

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

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**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

| | | | |
|------------------|-------------------|--|--|
| Governors | G Parmenter * | Chair (from 1 Sept 2012) | appointed 1 August 2011 |
| | J Bakker * | Chair (to 31 August 2012) | appointed 28 June 2011 resigned 31 August 2012 |
| | R Davies * | Vice Chair | appointed 28 June 2011 |
| | V McLaren | Head Teacher (from 1 Sept 2012) | appointed 1 Sept 2012 |
| | R Norman | Head Teacher (1 August 2011 - 30 April 2012) | appointed 28 June 2011, resigned 30 April 2012 |
| | H Sowden | Deputy Head (1 August 2011 - 30 April 2012) | appointed 1 May 2012, resigned 31 August 2012 |
| | | Acting Head (1 May 2012 - 31 August 2012) | |
| | L Mayes | Acting Deputy Head (1 May 2012 - 31 August 2012) | appointed 1 August 2011 |
| | E Jelley | Acting Deputy Head (1 May 2012 - 31 August 2012) | appointed 1 January 2012 |
| | K Jefferson * | Staff Governor | appointed 1 August 2011 |
| | M Armishaw * | | appointed 1 August 2011 resigned 31 August 2012 |
| | J Baker | | appointed 1 August 2011 |
| | M Cox * | | appointed 1 August 2011 |
| | G Grayson | | appointed 1 August 2011 |
| | H Loveday * | | appointed 1 August 2011 |
| | A-J MacLaughlin * | | appointed 1 January 2012 |
| | H Orford | | appointed 1 August 2011 |
| | J Ranstead * | | appointed 1 August 2011 |
| | P Richardson * | | appointed 1 August 2011 |
| | C Short * | | appointed 1 January 2012 |
| | R Waylen | | appointed 1 January 2012 |
| | P Weir | | appointed 1 August 2011 |

Staffing & Finance Committee

**Company registered
number**

07685652

**Principal & Registered
office**

Lethbridge Road
Swindon
Wiltshire
SN1 4BY

**Senior Management
Team**

| | | |
|------------|------------------|---------------------------------------|
| R Norman | Headteacher | to 30 April 2012 |
| V McLaren | Headteacher | from 1 Sept 2012 |
| H Sowden | Deputy Head | to 30 April 2012, from 1 Sept 2012 |
| | Acting head | 1 May 2012 - 31 August 2012 |
| L Mayes | Learning Leader | to 30 April 2012 and from 1 Sept 2012 |
| | Acting Deputy | 1 May 2012 - 31 August 2012 |
| E Jelley | Learning Leader | to 30 April 2012 |
| | Acting deputy | 1 May 2012 to 31 August 2012 |
| | Phase leader | from 1 Sept 2012 |
| K Pleasant | Phase leader | from 1 Sept 2012 |
| C Rouse | Phase leader | from 1 Sept 2012 |
| C Harmer | Phase leader | from 1 Sept 2012 |
| C Millen | Business Manager | |

**LETHBRIDGE PRIMARY SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

Advisers (continued)

Auditors Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Bankers Lloyds TSB Bank plc
5 High Street
Swindon
SN1 3EN

Solicitors Swindon Borough Council
Civic Offices
Euclid Street
Swindon
SN1 2JH

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012**

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy (was incorporated on 28 June 2011 and opened as an Academy on 1 August 2012) is a charitable 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.

The Governors act as the Trustees for the charitable activities of Lethbridge Primary School and are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Lethbridge Primary School.

Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

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

Governors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim.

Principal Activity

The principal activity is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing a primary school offering a broad and balanced curriculum.

