

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 2016**

THURSDAY



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COMPANIES HOUSE

# **LAVINGTON SCHOOL LIMITED**

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# LAVINGTON SCHOOL LIMITED

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

Sarah Lowkis (Headteacher and Accounting Officer)  
Mark Bartlett (Appointed 23 May 2016)  
Neil Black (Parent Trustee)  
Derek Cook \*Morag Fricker (Parent Trustee) \*  
Alex Holloway \*  
Jeanette Howells (Resigned 23 May 2016)  
Robert Lee (Chair of Trustees) (Appointed 14 June 2016)  
Steven Morse  
Gina Jones (Staff Trustee) (Appointed 11 October 2015 and resigned 23 May 2016)  
Elanor Oddy  
Alex Purcell (Parent Trustee)  
Simon Ross (Parent Trustee)  
Philip Salaman \*  
Jeremy Shatford (Resigned 8 December 2015)  
Graham Sprigg (Chair of Trustees) (Resigned 14 June 2016)  
Katharine Stachiewicz  
Paul Stephenson (Staff Trustee) \*  
Elliot Wallace (Parent Trustee)

\* members of the Business Management Committee

### Members

Derek Cook  
Robert Lee  
Alex Holloway - from 14 June 2016  
A Purcell - from 14 June 2016  
Graham Sprigg - resigned 16 June 2016

### Senior Leadership Team

- Principal/Headteacher	Sarah Lowkis
- Deputy Headteacher	Daniela De Cet
- Deputy Headteacher	Gary Ford
- Assistant Headteacher	Lisa Adams
- Assistant Headteacher	Daniel Dean
- Assistant Headteacher	Anna Woodman
- Business Manager	Angela Downing

### Company secretary

Angela 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  
Salisbury Business Park  
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 2016

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The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for students aged 11-16 serving a rural catchment area in Market Lavington and the surrounding villages. The Academy's Planned Admission Number for this year was 150, with 155 students accepted in Year 7 for September 2016, giving a total of 712 on roll as at September 2016, an increase of 25 in comparison to September 2015.

#### **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.

The trustees of Lavington School Limited are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

##### Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £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 is a member of the DfE's Risk Protection Arrangement (RPA) and has unlimited liability cover in this regard to the value.

#### **Principal Activities**

Secondary education of students 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 2014 and served until the end of the financial year 31 August 2015 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 2016

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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. Individual governors have attended safeguarding and SEN courses as well as training for chairing meetings.

#### 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**

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

#### **Senior Leadership Team Member**

Headteacher  
Deputy Headteacher - Achievements and Standards  
Deputy Headteacher - Personal development  
Assistant Headteachers - Teaching and learning  
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.

#### 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 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 has strong links with its feeder school in the surrounding villages and has operated a Primary PE programme for primary schools as well as hosting various sports festivals for primary schools. These have proved popular and successful and will be continued into next year.

Several meetings have taken place towards establishing a Multi Academy Trust with 7 other schools in 2017.

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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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 curriculum, teaching and learning and organisation 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

*In particular, aims for 2015-16 included*

1. *To further improve student attainment with a focus on underperforming groups such as SEN students, those entitled to Free School Meals and boys achievement.*
2. *To improve the quality of leadership at all levels.*
3. *Increase numbers on roll to ensure the school's financial viability.*
4. *Obtain a new 6th form to extend the age range from 11- 16 to 11 -18.*
5. *Explore the formation of a Multi Academy Trust.*

##### 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.

#### Strategic report

##### Achievements and performance

1. *Student achievement at GCSE was exceptional and the highest ever for Lavington School. See KPIs below.  
SEN performance at GCSE showed good improvement. Of 31 students included in our data:  
55% achieved 5A\*C, up 16% from last year  
39% achieved 5A\*CEM, up 28% from last year.  
The performance of students entitled to free meals and of boys is an ongoing target for next year.*
2. *An external review concluded that school leadership is firmly on track to be Outstanding by 2017. The school has also improved student leadership by participation in Pixl (Partners in Excellence) Edge and Sports Leaders initiatives.*
3. *Numbers on roll have risen by 4% from 687 to 712, the highest ever.*
4. *The school put in a bid to extend the age range and obtain relevant capital funding. Whilst this attempt was not successful, the school has been encouraged by the Regional Schools Commission to reapply for next year.*
5. *Eight schools have signed a Memorandum of Understanding towards establishing a MAT during 2017.*

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Key performance indicators

##### Ofsted

Ofsted revisited in July 2014 and judged the school's overall effectiveness as "Good" with

