

Company Registration No 07452837 (England and Wales)

**LAVINGTON SCHOOL LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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# LAVINGTON SCHOOL LIMITED

## CONTENTS

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	<b>Page</b>
Reference and administrative details	1 - 2
Trustees' report	3 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of trustees' responsibilities	13
Independent auditor's report on the accounts	14 - 15
Independent auditor's report on regularity	16 - 17
Statement of financial activities	18
Balance sheet	19
Cash flow statement	20
Notes to the accounts	21 - 36

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# LAVINGTON SCHOOL LIMITED

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

N Holman (Resigned 22 July 2013) \*  
D Wilkinson (Chair)  
P Tandy (Company Secretary up to 22/07/2013) (Resigned 22 July 2013) \*  
K Bate (Staff Trustee) (Appointed 13 May 2013)  
A Bond (Parent Trustee) (Resigned 22 July 2013)  
D Cook \*  
J Dyer  
A Holloway (Appointed 22 July 2013)  
J Howells (Appointed 22 July 2013)  
L Keen (Resigned 15 October 2012)  
R Lee \*  
J Middleton-Jones  
E Oddy (Parent Trustee)  
A Purcell (Appointed 22 November 2012)  
A Rogers (Parent Trustee)  
B Russell (Resigned 22 July 2013)  
J Shatford (Appointed 22 July 2013)  
G Sprigg (Parent Trustee)  
K Stachiewicz (Parent Trustee)  
N Wragg  
A Downing (Staff Trustee, Company Secretary from 22/07/13 onwards)  
\*  
J Minns (Staff Trustee) (Resigned 15 October 2012)  
M Watson (Principal and Accounting Officer)

\* members of the Business Management Committee

### Senior management team

- Headteacher	Martin Watson
- Deputy Headteacher	Daniela DeCet
- Deputy Headteacher	Gary Ford
- Deputy Headteacher	Sarah Lowkins
- Business Manager	Angela Downing

### Company Secretary

Mrs A Downing

### Company registration number

07452837 (England and Wales)

### Registered office

The Spring  
Market Lavington  
Devizes  
Wiltshire  
SN10 4EB

# LAVINGTON SCHOOL LIMITED

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor**                      Moore Stephens (South) LLP  
33 The Clarendon Centre  
Dairy Meadow Lane  
Salisbury , Wiltshire,  
SP1 2TJ

**Bankers**                                        Lloyds Bank Plc  
38 Market Place  
Devizes  
Wiltshire  
SN10 1JD

**Solicitors**                                    Goughs  
5 Bath Road  
Melksham  
Wiltshire  
SN12 6LN

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2013**

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The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2012 to 31 August 2013

### **Structure, governance and management**

#### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees 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 trustees 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.

#### Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Trustee 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

#### Method of recruitment and appointment or election of trustees

The Trustees 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 trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. Trustee vacancies, including those for Parent Trustees, are advertised in the school newsletter which is distributed to all parents. The trustees were in office on 1 September 2012 and served until the end of the financial year 31 August 2013 except where indicated on the full list above.

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

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

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2013

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#### Policies and procedures adopted for the induction and training of trustees

There is an induction process for new trustees, including a tour of the Academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

Training for trustees includes

- Briefings prior to full trustees' meetings on topics relevant to all
- In-house sessions for those trustees with specific responsibilities (e.g. Child protection, special needs, finance etc)
- Access to a wide range of external courses

#### Organisational structure

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

Working group/committee	Senior Leadership Team Member
Leadership and effectiveness	Headteacher
Achievement and standards	Deputy Headteacher
Personal development	Deputy Headteacher
Teaching and Learning	Deputy Headteacher
Business Management (including finance)	Business Manager

This structure aims to involve trustees 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 5 times per year) to the Business Management Committee and the governing body.

#### Risk management

The trustees 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 trustees 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 (e.g. observations, assessment, 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 and 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 intervention in this period. In addition, schools in WWA have shared resources to run an alternative learning facility 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.