GOVERNORS

Method of recruitment and appointment or election of Governors

On 1st August 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Governors as set out in its Articles of Association and funding agreement:

- up to 8 Community Governors who are appointed by members
- up to 6 Parent Governors who are elected by the Parents of registered pupils at the Academy subject to there being a minimum of 2
- up to 4 Staff Governors who are elected by members of staff subject to the total number not exceeding one third of the total number of Governors
- the Headteacher who is treated for all purposes as being an ex officio Governor

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

When appointing new Governors, the Board will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**LETHBRIDGE PRIMARY SCHOOL
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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

Policies and Procedures adopted for the Induction and Training of Governors

The training and induction provided for new Governors follows the Induction Policy which is available from the Clerk. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The full Governing Body normally meets once each term. The full Governing Body establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 4 committees as follows:

- **Chairs Committee** – the chairs of each committee along with Head, Chair and Vice-Chair of Governors meets once per term to recommend a strategic plan within the framework of the school vision, identifying the school's long term aims and to provide strategic oversight of the governing body and sub-committees and to ensure that new agenda items are assigned to the appropriate committee including preparing the Annual Budget.
- **Staffing & Finance Committee** - this meets once a term and in accordance with the Staffing and Pay Policy, make decisions concerning the Deployment, Recruitment, Appointment and Staff Development for all staff and to review the appraisal policy. This committee also receives and monitors regular financial reports, makes any necessary virements and exercise internal financial control against the Annual Budget, and receives reports from the Responsible Officer.
- **Standards Committee** - this meets once a term to ensure standards set in school policies and by the Governing Body are maintained and targets met, to monitor the learning outcomes, assess effectiveness of interventions and support improved pupil achievement throughout the school community, and to provide appropriate communication to stakeholders, especially parents, to ensure policies and teaching methods are understood and accessible.
- **Premises Committee** – meets once a term to recommend a strategic premises plan identifying the school's long term aims and one year objectives in order to achieve them, and to prioritise, initiate and evaluate programmes of improvement and development, including specific premises projects, all in accordance with the school's Health & Safety Policy.
- **Academy Liaison Committee** - A forum for The Commonweal School, Lethbridge Primary School and King William Street Primary School. Governors, Head Teachers and Business Managers jointly meet and discuss areas of mutual interest and to generally foster closer cooperation between the three Academy Schools that meets three times a year.

The following decisions are reserved to the full Governing Body, to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the Annual School Development Plan and budget.

The Governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

**LETHBRIDGE PRIMARY SCHOOL
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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SMT) The SMT comprise the Headteacher, Deputy Headteacher, two Learning/Phase Leaders and the Business Manager The SMT implement the policies laid down by the Governors and report back to them on performance

The Headteacher is the Accounting officer

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere

However, Governors recognise that the risk management process needs to be more formalised and will be putting in place a Risk Management Strategy, a Risk Register and a Risk Management Plan which will be reviewed annually

Connected Organisations, including Related Parties

There are no related parties which either control or significantly influence the decisions and operations of Lethbridge Primary School

OBJECTIVES AND ACTIVITIES

Objects and Aims

At Lethbridge Primary School we aim to get the best for, and from, each child We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values Our Academy is a community in which children, staff and parents should be part of a happy and caring environment

This is summarised in our vision statement

Live, learn and achieve at Lethbridge!
G (global) O (ourselves) A (all) L (learn)

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan which is available on the website or from the Clerk Improvement focuses identified for this year include

Closing the Gap – Assessment and Data

To improve existing practices and systems in order to make the information they provide easier to understand to be used more effectively This will involve

- (a) The more effective use of day to day assessment using APP in reading, writing and numeracy backed up by evidence demonstrating progress
- (b) Two test assessment points during the year to balance teacher assessment against test
- (c) A comprehensive data management and analysis system to show overall progress, attainment, strengths and weaknesses
- (d) A comprehensive provision mapping system that shows specific actions for identified pupils, showing information and actions

Improving writing standards through Talk for Writing

- (a) To use Talk for writing in order to structure our pupils approach to writing more effectively
- (b) To raise standards in writing throughout the school