Achievement of pupils	Good
Quality of teaching	Good
Behaviour and safety of pupils	Outstanding
Leadership and management	Outstanding

*GCSE results in summer 2016 were exceptional. 76% of students gained 5 A\*-C including English and maths, our highest ever result. The school's performance was judged 82nd nationally (Independent Newspaper League table) of all state non-selective schools. GCSE achievement on the new P8 scoring system was third out of all state schools in Wiltshire, including selective schools.*

*The school has continued to be popular and numbers on roll have risen by 4% from 687 to 712, the highest ever.*

In terms of public funds, income exceeded expenditure by £27,278 in this financial period and the school has a carry forward to support the establishment of the proposed new 6th form and the inevitable strain of lagged funding during its first years. Financial performance was better than forecast, partly due to higher income (eg catering and income from the newly installed solar panels) but mainly due to a commitment to efficiency in all spending, including staffing and timetabling in the light of reduced school grant income (in real terms). Economies have been made where possible, cutting back where possible in areas that least affect teaching and learning.

Following a programme of various energy-reducing initiatives, the school purchased solar panels for £50,000 in November 2015. These have already generated income and simultaneously have reduced electricity costs. Therefore although the building size, and demands (especially IT) have increased, costs are lower than 3 years ago. All energy consumption is regularly monitored and reviewed. Minimising energy usage and expenditure is always a consideration when building developments are planned. The school entered a new electricity contract with Crown Commercial (Cabinet office procurement) from 1 September 2015 which has been cost effective.

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 sports hall is very popular with local groups as it is hired out at minimum cost as a community benefit in this rural location.

The headteacher appointed for January 2015 completed her first full year during this period and the school's advancement in terms of popularity and achievement is testament to her ongoing success. There has been a small turnover of staff this year and all permanent vacancies were filled for September 2016 for the new academic year. Lavington is also a popular place to work for supply teachers, several choosing to be available to Lavington only.

#### 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. Other than reduced (in real terms) forecast grant income, no financial uncertainties are known. 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.

# **LAVINGTON SCHOOL LIMITED**

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

### **FOR THE YEAR ENDED 31 AUGUST 2016**

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#### **Financial review**

This financial period started with net current assets of £480,514 brought forward from the previous year.

In the same period, additional to the £3,322,459 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 £122,060; Y7 Catch Up Funding £5,500; and Capital Formula of £ 15,798

The year ended on 31 August 2016 with net current assets of £498,915 (of which uncommitted funds are £421,975) .

The school, on transfer to Academy status, inherited a liability in the Local Government Pension Scheme and this has grown annually for a variety of reasons all of which are outside the school's control. The current liability is £1,407,000 in comparison to £806,000 in 2015. The triennial valuation took place in summer 2016 and is the basis for the school's pension contribution rate for the next three years. The percentage includes an element towards repaying the liability as well as to support ongoing membership commitments. The pension actuary has reassured members that they do not deem the deficit to be a significant issue in the short term if the scheme has a maintained or growing membership. Thus Lavington's anticipated growth is a significantly favourable factor in this regard.

#### 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 generally low. The school has never run a deficit budget although an in-year deficit, supported by reserves, is not unusual and will be the case for 2016/17.

The proposed Multi Academy Trust (with local primary schools) and, simultaneous age range extension for a 6th form will both introduce some new and exceptional costs in the early years of their establishment. Governors have therefore planned and achieved a higher than usual level of reserves at the end of 2015-16.

The fund that can only be realised by disposing of tangible fixed assets is £10,377,753.

#### 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.

The favourable variance against budget at the end of 2015/16 will allow for investment of £50,000 in solar panels which are expected to generate an overall return of £10,000 pa (from the Feed in Tariff, coupled with access to cheaper electricity).

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Principal risks and uncertainties

The principal risks facing Lavington School are:-

1. All support staff in the school have the opportunity to participate in the Local Government Pension Scheme which, until 31 March 2014 was a defined benefit scheme based on Final Salary.

During this financial period the school's liability in the scheme has increased significantly:

- £365,000 (31 August 2013)
- £604,000 (31 August 2014)
- £806,000 (31 August 2015)
- 1,407,000(31 August 2016)

Employer contributions have been established at a fixed rate until March 2017 and the latest triennial valuation has increased the employer contribution rate from 19.8% plus £20,000 towards reducing the liability, to 26.2% to include liability reduction, from April 2017 until March 2020. Longer term, an increase in investment interest coupled with the major scheme change to Career Average and more participants in the scheme, the liability should reduce in the long term without significant additional contributions being required.