Insofar as the trustees are aware

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

# **LAVINGTON SCHOOL LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2013**

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#### **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 2013 are as detailed in the school improvement plan covering that period, the broad headings of which are as follows -

Lavington's Ofsted inspection in September 2012 judged the school as category 3 "Needs Improvement". The inspection team recognised that the school had undergone a difficult time for the school, largely as a result of turbulence in staffing and some ineffective teaching. These issues have now been largely resolved by the Senior Leadership Team. Inadequate teaching is now very rare and a number of new teachers have joined the school. The time taken to deal with these problems did, however, limit the capacity of senior leaders to improve teaching more widely across the school and therefore the school's main objective is "Getting to Good" following our Ofsted (September 2012). Contributing plans from curriculum departments focussed on -

- Focus 1 - Curriculum Opportunities (linked to subject evaluations)
- Focus 2 - Development of the Environment and Resources (linked to evaluation)
- Focus 3 - Literacy development

##### 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**

##### Achievements in the year

Lavington continues to be popular and oversubscribed. 141 applications were accepted for Year 7 in September 2013 against a Published Admissions Number of 137. The number on the school roll for the October census was 706 (in comparison with 683 January 2011).

GCSE Examination results in 2013 improved on the previous year and again, were above the national average.

- 83% of students achieved A\* - C grades (our highest ever result)
- 63% of students achieved A\* - C grades including English and mathematics
- 27% of entries resulted in grades A\* or A
- 31% obtained the English Baccalaurate

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2013**

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### Key performance indicators

The school continues to be oversubscribed. In spring 2013, 270 Secondary School applications named Lavington as a preferred school, the highest ever. There is now an expectation by trustees that the school will admit above the Planned Admission Number in future admission rounds.

Expenditure exceeded income by £114,348 in this financial period, however expenditure included depreciation of £313,196 and pension service costs of £17,000. Excluding these costs income exceeded expenditure by £215,848 and financial performance was better than forecast. Expenditure also included £79,000 on supporting the school improvement plan, as well as £25,000 on ICT developments. The in year surplus has been committed to small capital projects that will take place in late 2013.

The school continues to improve its energy management and is locally considered to be ahead in its approach to 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.

The turnover of staff is low, with only 3 teachers and 3 support staff leaving in July 13. Recruitment to the vacancies has included internal promotions as well as external appointments.

### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

### **Financial review**

This financial period started with net current assets of £131,039 brought forward from the previous year. It was hoped that this would combine with Academy Capital Bid income and fund a building project to accommodate a wider curriculum and lower ability groups. The bid was, however, unsuccessful.

In the same period, additional to the £3,312,925 General Annual Grant (GAG) from the Department for Education (DfE), which is main source of income, the school received other government funding in the form of Pupil Premium £62,603 and Capital Formula of £15,645.

The year ended on 31 August 13 with net current assets of £282,953.



# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2013**

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### 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 trustees
- Finance and software training is available for staff

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

### 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 decreased slightly from £386,000 to £365,000 Employer contributions will be increased from April 2014 towards addressing the deficit

### Reserves policy

The trustees 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 small capital projects, including an office and meetings room extension in 2013/14

### Investment policy and powers

Trustees 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 Cash levels are high at present but it is a short term position as readily available funds will be needed for building works which commence early in the next year

# **LAVINGTON SCHOOL LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2013***

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### **Plans for the future**

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 Trustees and the Senior Leadership Team, progress is monitored and reviewed at the year end.

### **Development of premises**

to build a new reprographics office and small meetings room. This will allow, in a second phase, the extension and refurbishment of the main staffroom as a staffroom cum resource base. At present, the room cannot accommodate our increased staff numbers.

### **Funds held as custodian trustee**

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.

### **Auditor**

In so far as the trustees are aware

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

A resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the board of trustees on 09 December 2013 and signed on its behalf by



D Wilkinson  
Chair

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2013**

### Scope of responsibility

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

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
N Holman (Resigned 22 July 2013)		
D Wilkinson (Chair)	4	5
P Tandy (Company Secretary up to 22/07/2013) (Resigned 22 July 2013)		
K Bate (Staff Trustee) (Appointed 13 May 2013)	2	2
A Bond (Parent Trustee) (Resigned 22 July 2013)	4	5
D Cook	4	5
J Dyer	5	5
A Holloway (Appointed 22 July 2013)		
J Howells (Appointed 22 July 2013)		
L Keen (Resigned 15 October 2012)	0	1
R Lee	4	5
J Middleton-Jones	4	5
E Oddy (Parent Trustee)	5	5
A Purcell (Appointed 22 November 2012)	3	4
A Rogers (Parent Trustee)	1	5
B Russell (Resigned 22 July 2013)	4	5
J Shatford (Appointed 22 July 2013)		
G Sprigg (Parent Trustee)	4	5
K Stachiewicz (Parent Trustee)		
N Wragg	2	5
A Downing (Staff Trustee, Company Secretary from 22/07/13 onwards)		
J Minns (Staff Trustee) (Resigned 15 October 2012)	0	1
M Watson (Principal and Accounting Officer)	5	5

In this period, two parent trustees have resigned and two been appointed.