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

Values education

To develop our social ethos as a school by

- (a) Recognising and celebrating what we do already
- (b) Putting in place a framework to develop and improve still further what we do
- (c) To ensure that everyone in the school community understands and is able to articulate our values
- (d) To link this with PSHCE
- (e) To underpin the school vision and link it to everyday experiences and learning

Improving the quality of middle leadership

- (a) To develop selected key coordinators for the good of the school and their own professional development
- (b) To give clear direction to all coordinators in order to raise overall standards

Public Benefit

The Governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities

The Academy provides facilities for recreational use by the community to enhance the links with the community

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

This was the first year of operation of the Academy. The greater financial resources and freedom that this gave has enabled the Academy to build on the foundations of previous years by focussing our efforts on raising achievement across the Academy, giving staff the tools and resources to support the learning, and providing the infrastructure to hang it altogether.

The results have proved that this approach was a success.

KS2

| | L4+ | | L5+ | | 2 levels progress |
|---------|------------|----------|------------|----------|-------------------|
| | Lethbridge | National | Lethbridge | National | |
| Maths | 92% | 84% | 65% | 39% | 90% |
| Reading | 97% | 86% | 71% | 48% | 95% |
| Writing | 91% | 81% | 38% | 28% | 94% |

This was the first year that the Academy had the opportunity to enter children who we felt were able to handle the Level 6 tests and 9% achieved this level in Maths.

KS1

| | L2b+ | | L3 | |
|---------|---------|---------|---------|---------|
| | 2011/12 | 2010/11 | 2011/12 | 2010/11 |
| Maths | 97% | 90% | 45% | 35% |
| Reading | 93% | 88% | 54% | 41% |
| Writing | 80% | 70% | 28% | 9% |

These are excellent results for the School and reflect well on all the work put in by the teaching staff and the children. The focus on writing and the implementation of "Talk for Writing" strategy has seen the results in this area increase significantly across the school, while maintaining the success in the other areas.

What was particularly pleasing is that every year and every group, including the vulnerable groups, all achieved the expected levels of progress. Governors believe this shows the consistency of high quality teaching across all levels of the Academy and enhances our commitment that Every Child does really Matter.

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

The basis of these results is that the School is a happy, caring environment where children feel secure and enable to succeed. To develop this further the School implemented the Values Education during the year. This has been very well received by all stakeholders (all staff, children and parents) as each month there has been a focus on a specific value. The Academy is adorned with large mosaics that the children have designed and made which capture the essence of the values.

The Academy is committed to providing children with an amazing learning experience that incorporates all aspects of the child's development. There have been many visits, a huge number of visitors, many after school clubs covering interests from sport to gardening to computing, opportunities for children to perform in their productions and assemblies, celebrations of local and national events, and the many activities organised by the Friends who raised £10,075 for the benefit of Lethbridge. All of these events are captured in the annual Year Book.

Continuing professional development for staff has been a priority as Governors recognise that staff need opportunities to develop their skills. Four teachers were able to participate in Middle Leader's accredited training as well as other specific training opportunities were taken by other teachers. These opportunities extend to all support and administrative staff.

During the year, the Academy said farewell to Mr Ray Norman as Head. Mr Norman had been Head for 12 years and had been the driving force behind the move to Academy status. There was an emotional assembly at the end of term 4 where all the children participated. We thank Mr Norman for all his commitment and dedication over the 12 years in getting Lethbridge where it is today.

The Academy was ably led by Miss Helen Sowden during the final two terms and culminated in the excellent results that were achieved during the year.

Governors went through an extensive process of recruiting a new Head and are delighted to welcome Ms Violet McLaren to the Academy as Head with effect from 1st September 2012.

Going Concern

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

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In period under review, £59,364 was carried forward representing 3.4% of GAG.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2012 this was 80%.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2012, total expenditure of £1,850,283 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,818,848. The deficit of income over expenditure for the year (excluding restricted fixed asset funds) was £31,435.