2. Risk of reducing funding from government. This risk faces all schools in the uncertain financial climate.

The school mitigates 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.
- The school is actively pursuing an age-range extension in order to secure high quality provision at 6th form level. Demand from parents and students indicates that this will add to the school's popularity and long term future, as well as helping retain key and specialist staff.
- The school is actively pursuing establishing, with local primary schools, a Multi Academy Trust (MAT), with a view to securing consistent high quality education for children 5 - 18 years , as well as generating financial economies of scale and other cost efficiencies.

3. Risk of financial mis-management or fraud.

- The school follows a robust system of internal financial controls to minimise risk.
- The school employs an external Responsible Officer and auditors to carry out independent regular checks on these financial systems and processes to ensure they are adhered to. A written report is produced for trustees. Finance and software training is available for staff.

4. 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 e.g. 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 .

5. Safeguarding risk

- The school vets all new staff, governors and volunteers, taking up previous employer references for new staff and obtaining DBS clearance for all. In addition, the school's Safeguarding Policy is available electronically and is widely publicised via noticeboards. All staff and some onsite contractors receive annual update training to ensure their own understanding of and adherence to the policy, as well as their vigilance in ensuring it is followed by all.

6. 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.

# LAVINGTON SCHOOL LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Plans for future periods

Trustees and staff have jointly evaluated performance in the last year and have planned for the period September 16 – August 17 will include

#### Raising achievement for all to become Outstanding

Actions	Success criteria
Ensuring curriculum is sufficiently challenging, assessment is embedded and accurate. Analysis identifies underperforming groups. New KS4 courses are taught to a high standard.	The school meets or exceeds yearly performance targets. Performance stays above national with upward trajectory. Gaps are narrowed. P8 measures give a positive residual. 90% of lesson observations are good or better. Innovative use of technology supports learning.

#### Secure effective transition between KS2 and KS4

Actions	Success criteria
Ensure teaching strategies lead to outstanding progress, identifying training and support needs. Scrutinise curriculum.	Teaching leads to outstanding progress. All teaching is good and the majority is outstanding. Criteria from Ofsted "outstanding" teaching and learning met.

#### Improve health and well being for all

Actions	Success criteria
Apply for Healthy School award. Employ a school counsellor. Improve identification of students at risk and offer early intervention. Improve identification of staff at risk of stress and offer early intervention.	Attendance of vulnerable students improves. Work related stress absences decrease.

#### Working towards Multi Academy Trust status

Actions	Success criteria
SAT to MAT application. Continue to work with MAT steering group.	MAT is established.

#### Securing Post 16 provision

Actions	Success criteria
Student and parental consultation. Rewrite business case. Bid for Capital funding.	Bid is approved and 6th form proceeds.

Trustees have allocated resources to support the above plan, in particular maintaining a higher level of reserves as mentioned above, and allocating budget to cover the cost an in-house counsellor.

#### **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.

# **LAVINGTON SCHOOL LIMITED**

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

**FOR THE YEAR ENDED 31 AUGUST 2016**

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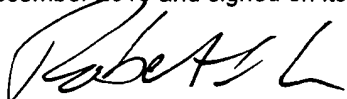
### **Auditor**

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.

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees on 05 December 2016 and signed on its behalf by:



Robert Lee  
Chair of Trustees

# **LAVINGTON SCHOOL LIMITED**

## **GOVERNANCE STATEMENT**

***FOR THE YEAR ENDED 31 AUGUST 2016***

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### **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.

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 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
Sarah Lowkis (Headteacher and Accounting Officer)	6	6
Mark Bartlett (Appointed 23 May 2016)	3	6
Neil Black (Parent Trustee)	6	6
Derek Cook	6	6
Morag Fricker (Parent Trustee)	4	6
Alex Holloway	6	6
Jeanette Howells (Resigned 23 May 2016)	4	5
Robert Lee (Chair of Trustees) (Appointed 14 June 2016)	6	6
Steven Morse	3	6
Gina Jones (Staff Trustee) (Appointed 11 October 2015 and resigned 23 May 2016)	4	4
Elanor Oddy	6	6
Alex Purcell (Parent Trustee)	6	6
Simon Ross (Parent Trustee)	6	6
Philip Salaman	3	6
Jeremy Shatford (Resigned 8 December 2015)	0	1
Graham Sprigg (Chair of Trustees) (Resigned 14 June 2016)	5	5
Katharine Stachiewicz	5	6
Paul Stephenson (Staff Trustee)	6	6
Elliot Wallace (Parent Trustee)	5	6

#### Challenges to the governing body

Governors and SLT employed a consultant to carry out an external leadership review which indicated that the school would benefit from developing and improving communication channels between governors and the senior leadership team, in order for collective momentum to secure results.