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2013

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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

Trustees	Meetings attended	Out of possible
N Holman (Resigned 22 July 2013)	4	5
P Tandy (Company Secretary up to 22/07/2013) (Resigned 22 July 2013)	0	5
D Cook	1	1
R Lee	5	5
A Downing (Staff Trustee, Company Secretary from 22/07/13 onwards)	5	5

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lavington School Limited for the period 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and accounts.

#### 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 2013 and up to the date of the approval of the annual report and financial statements. The process is regularly reviewed by the governing body.

#### The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees,
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2013**

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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.

### **Review of effectiveness**

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

- the work of the Responsible Officer


- the work of the external auditor,

- 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 all reviews. Only minor weaknesses have been identified at any point and these have all been addressed.

Approved by order of the board of trustees on 09 December 2013 and signed on its behalf by



D Wilkinson  
Chair



M Watson  
Principal and Accounting Officer

# **LAVINGTON SCHOOL LIMITED**

## **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2013**

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As accounting officer of Lavington School Limited I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreement in place between the academy trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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

Approved on 09 December 2013 and signed by



M Watson  
Accounting Officer

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who also act as governors for Lavington School Limited and are also the directors of Lavington School Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to

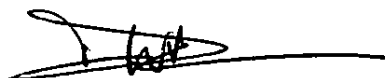
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 09 December 2013 and signed on its behalf by



D Wilkinson  
Chair

# **LAVINGTON SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LAVINGTON SCHOOL LIMITED**

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We have audited the accounts of Lavington School Limited for the year ended 31 August 2013 set out on pages 18 to 36. 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) and the Academies Accounts Direction 2013 issued by the EFA.

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees, who are also the directors of Lavington School Limited for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.



# LAVINGTON SCHOOL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LAVINGTON SCHOOL LIMITED

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### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Andrew Williams (Senior Statutory Auditor)  
for and on behalf of Moore Stephens (South) LLP

Chartered Accountants  
Statutory Auditor  
33 The Clarendon Centre  
Dairy Meadow Lane  
Salisbury, Wiltshire,  
SP1 2TJ

Dated 13/12/2013

# **LAVINGTON SCHOOL LIMITED**

## **INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LAVINGTON SCHOOL LIMITED AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 07 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 2012 to 31 August 2013 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 the Lavington School Limited and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Lavington School Limited and the EFA, for our work, for this report, or for the conclusion we have formed

### **Respective responsibilities of Lavington School Limited's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Lavington School Limited's funding agreement with the Secretary of State for Education dated 23 March 2010 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes

- consideration of the evidence supporting the accounting officer's 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 AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LAVINGTON SCHOOL LIMITED AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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### Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Mr Andrew Williams (Senior Statutory Auditor)  
for and on behalf of Moore Stephens (South) LLP

Dated 13/12/2013

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2013

		Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2013 £	Total 2012 £
<b>Incoming resources</b>	<b>Notes</b>					
<i>Resources from generated funds</i>						
- Voluntary income	2	-	8,888	-	8,888	6,626
- Activities for generating funds	3	76,269	136,205	-	212,474	195,842
- Investment income	4	575	-	-	575	627
<i>Resources from charitable activities</i>						
- Funding for educational operations	5	-	3,452,931	15,645	3,468,576	3,481,129
<b>Total incoming resources</b>		<b>76,844</b>	<b>3,598,024</b>	<b>15,645</b>	<b>3,690,513</b>	<b>3,684,224</b>
<b>Resources expended</b>						
<i>Costs of generating funds</i>						
<i>Charitable activities</i>						
- Educational operations	7	17,498	3,448,119	313,196	3,778,813	3,588,831
Governance costs	8	-	26,048	-	26,048	58,067
<b>Total resources expended</b>	6	<b>17,498</b>	<b>3,474,167</b>	<b>313,196</b>	<b>3,804,861</b>	<b>3,646,898</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>59,346</b>	<b>123,857</b>	<b>(297,551)</b>	<b>(114,348)</b>	<b>37,326</b>
Gross transfers between funds		-	(48,289)	48,289	-	-
<b>Net income/(expenditure) for the year</b>		<b>59,346</b>	<b>75,568</b>	<b>(249,262)</b>	<b>(114,348)</b>	<b>37,326</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension scheme	17	-	38,000	-	38,000	(106,000)
Revaluation of fixed assets	11	-	-	-	-	(1,169,475)
<b>Net movement in funds</b>		<b>59,346</b>	<b>113,568</b>	<b>(249,262)</b>	<b>(76,348)</b>	<b>(1,238,149)</b>
Fund balances at 1 September 2012		131,039	(386,000)	11,274,939	11,019,978	12,258,127
<b>Fund balances at 31 August 2013</b>		<b>190,385</b>	<b>(272,432)</b>	<b>11,025,677</b>	<b>10,943,630</b>	<b>11,019,978</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