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

At 31 August 2012 the net book value of fixed assets was £3,769,467 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 August 2012 at £3,681,384. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share (£96,699) was transferred across on conversion with details shown in note 26.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 27 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Governors have adopted a Responsible Officer Policy and appointed FS4S Ltd to undertake a programme of internal checks on financial controls. During the year, the Governors received the initial report from FS4S Ltd which contained no matters of significance.

Financial and Risk Management Objectives and Policies

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at the Finance Committee meetings. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

However, as mentioned before, Governors recognise that the risk management process needs to be more formalised and will be putting in place a Risk Management Strategy, a Risk Register and a Risk Management Plan which will be reviewed annually.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 27 to the financial statements, represents a significant potential liability. However, as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 98% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

The continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers especially with a new primary school being opened in the area. Governors recognise that educational standards need to continue to improve and closely monitor achievement to ensure this happens. In addition, Governors realise that the Academy needs to market its achievements more proactively and will put in place activities to do this.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Reserves Policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

Investment Policy

There is no formal investment policy but Governors are looking to maximise any cash surpluses that result from the nature of funding agreement. This will be looked at more closely in the coming year.

PLANS FOR FUTURE PERIODS

Following a year of big changes with the academy conversion and the appointment of a new Head, the Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. The specific ways that the Academy will seek to achieve these objectives are in the School Development Plan that is available on the website or from the Clerk.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Governors do not act as the Custodian Trustees of any other Charity.

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**GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012**

AUDITORS

In so far as the Governors are aware

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

The auditors, Bishop Fleming Bath Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting

This report was approved by order of the members of the Governing Body on 12 December 2012 and signed on its behalf by



G Parmenter
Chair of the Governors

**LETHBRIDGE PRIMARY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| Governor | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| G Parmenter | 3 | 7 |
| J Bakker | 3 | 5 |
| R Davies | 6 | 7 |
| V McLaren | 7 | 7 |
| R Norman | 4 | 7 |
| H Sowden | 6 | 7 |
| L Mayes | 7 | 7 |
| K Jefferson | 6 | 7 |
| M Armishaw | 5 | 6 |
| J Baker | 6 | 7 |
| M Cox | 3 | 5 |
| G Grayson | 3 | 7 |
| E Jelley | 6 | 7 |
| H Loveday | 4 | 7 |
| A-J MacLaughlin | 5 | 7 |
| H Orford | 7 | 7 |
| J Ranstead | 5 | 7 |
| P Richardson | 7 | 7 |
| C Short | 5 | 6 |
| R Waylen | 6 | 7 |
| P Weir | 0 | 0 |

The **Staffing & Finance Committee** is a sub-committee of the main Governing Body.

Attendance at meetings in the year was as follows:

| Governor | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| M Armishaw | 5 | 6 |
| J Bakker | 5 | 7 |
| M Cox | 6 | 7 |
| R Davies | 2 | 7 |
| K Jefferson | 7 | 7 |
| E Jelley | 2 | 2 |
| H Loveday | 6 | 7 |
| A MacLaughlin | 6 | 7 |
| R Norman | 4 | 4 |
| G Parmenter | 7 | 7 |

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GOVERNANCE STATEMENT (continued)

| | | |
|--------------|---|---|
| J Ranstead | 4 | 7 |
| P Richardson | 5 | 7 |
| C Short | 4 | 7 |
| H Sowden | 2 | 2 |

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy 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 ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Staffing and Finance 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 (as set purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Financial Services 4 Schools Ltd as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The RO is also supported by the external auditors in this role.

The RO function has been fully delivered in line with the EFA's requirements. No material control issues arising as a result of the RO's work have been identified.

REVIEW OF EFFECTIVENESS

As Accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting officer has been advised of the implications of the result of their review of the system of internal

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GOVERNANCE STATEMENT (continued)

control by the Staffing and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 12 December 2012 and signed on their behalf, by



G Parmenter
Governor

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of Lethbridge Primary School I have considered my responsibility to notify the Academy 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 the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy 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's funding agreement and the Academies Financial Handbook.