Towards this governors have considerably developed their understanding of the school by attending Improvement Planning meetings, visiting during the school day and attending numerous training events.

Progress and information briefings have continued, delivered by middle and senior leaders immediately before many full governing body meetings during the year. This has given governors a very clear picture of the strengths, weaknesses and strategies to address of different departments, and a good understanding of predictions for attainment, and has enable Governor to ask challenging and relevant questions at meetings.

Governors annually audit the skills set of the full governing board, producing a matrix to demonstrate the spread of skills and distribution at committee level. Committees have the benefit of appropriately qualified and experienced members and new members are allocated according to their skill set and interest. Training and development opportunities are always available.

Governors have demonstrated great commitment to the school throughout this period, especially in terms of the time they have dedicated to school business, including the proposed Multi Academy Trust and 6th form.

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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The Business Management Committee is a sub-committee of the main board of trustees. 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 cost cutting in order to balance the budget with reduced income, with minimum adverse effect on teaching and learning.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Derek Cook	5	6
Morag Fricker (Parent Trustee)	5	6
Alex Holloway	6	6
Philip Salaman	4	6
Paul Stephenson (Staff Trustee)	6	6

#### Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Improving educational outcomes. With the same funding streams and rates as other local schools, Lavington achieves results which are well above average nationally and locally. GCSE results 5 A\*-C in 2015 were 90%, and 72% including English and math, putting us in the top 20% nationally. Wiltshire is one of the lowest funded local authorities so this is particularly significant.
- The school has a balancing budget which has been achieved by careful management and scrutinizing all expenditure for best value. The focus has been on reducing those costs which do not impact on high quality teaching and learning provision (energy and water management; risk- pooling instead of insurance; cashless catering; print management; online banking; electronic communication)
- We are acutely aware of the need for an efficient staffing structure, both for teaching and support staff. We restructure when necessary to achieve value for money (eg admin team and leadership team in the last year). Teachers with free periods beyond their PPA allowance use the extra time to undertake focused activities to benefit teaching and learning, such as intervention work

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **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 2015 to 31 August 2016 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 2016 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 Business Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body considered the need for a specific internal audit function and employed, as Responsible Officer, the services of Mr David Wheen, recently retired school business manager of another local secondary school.

The role includes performing a range of checks on the school's financial systems including

- Payroll system
- Testing purchase systems
- Testing the internal control processes have been adhered to
- Checking bank reconciliations

Visits were on a quarterly basis with written reports submitted to the Business Management Committee. Advice may also be given on financial matters and governing body's financial responsibilities. This system has worked well. Checks have been thorough and reports have been detailed and informative.

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

# LAVINGTON SCHOOL LIMITED

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### 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:

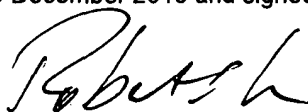
- the work of the Responsible Officer
- the work of the external auditor;
- the work of the Business Management Committee
- Involvement , as a signatory, in day to day spending including payroll authorisation
- The financial management and governance self-assessment process
- Regular meetings with the 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 05 December 2016 and signed on its behalf by:



Sarah Lowkis  
Headteacher and Accounting Officer



Robert Lee  
Chair of Trustees

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2016**

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As accounting officer of Lavington School Limited 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Lavington School Governing Body 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 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

*S C Lowkis*

Sarah Lowkis  
Accounting Officer

05 December 2016

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

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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:

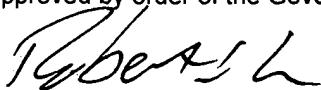
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 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 Governing Body on 05 December 2016 and signed on its behalf by:



Robert Lee  
Chair of Trustees

# **LAVINGTON SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS 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 2016 set out on pages 22 to 42. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 17, 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' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

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

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

# LAVINGTON SCHOOL LIMITED

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

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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.