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

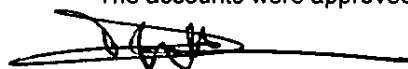
# LAVINGTON SCHOOL LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £	£	2012 £	£
<b>Fixed assets</b>					
Tangible assets	11	11,025,677		11,274,939	
<b>Current assets</b>					
Debtors	12	103,069		152,989	
Cash at bank and in hand		277,261		137,350	
		380,330		290,339	
Creditors amounts falling due within one year	13	(97,377)		(159,300)	
<b>Net current assets</b>		282,953		131,039	
<b>Total assets less current liabilities</b>		11,308,630		11,405,978	
Defined benefit pension liability	17	(365,000)		(386,000)	
<b>Net assets</b>		10,943,630		11,019,978	
<b>Funds of the academy trust.</b>					
<b>Restricted income funds</b>	15				
- Fixed asset funds		11,025,677		11,274,939	
- General funds		92,568		-	
- Pension reserve		(365,000)		(386,000)	
<b>Total restricted funds</b>		10,753,245		10,888,939	
<b>Unrestricted funds</b>	15	190,385		131,039	
<b>Total funds</b>		10,943,630		11,019,978	

The accounts were approved by order of the board of trustees and authorised for issue on 09 December 2013



D Wilkinson  
Chair

Company Number 07452837

# LAVINGTON SCHOOL LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	18	187,680	111,744
<b>Returns on investments and servicing of finance</b>			
Investment income	575	627	
Financing costs	(55)	(30)	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		520	597
		188,200	112,341
<b>Capital expenditure and financial investments</b>			
Capital grants received	15,645	119,886	
Payments to acquire tangible fixed assets	(63,934)	(431,690)	
<b>Net cash flow from capital activities</b>		(48,289)	(311,804)
<b>Increase/(decrease) in cash</b>	19	139,911	(199,463)

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts 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 Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 1.2 Going concern

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

#### 1.3 Incoming resources

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

##### Grants receivable

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

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

##### 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 and the value of the donation is measurable.

##### 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 the academy trust's policies.

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

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### 1 Accounting policies

(Continued)

#### 1.4 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.

All resources expended are inclusive of irrecoverable VAT.

#### 1.5 Tangible fixed assets and depreciation

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

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

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

#### 1.6 Taxation

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

#### 1.7 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 and the assets are held separately from those of the academy trust.



# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 1 Accounting policies

(Continued)

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 17, 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 are recognised as they are paid each year.

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

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Other donations	-	8,888	8,888	6,626

### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Hire of facilities	76,269	-	76,269	56,918
Catering income	-	114,560	114,560	106,640
Other restricted income	-	21,645	21,645	32,284
	76,269	136,205	212,474	195,842

### 4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Bank interest received	575	-	575	627

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 5 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
<b>DfE / EFA revenue grants</b>				
General annual grant (GAG)	-	3,325,193	3,325,193	2,912,240
Capital grants	-	15,645	15,645	119,886
Other DfE / EFA grants	-	102,738	102,738	418,608
	-	3,443,576	3,443,576	3,450,734
<b>Other government grants</b>				
Other grants	-	25,000	25,000	30,395
<b>Total funding</b>	-	3,468,576	3,468,576	3,481,129

All resources expended are inclusive of irrecoverable VAT

### 6 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2013 £	Total 2012 £
<b>Academy's educational operations</b>					
- Direct costs	2,304,691	313,196	274,078	2,891,965	2,783,665
- Allocated support costs	433,065	275,841	177,942	886,848	805,166
	2,737,756	589,037	452,020	3,778,813	3,588,831
<b>Other expenditure</b>					
Governance costs	-	-	26,048	26,048	58,067
<b>Total expenditure</b>	2,737,756	589,037	478,068	3,804,861	3,646,898

Incoming/outgoing resources for the year include.