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



V McLaren
Accounting Officer

Date 12 December 2012

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

The Governors (who act as trustees for charitable activities of Lethbridge Primary School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

Approved by order of the members of the Governing Body and signed on its behalf by



G Parmenter
Chair of the Governors

Date. 12 December 2012

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LETHBRIDGE PRIMARY SCHOOL

We have audited the financial statements of Lethbridge Primary School for the period ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LETHBRIDGE PRIMARY SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Simon Morrison ACA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date 17 December 2012

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LETHBRIDGE
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lethbridge Primary School during the period 28 June 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Lethbridge Primary School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lethbridge Primary School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lethbridge Primary School and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF LETHBRIDGE PRIMARY SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT'S**

The Accounting officer is responsible, under the requirements of Lethbridge Primary School's funding agreement with the Secretary of State for Education dated July 2011, and the Academies Financial Handbook as published by DfE in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 28 June 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LETHBRIDGE
PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

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 28 June 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Bishop Fleming Bath Limited

Chartered Accountants
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date 17 December 2012

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2012**

| | Note | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Restricted fixed asset funds 2012 £ | Total funds 2012 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds | | | | | |
| Assets donated from Local Authority on conversion | 3 | 82,616 | (209,664) | 3,818,189 | 3,691,141 |
| Other voluntary income | 3 | 1,576 | 29,087 | 4,789 | 35,452 |
| Activities for generating funds | 4 | 18,251 | - | - | 18,251 |
| Investment income | 5 | 281 | - | - | 281 |
| Incoming resources from charitable activities | 6 | 76,975 | 1,819,726 | 9,445 | 1,906,146 |
| TOTAL INCOMING RESOURCES | | 179,699 | 1,639,149 | 3,832,423 | 5,651,271 |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | 12 | 73,284 | 1,764,551 | 69,315 | 1,907,150 |
| Governance costs | 8 | - | 12,448 | - | 12,448 |
| TOTAL RESOURCES EXPENDED | 11 | 73,284 | 1,776,999 | 69,315 | 1,919,598 |
| NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS | | 106,415 | (137,850) | 3,763,108 | 3,731,673 |
| Transfers between Funds | 21 | - | (6,359) | 6,359 | - |
| NET INCOME FOR THE YEAR | | 106,415 | (144,209) | 3,769,467 | 3,731,673 |
| Actuarial gains and losses on defined benefit pension schemes | | - | (58,000) | - | (58,000) |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | 106,415 | (202,209) | 3,769,467 | 3,673,673 |
| Total funds at 28 June 2011 | | - | - | - | - |
| TOTAL FUNDS AT 31 AUGUST 2012 | | 106,415 | (202,209) | 3,769,467 | 3,673,673 |

All of the Academy's activities derive from acquisitions in the current financial period

The Statement of financial activities includes all gains and losses recognised in the period

The notes on pages 23 to 43 form part of these financial statements

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER. 07685652**

**BALANCE SHEET
AS AT 31 AUGUST 2012**

| | Note | £ | 2012 £ |
|---|-------------|------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 17 | | 3,769,467 |
| CURRENT ASSETS | | | |
| Debtors | 18 | 65,342 | |
| Cash at bank and in hand | | 161,255 | |
| | | 226,597 | |
| CREDITORS: amounts falling due within one year | 19 | (63,572) | |
| NET CURRENT ASSETS | | | 163,025 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 3,932,492 |
| CREDITORS amounts falling due after more than one year | 20 | | (46,819) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | 3,885,673 |
| Defined benefit pension scheme liability | 27 | | (212,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 3,673,673 |
| FUNDS OF THE ACADEMY | | | |
| Restricted funds | | | |
| General funds | 21 | 9,791 | |
| Fixed asset funds | 21 | 3,769,467 | |
| | | 3,779,258 | |
| Restricted funds excluding pension liability | | | |
| Pension reserve | | (212,000) | |
| Total restricted funds | | | 3,567,258 |
| Unrestricted funds | 21 | | 106,415 |
| TOTAL FUNDS | | | 3,673,673 |