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

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

Dated: 15/12/2016

# **LAVINGTON SCHOOL LIMITED**

## **INDEPENDENT REPORTING ACCOUNTANT'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 12 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 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 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 Lavington School Limited and 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 accountant**

The accounting officer is responsible, under the requirements of Lavington School Limited's funding agreement with the Secretary of State for Education dated 06 December 2010 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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 ACCOUNTANT'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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Williams

**Reporting Accountant**

Moore Stephens (South) LLP

Dated: 15/12/2016

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	3,186	17,198	18,612	38,996	49,362
Charitable activities:						
- Funding for educational operations	3	-	3,606,372	-	3,606,372	3,533,265
Other trading activities	4	170,154	175,645	-	345,799	333,696
Investments	5	788	-	-	788	609
<b>Total income and endowments</b>		<b>174,128</b>	<b>3,799,215</b>	<b>18,612</b>	<b>3,991,955</b>	<b>3,916,932</b>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	7	166,355	3,755,428	263,664	4,185,447	4,024,828
<b>Total expenditure</b>	6	<b>166,355</b>	<b>3,755,428</b>	<b>263,664</b>	<b>4,185,447</b>	<b>4,024,828</b>
<b>Net income/(expenditure)</b>		<b>7,773</b>	<b>43,787</b>	<b>(245,052)</b>	<b>(193,492)</b>	<b>(107,896)</b>
Transfers between funds		-	(113,403)	113,403	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(530,000)	-	(530,000)	(146,000)
<b>Net movement in funds</b>		<b>7,773</b>	<b>(599,616)</b>	<b>(131,649)</b>	<b>(723,492)</b>	<b>(253,896)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		69,167	(385,409)	10,622,805	10,306,563	10,560,459
Total funds carried forward		76,940	(985,025)	10,491,156	9,583,071	10,306,563

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information Year ended 31 August 2015		Unrestricted Funds	Restricted funds:		Total 2015
	Notes	£	General £	Fixed asset £	£
<b>Income and endowments from:</b>					
Donations and capital grants	2	24,870	8,666	15,826	49,362
Charitable activities:					
- Funding for educational operations	3	-	3,533,265	-	3,533,265
Other trading activities	4	158,153	175,543	-	333,696
Investments	5	609	-	-	609
<b>Total income and endowments</b>		<b>183,632</b>	<b>3,717,474</b>	<b>15,826</b>	<b>3,916,932</b>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	7	114,465	3,615,173	295,190	4,024,828
<b>Total expenditure</b>	<b>6</b>	<b>114,465</b>	<b>3,615,173</b>	<b>295,190</b>	<b>4,024,828</b>
<b>Net income/(expenditure)</b>		<b>69,167</b>	<b>102,301</b>	<b>(279,364)</b>	<b>(107,896)</b>
Transfers between funds		-	(21,392)	21,392	-
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(146,000)	-	(146,000)
<b>Net movement in funds</b>		<b>69,167</b>	<b>(65,091)</b>	<b>(257,972)</b>	<b>(253,896)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		-	(320,318)	10,880,777	10,560,459
Total funds carried forward		<b>69,167</b>	<b>(385,409)</b>	<b>10,622,805</b>	<b>10,306,563</b>

# LAVINGTON SCHOOL LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11		10,491,156		10,632,049
<b>Current assets</b>					
Debtors	12	103,753		123,278	
Cash at bank and in hand		536,907		452,398	
		<u>640,660</u>		<u>575,676</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	13	(141,745)		(95,162)	
<b>Net current assets</b>			<u>498,915</u>		<u>480,514</u>
<b>Net assets excluding pension liability</b>			10,990,071		11,112,563
Defined benefit pension liability	17		(1,407,000)		(806,000)
<b>Net assets</b>			<u>9,583,071</u>		<u>10,306,563</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	15				
- Fixed asset funds			10,491,156		10,622,805
- Restricted income funds			421,975		420,591
- Pension reserve			(1,407,000)		(806,000)
<b>Total restricted funds</b>			<u>9,506,131</u>		<u>10,237,396</u>
<b>Unrestricted income funds</b>	15		<u>76,940</u>		<u>69,167</u>
<b>Total funds</b>			<u>9,583,071</u>		<u>10,306,563</u>

The accounts set out on pages 22 to 42 were approved by the board of trustees and authorised for issue on 05 December 2016 and are signed on its behalf by:



Robert Lee  
Chair of Trustees

Company Number 07452837

# LAVINGTON SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	18		187,965		249,692
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		788		609	
Capital grants from DfE and EFA		15,798		15,826	
Capital funding from sponsors and others		2,814		-	
Payments to acquire tangible fixed assets		(122,771)		(46,461)	
			(103,371)		(30,026)
<b>Cash flows from financing activities</b>					
Financing costs		(85)		-	
			(85)		-
<b>Change in cash and cash equivalents in the reporting period</b>			84,509		219,666
Cash and cash equivalents at 1 September 2015			452,398		232,732
<b>Cash and cash equivalents at 31 August 2016</b>			536,907		452,398

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

---

### 1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Lavington School Limited meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Lavington School Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 22.