	2013 £	2012 £
<b>Fees payable to auditor</b>		
- Audit	3,900	4,500
- Other services	4,266	4,542
- Responsible officer	348	238

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 7 Charitable activities - the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
<b>Direct costs</b>				
Teaching and educational support staff costs	-	2,304,691	2,304,691	2,254,953
Depreciation	-	313,196	313,196	277,612
Technology costs	-	86,645	86,645	72,765
Educational supplies and services	-	90,255	90,255	97,442
Examination fees	-	43,910	43,910	41,277
Staff development	-	15,331	15,331	15,447
Other direct costs	-	37,937	37,937	24,169
	-	2,891,965	2,891,965	2,783,665
<b>Allocated support costs</b>				
Support staff costs	-	433,065	433,065	397,753
Technology costs	-	3,286	3,286	2,802
Recruitment and support	-	13,342	13,342	10,265
Maintenance of premises and equipment	-	177,341	177,341	123,398
Cleaning	-	11,093	11,093	9,110
Energy costs	-	61,512	61,512	57,879
Rent and rates	-	28,183	28,183	25,867
Insurance	-	51,212	51,212	48,951
Security and transport	-	11,847	11,847	15,101
Catering	-	57,034	57,034	53,539
Interest and finance costs	-	9,055	9,055	11,030
Other support costs	17,498	12,380	29,878	49,471
	17,498	869,350	886,848	805,166
<b>Total costs</b>	17,498	3,761,315	3,778,813	3,588,831

### 8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	22,148	22,148	53,567
Auditor's remuneration	-	3,900	3,900	4,500
- Audit of financial statements	-	26,048	26,048	58,067

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 9 Staff costs

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

	2013 Number	2012 Number
Teachers	39	38
Administration and support	32	38
Management	5	5
	<u>76</u>	<u>81</u>

Costs included within the accounts	2013 £	2012 £
Wages and salaries	2,240,052	2,127,010
Social security costs	155,257	342,122
Other pension costs	327,245	155,003
	<u>2,722,554</u>	<u>2,624,135</u>
Supply teacher costs	9,452	28,571
Compensation payments	5,750	-
	<u>2,737,756</u>	<u>2,652,706</u>

The number of employees whose annual remuneration was £60,000 or more was

	2013 Number	2012 Number
£80,001 - £90,000	<u>1</u>	<u>1</u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid on their behalf were as follows

		2013	2012
Teachers' Pension Scheme	Numbers	1	1
	£	<u>11,595</u>	<u>11,595</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 10 Trustees' remuneration and expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £281 (2012: £nil) were reimbursed to two trustees (2012: no trustees).

The value of trustees' remuneration was as follows:

M Watson (Principal and Trustee) £80,000 - £85,000 (2012: £80,000 - £85,000)  
A Downing (Bursar and Trustee) £40,000 - £45,000 (2012: £40,000 - £45,000)  
J Mins (Teacher and Trustee) £40,000 - £45,000 (2012: £40,000 - £45,000)  
K Bate (Trustee) £10,000 - £15,000 (2012: N/A)

Other related party transactions involving the trustees are set out within the related parties note.

### Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £71 (2012: £71).

### 11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2012	11,618,317	192,836	27,465	11,838,618
Additions	-	63,934	-	63,934
At 31 August 2013	11,618,317	256,770	27,465	11,902,552
<b>Depreciation</b>				
At 1 September 2012	450,791	102,940	9,948	563,679
Charge for the year	232,366	74,382	6,448	313,196
At 31 August 2013	683,157	177,322	16,396	876,875
<b>Net book value</b>				
At 31 August 2013	10,935,160	79,448	11,069	11,025,677
At 31 August 2012	11,167,526	89,896	17,517	11,274,939

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 11 Tangible fixed assets (Continued)

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.

