267
Endowment funds		-	-
Activities for generating funds	4	195,842	123,506
Other income		-	-
Total income		3,684,224	15,314,917
Expenditure			
Staff costs	6	2,665,707	1,805,661
Non pay expenditure			
- Premises	6	217,793	351,257
- Other	6	1,655,261	333,805
Depreciation	12	277,612	288,067
Total expenditure		4,816,373	2,778,790
Net Income/(Expenditure) for the period		(1,132,149)	12,536,127

The income and expenditure account is derived from the Statement of Financial Activities on pages 18 – 18 which, together with the Notes to the Financial Statements on pages 22 – 38 provides full information on the movements during the period on all the funds of Lavington School Limited.

All of the Academy's activities derived from continuing operations during the above financial periods.