#### 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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 academy trust has provided the goods or services.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

### 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 on a straight-line basis over its expected useful life, as follows:

Land and buildings	2% Straight line
Computer equipment	33% Straight line
Fixtures, fittings & equipment	33% Straight line

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 1 Accounting policies

(Continued)

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.

#### 1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 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.

#### 1.9 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.

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 quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

(Continued)

#### 1.10 Fund accounting

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

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

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

#### 1.11 Financial instruments

The only financial instruments held by the school are debtors and creditors. These are categorised as "basic" in accordance with Section 11 of FRS102 and are initially recorded at transaction price. These are subsequently measured at their transaction price less any impairment.

#### 1.12 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

On conversion to an academy trust, the asset and liabilities of the Trust are measured at fair value. This includes any buildings. The valuation of the buildings involves a significant degree of estimation refer to Note 11 for further detail of this estimation.

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	15,798	15,798	15,826
Other donations	3,186	20,012	23,198	33,536
	<u>3,186</u>	<u>35,810</u>	<u>38,996</u>	<u>49,362</u>

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

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	3,341,060	3,341,060	3,312,344
Other DfE / EFA grants	-	129,311	129,311	128,106
	<u>-</u>	<u>3,470,371</u>	<u>3,470,371</u>	<u>3,440,450</u>
<b>Other government grants</b>				
Local authority grants	-	50,859	50,859	31,485
Other government grants	-	85,142	85,142	61,330
	<u>-</u>	<u>136,001</u>	<u>136,001</u>	<u>92,815</u>
<b>Total funding</b>	<u>-</u>	<u>3,606,372</u>	<u>3,606,372</u>	<u>3,533,265</u>

All resources expended are inclusive of irrecoverable VAT.

### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities/Music Fees	33,554	-	33,554	33,724
Catering income	-	162,419	162,419	157,753
Other restricted income	-	13,226	13,226	17,790
School Fund Activities income	136,600	-	136,600	124,429
	<u>170,154</u>	<u>175,645</u>	<u>345,799</u>	<u>333,696</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	713	-	713	560
Other investment income	75	-	75	49
	<u>788</u>	<u>-</u>	<u>788</u>	<u>609</u>

### 6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
- Direct costs	2,506,104	263,664	340,563	3,110,331	2,978,118
- Allocated support costs	552,563	100,545	422,008	1,075,116	1,046,710
	<u>3,058,667</u>	<u>364,209</u>	<u>762,571</u>	<u>4,185,447</u>	<u>4,024,828</u>
<b>Total expenditure</b>	<u>3,058,667</u>	<u>364,209</u>	<u>762,571</u>	<u>4,185,447</u>	<u>4,024,828</u>

#### Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor for:		
- Audit	4,250	4,200
- Other services	1,095	2,636
- Accounts	1,375	1,350
Operating lease rentals	25,095	25,464
Depreciation of tangible fixed assets	263,664	295,190
	<u></u>	<u></u>

### 7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	18,822	3,091,509	3,110,331	2,978,118
Support costs - educational operations	147,533	927,583	1,075,116	1,046,710
	<u>166,355</u>	<u>4,019,092</u>	<u>4,185,447</u>	<u>4,024,828</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7	Charitable activities	(Continued)	
Analysis of costs		2016	2015
		£	£
Direct costs			
Teaching and educational support staff costs		2,487,748	2,355,596
Staff development		18,356	9,607
Depreciation and amortisation		263,664	295,190
Technology costs		146,926	159,939
Educational supplies and services		105,074	88,433
Examination fees		66,557	51,029
Other direct costs		22,006	18,324
		<u>3,110,331</u>	<u>2,978,118</u>
Support costs			
Support staff costs		552,563	491,177
Technology costs		3,276	3,091
Recruitment and support		6,615	12,946
Maintenance of premises and equipment		100,545	111,443
Cleaning		4,009	8,349
Energy costs		42,170	50,240
Rent and rates		25,095	25,464
Insurance		34,751	44,572
Security and transport		8,180	8,755
Catering		92,538	89,805
Interest and finance costs		(2,915)	27,000
Other support costs		164,629	141,086
Governance costs		43,660	32,782
		<u>1,075,116</u>	<u>1,046,710</u>
8	Staff costs	2016	2015
		£	£
Wages and salaries		2,717,115	2,620,027
Social security costs		180,738	155,935
Operating costs of defined benefit pension schemes		92,250	44,250
		<u>2,990,103</u>	<u>2,820,212</u>
Staff costs		2,990,103	2,820,212
Supply staff costs		20,195	10,849
Staff restructuring costs		15,000	-
Staff development and other staff costs		33,369	25,319
		<u>3,058,667</u>	<u>2,856,380</u>
Total staff expenditure		3,058,667	2,856,380

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Staff costs

(Continued)

#### Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2016 Number	2015 Number
Teachers	46	46
Administration and support	54	55
Management	7	7
	<u>107</u>	<u>108</u>

#### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 Number	2015 Number
£70,001 - £80,000	1	-
£60,001 - £70,000	-	1
	<u>-</u>	<u>1</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £435,477 (2015: £412,876).