12 Debtors	2013 £	2012 £
VAT recoverable	33,079	36,297
Other debtors	780	1,540
Prepayments and accrued income	69,210	115,152
	<u>103,069</u>	<u>152,989</u>
13 Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	28,388	44,689
Accruals	31,529	88,888
Deferred income	37,460	25,723
	<u>97,377</u>	<u>159,300</u>
14 Deferred income	2013 £	2012 £
Deferred income is included within		
Creditors due within one year	<u>37,460</u>	<u>25,723</u>
Total deferred income at 1 September 2012	25,723	58,470
Amounts credited to the statement of financial activities	(25,723)	(58,470)
Amounts deferred in the year	<u>37,460</u>	<u>25,723</u>
Total deferred income at 31 August 2013	<u>37,460</u>	<u>25,723</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 15 Funds

	Balance at 1 September 2012	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2013
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	-	3,325,193	(3,275,249)	(83,936)	(33,992)
Other DfE / EFA grants	-	102,738	(138,385)	35,647	-
Other government grants	-	25,000	(13,000)	-	12,000
Other restricted funds	-	145,093	(30,533)	-	114,560
Funds excluding pensions	-	3,598,024	(3,457,167)	(48,289)	92,568
Pension reserve	(386,000)	-	(17,000)	38,000	(365,000)
	(386,000)	3,598,024	(3,474,167)	(10,289)	(272,432)
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	10,969,370	15,645	(313,196)	-	10,671,819
Capital expenditure from GAG or other funds	305,569	-	-	48,289	353,858
	11,274,939	15,645	(313,196)	48,289	11,025,677
<b>Total restricted funds</b>	<b>10,888,939</b>	<b>3,613,669</b>	<b>(3,787,363)</b>	<b>38,000</b>	<b>10,753,245</b>
<b>Unrestricted funds</b>					
General funds	131,039	76,844	(17,498)	-	190,385
<b>Total funds</b>	<b>11,019,978</b>	<b>3,690,513</b>	<b>(3,804,861)</b>	<b>38,000</b>	<b>10,943,630</b>

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

The fixed asset fund was created with the donation of the schools land and buildings to the academy. Additional assets are added to the fund which is also written down by depreciation each year.

The restricted general funds are made up of the General Annual Grant received, to be spent on education within the academy, and other related DfE or other authority grants.

Unrestricted funds are general donations and fund raising activities of the academy and are used to support the provision of education within the academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
<b>Fund balances at 31 August 2013 are represented by</b>				
Tangible fixed assets	-	-	11,025,677	11,025,677
Current assets	190,385	189,945	-	380,330
Creditors amounts falling due within one year	-	(97,377)	-	(97,377)
Defined benefit pension liability	-	(365,000)	-	(365,000)
	<u>190,385</u>	<u>(272,432)</u>	<u>11,025,677</u>	<u>10,943,630</u>

### 17 Pensions and similar obligations

The academy trust'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 related to the period ended 31 August 2013 and of the LGPS 31 August 2013

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

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

##### The Teachers' Pension Scheme budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament 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 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return



# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

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### 17 Pensions and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate ('SCR') was 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 review, 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 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

#### Teachers' Pension Scheme changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40/80/100 percent basis.

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

### 17 Pensions and similar obligations

(Continued)

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust 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 trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19 per cent for employers and 8 per cent for employees. The estimated value of employer contributions for the forthcoming year is £101,000.

The Academy has agreed to pay the default contributions rates using contribution rate relief, these future rates are as follows:

Period	Employer Contribution Rate	Annual Monetary Amount
2014/2015	19.2%	£14,000
2015/2016	19.5%	£17,000
2016/2017	19.8%	£20,000

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.

	2013 £	2012 £
Employer's contributions	101,000	100,000
Employees' contributions	28,000	28,000
Total contributions	<u>129,000</u>	<u>128,000</u>

#### Principal actuarial assumptions

	2013 %	2012 %
Rate of increase in salaries	5.10	4.50
Rate of increase for pensions in payment	2.80	2.20
Discount rate for scheme liabilities	4.60	4.10
Inflation assumption (CPI)	2.20	2.60
Commutation of pensions to lump sums	50.00	75.00

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2013

#### 17 Pensions and similar obligations

(Continued)

Change in assumptions at 31st August 2013

	Approximate % increase in employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	152
1 year increase in member life expectancy	3%	43
0.5% increase in the Salary Increase Rate	4%	56
0.5% increase in the Pension Increase Rate	6%	93

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

	2013 Years	2012 Years
Retiring today		
- Males	21	21
- Females	24	24
Retiring in 20 years		
- Males	23	25
- Females	26	26

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

	2013 Expected return %	2013 Fair value £	2012 Expected return %	2012 Fair value £
Equities	6.60	777,000	5.50	546,000
Other Bonds	4.10	162,000	3.50	154,000
Cash	3.60	32,000	2.80	24,000
Property	4.70	108,000	3.70	89,000
Total market value of assets		1,079,000		813,000
Present value of scheme liabilities - funded		(1,444,000)		(1,199,000)
Net pension asset / (liability)		(365,000)		(386,000)

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 2012 for the year to 31 August 2013). 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 £110,000 (2012: (£64,000)).

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

17

Pensions and similar obligations

(Continued)

Operating costs and income recognised in the statement of financial activities

	2013	2012
	£	£
Financial expenditure/(income)		
Expected return on pension scheme assets	(43,000)	(42,000)
Interest on pension liabilities	52,000	53,000
	<u>9,000</u>	<u>11,000</u>
Other expenditure/(income)		
Current service cost	8,000	(13,000)
Past service cost	-	-
	<u>8,000</u>	<u>(13,000)</u>
Total operating charge/(income)	<u>17,000</u>	<u>(2,000)</u>

Actuarial gains and losses recognised in the statement of financial activities

	2013	2012
	£	£
Actuarial (gains)/losses on assets actual return less expected	(38,000)	106,000
Experience (gains)/losses on liabilities	-	-
(Gains)/losses arising from changes in assumptions	-	-
	<u>(38,000)</u>	<u>106,000</u>
Total (gains)/losses	<u>(38,000)</u>	<u>106,000</u>
Cumulative (gains)/losses to date	<u>32,000</u>	<u>70,000</u>

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

	2013	2012
	£	£
Opening defined benefit obligations	(1,199,000)	(925,000)
Current service cost	(109,000)	(87,000)
Interest cost	(52,000)	(53,000)
Contributions by employees	(28,000)	(28,000)
Actuarial gains/(losses)	(31,000)	(115,000)
Benefits paid	(25,000)	9,000
	<u>(1,444,000)</u>	<u>(1,199,000)</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2013

<b>17 Pensions and similar obligations</b>	<b>(Continued)</b>	
<b>Movements in the fair value of the academy trust's share of scheme assets</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	813,000	643,000
Expected return on assets	43,000	42,000
Actuarial gains/(losses)	69,000	9,000
Contributions by employers	101,000	100,000
Contributions by employees	28,000	28,000
Benefits paid	25,000	(9,000)
	<u>1,079,000</u>	<u>813,000</u>
<b>History of experience gains and losses</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Present value of defined benefit obligations	(1,444,000)	(1,199,000)
Fair value of share of scheme assets	<u>1,079,000</u>	<u>813,000</u>
Surplus / (deficit)	<u>(365,000)</u>	<u>(386,000)</u>
Experience adjustment on scheme liabilities	(31,000)	(115,000)
Experience adjustment on scheme assets	<u>69,000</u>	<u>9,000</u>
<b>18 Reconciliation of net income to net cash inflow/(outflow) from operating activities</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net income	(114,348)	37,326
Capital grants and similar income	(15,645)	(119,886)
Investment income	(575)	(627)
Financing costs	55	30
FRS17 pension costs less contributions payable	8,000	(13,000)
FRS17 pension finance income	9,000	11,000
Depreciation of tangible fixed assets	313,196	277,612
(Increase)/decrease in debtors	49,920	52,192
Increase/(decrease) in creditors	(61,923)	(132,903)
Net cash inflow/(outflow) from operating activities	<u>187,680</u>	<u>111,744</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2013

19	Reconciliation of net cash flow to movement in net funds	2013 £	2012 £
	Increase/(decrease) in cash	139,911	(199,463)
	Net funds at 1 September 2012	137,350	336,813
	Net funds at 31 August 2013	277,261	137,350

20	Analysis of net funds	At 1 September 2012 £	Cash flows £	Non-cash changes £	At 31 August 2013 £
	Cash at bank and in hand	137,350	139,911	-	277,261

## 21 Commitments under operating leases

At 31 August 2013 the academy trust had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Expiry date		
- Between two and five years	22,140	25,634

## 22 Related parties

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

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

## 23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.