### 9 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, no expenses were reimbursed to trustees (2015: Travel and subsistence payments totalling £42 were reimbursed to one trustee).

The value of trustees' remuneration was as follows:

G Jones (Staff and Trustee from October 2015 to May 2016) Salary £5,000 - £10,000 (2015: £nil)  
Pension Contributions £0 - £5,000 (2015: £nil)

M Bartlett (Staff and Trustee from June 2016) Salary £5,000 - £10,000 (2015: £0 - £5,000)  
Pension Contributions £0 - £5,000 (2015: £0 - £5,000)

P Stephenson (Support Staff and Trustee) Salary £20,000 - £25,000 (2015: £20,000 - £25,000)  
Pension Contributions £0 - £5,000 (2015: £0 - £5,000)

S Lowkis (Principal and Trustee ) Salary £70,000 - £75,000 (2015: £40,000 - £45,000)  
Pension Contributions £10,000 - £15,000 (2015: £5,000 - £10,000)

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

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 10 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 academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme covers trustees and officers up to £5,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

### 11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2015	11,700,174	358,573	78,675	12,137,422
Additions	-	73,121	49,650	122,771
Disposals	-	(76,513)	-	(76,513)
At 31 August 2016	11,700,174	355,181	128,325	12,183,680
<b>Depreciation</b>				
At 1 September 2015	1,121,015	307,070	77,288	1,505,373
On disposals	-	(76,513)	-	(76,513)
Charge for the year	202,247	58,306	3,111	263,664
At 31 August 2016	1,323,262	288,863	80,399	1,692,524
<b>Net book value</b>				
At 31 August 2016	10,376,912	66,318	47,926	10,491,156
At 31 August 2015	10,579,159	51,503	1,387	10,632,049

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 £16,297,385.

### 12 Debtors

	2016 £	2015 £
VAT recoverable	33,732	28,055
Other debtors	203	266
Prepayments and accrued income	69,818	94,957
	<u>103,753</u>	<u>123,278</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

<b>13 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	20,996	5,436
Accruals and deferred income	120,749	89,726
	<u>141,745</u>	<u>95,162</u>
<b>14 Deferred income</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	86,424	67,718
	<u>86,424</u>	<u>67,718</u>
Deferred income at 1 September 2015	67,718	28,577
Released from previous years	(67,718)	(28,577)
Amounts deferred in the year	86,424	67,718
	<u>86,424</u>	<u>67,718</u>
<b>Deferred income at 31 August 2016</b>	<b>86,424</b>	<b>67,718</b>

At the balance sheet date the academy trust was holding funds received in advance for the following:

Trip Deposits	£62,124
Rates	£10,901
Devolved Formula Capital	£ 9,174
Catering Income Parentpay	£ 3,849
ELP top up	£ 376

<b>15 Funds</b>	<b>Balance at 1 September 2015</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Gains, losses &amp; transfers</b>	<b>Balance at 31 August 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Restricted general funds</b>					
General Annual Grant	420,591	3,341,060	(3,233,944)	(113,403)	414,304
Other DfE / EFA grants	-	129,311	(126,311)	-	3,000
Other government grants	-	136,001	(131,330)	-	4,671
Other restricted funds	-	192,843	(192,843)	-	-
	<u>420,591</u>	<u>3,799,215</u>	<u>(3,684,428)</u>	<u>(113,403)</u>	<u>421,975</u>
Funds excluding pensions	420,591	3,799,215	(3,684,428)	(113,403)	421,975
Pension reserve	(806,000)	-	(71,000)	(530,000)	(1,407,000)
	<u>(385,409)</u>	<u>3,799,215</u>	<u>(3,755,428)</u>	<u>(643,403)</u>	<u>(985,025)</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 15 Funds (Continued)

<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	10,622,805	15,798	(263,664)	116,217	10,491,156
Solar Panel FITT	-	2,814	-	(2,814)	-
	<u>10,622,805</u>	<u>18,612</u>	<u>(263,664)</u>	<u>113,403</u>	<u>10,491,156</u>
<b>Total restricted funds</b>	<u>10,237,396</u>	<u>3,817,827</u>	<u>(4,019,092)</u>	<u>(530,000)</u>	<u>9,506,131</u>
<b>Unrestricted funds</b>					
General funds	27,236	37,453	(20,805)	-	43,884
Other funds	41,931	136,675	(145,550)	-	33,056
	<u>69,167</u>	<u>174,128</u>	<u>(166,355)</u>	<u>-</u>	<u>76,940</u>
<b>Total funds</b>	<u>10,306,563</u>	<u>3,991,955</u>	<u>(4,185,447)</u>	<u>(530,000)</u>	<u>9,583,071</u>

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 of 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 2016.

### 16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	10,491,156	10,491,156
Current assets	218,685	421,975	-	640,660
Creditors falling due within one year	(141,745)	-	-	(141,745)
Defined benefit pension liability	-	(1,407,000)	-	(1,407,000)
	<u>76,940</u>	<u>(985,025)</u>	<u>10,491,156</u>	<u>9,583,071</u>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 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 Wiltshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £427,259.

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

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Pensions and similar obligations

(Continued)

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.2 per cent for employers and 5.5 to 12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £114,000.

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

Period	Employer Contribution Rate
2016/2017	19.8%
2017/2018	24.6%
2018/2019	25.5%
2019/2020	26.2%

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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Total contributions made	2016 £	2015 £
Employer's contributions	107,000	110,000
Employees' contributions	30,000	29,000
Total contributions	137,000	139,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	4.1	4.5
Rate of increase for pensions in payment	2.1	2.6
Discount rate	2.0	3.7
Commutations of pensions to lump sums	50	50

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 17 Pensions and similar obligations

(Continued)

Change in assumptions at 31st August 2016

	Approximate % increase in employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	315
1 year increase in member life expectancy	3%	94
0.5% increase in the Salary Increase Rate	3%	101
0.5% increase in the Pension Increase Rate	7%	204

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

	2016 Years	2015 Years
Retiring today		
- Males	22.3	22.3
- Females	24.5	24.5
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.9	26.9

The academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	1,245,000	1,012,000
Bonds	259,000	214,000
Cash	17,000	28,000
Property	208,000	171,000
Total market value of assets	1,729,000	1,425,000

Actual return on scheme assets - gain/(loss)	177,000	80,000
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Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	74,000	29,000
Net interest cost	(3,000)	27,000

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

<b>17 Pensions and similar obligations</b>	<b>(Continued)</b>	
<b>Changes in the present value of defined benefit obligations</b>	<b>2016</b>	
	<b>£</b>	
Obligations at 1 September 2015	2,231,000	
Current service cost	147,000	
Interest cost	86,000	
Employee contributions	30,000	
Actuarial loss	652,000	
Benefits paid	(10,000)	
	<hr/>	
At 31 August 2016	3,136,000	
	<hr/>	
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2016</b>	
	<b>£</b>	
Assets at 1 September 2015	1,425,000	
Interest income	55,000	
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain	122,000	
Employer contributions	107,000	
Employee contributions	30,000	
Benefits paid	(10,000)	
	<hr/>	
At 31 August 2016	1,729,000	
	<hr/>	
<b>18 Reconciliation of net expenditure to net cash flows from operating activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net expenditure for the reporting period	(193,492)	(107,896)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(18,612)	(15,826)
Investment income	(788)	(609)
Financing costs	85	-
Defined benefit pension costs less contributions payable	74,000	29,000
Defined benefit pension net finance cost/(income)	(3,000)	27,000
Depreciation of tangible fixed assets	263,664	295,190
(Increase)/decrease in debtors	19,525	11,620
Increase/(decrease) in creditors	46,583	11,213
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>187,965</b>	<b>249,692</b>
	<hr/>	<hr/>

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 19 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Amounts due within one year	5,006	5,964
Amounts due in two and five years	2,181	7,187
	<u>7,187</u>	<u>13,151</u>

#### 20 Related party transactions

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.

#### 21 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.

#### 22 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

##### Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	10,560,459	10,306,563
Change in recognition of LGPS interest cost	1 -	-

# LAVINGTON SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 22 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of net loss for the previous financial period

	Notes	2015 £
Net expenditure as reported under previous UK GAAP		(80,896)
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	1	(27,000)
Net expenditure reported under FRS 102		<u>(107,896)</u>

#### Notes to reconciliations on adoption of FRS 102

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined liability, is recognised in income/expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £27,000 and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.