The financial statements were approved by the Governors, and authorised for issue, on 12 December 2012 and are signed on their behalf, by



G Parmenter

The notes on pages 23 to 43 form part of these financial statements

**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012**

| | Note | Period ended 31 August 2012 £ |
|--|------|--|
| Net cash flow from operating activities | 23 | 83,892 |
| Returns on investments and servicing of finance | 24 | (1,302) |
| Capital expenditure and financial investment | 24 | (6,359) |
| Cash transferred on conversion to an academy trust | 26 | 92,115 |
| CASH INFLOW BEFORE FINANCING | | 168,346 |
| Financing | 24 | (7,091) |
| INCREASE IN CASH IN THE PERIOD | | 161,255 |

All of the cash flows are derived from acquisitions in the current financial period

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2012**

| | Period ended 31 August 2012 £ |
|--|--|
| Increase in cash in the period | 161,255 |
| Cash outflow from decrease in debt and lease financing | 7,091 |
| CHANGE IN NET DEBT RESULTING FROM CASH FLOWS | 168,346 |
| Non cash movement on new loan | (56,664) |
| MOVEMENT IN NET FUNDS IN THE PERIOD | 111,682 |
| NET FUNDS AT 31 AUGUST 2012 | 111,682 |

The notes on pages 23 to 43 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the Academies Accounts Direction 2011/12 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 GOING CONCERN

The Governors have assessed whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors have made this assessment in respect of a period of one year from the date of approval of the financial statements. The Governors conclude that it is appropriate to prepare the accounts on the going concern basis for the period ended 31 August 2012.

1.3 COMPANY STATUS

The Academy is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.4 FUND ACCOUNTING

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1 ACCOUNTING POLICIES (continued)

1.5 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt.

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

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

1.6 RESOURCES EXPENDED

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

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

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|------------------------|
| Long Term Leasehold Property | - | 50 years straight line |
| Fixtures and fittings | - | 7 years straight line |
| Computer equipment | - | 5 years straight line |

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.9 TAXATION

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

1.10 PENSIONS

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1 ACCOUNTING POLICIES (continued)

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

1.11 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from The Lethbridge School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and buildings have been included under valuation by the EFA whilst other fixed assets have been included at amounts valued by the Governors. Pension assets and liabilities have been valued by Haymand Robertson LLP.

Further details of the transaction are set out in note 26.

LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

2. GENERAL ANNUAL GRANT (GAG)

| | 2012 £ |
|--|------------------|
| Result and Carry Forward for the Period | |
| GAG Allocation for current period | 1,750,690 |
| Total GAG Available to spend | 1,750,690 |
| Recurrent expenditure from GAG | (1,676,293) |
| Fixed assets purchased from GAG | (6,359) |
| Loan repayments made through GAG | (8,674) |
| GAG Carried forward to next year | 59,364 |
| Maximum permitted GAG carried forward at end of current year (12% allocation for current year) | (193,660) |
| GAG to surrender to DfE | (134,296) |
| (12% rule breached if result is positive) | No breach |

The maximum GAG carried forward is based on 12 months to 31 August 2012, however the results for the period included the full 13 month accounting period. The results during the period have been considered and no breach has been identified.

3. VOLUNTARY INCOME

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|---|------------------------------------|----------------------------------|-----------------------------|
| Assets donated from Local Authority on conversion | 82,616 | 3,608,525 | 3,691,141 |
| Donations | 1,576 | 33,876 | 35,452 |
| Voluntary income | 84,192 | 3,642,401 | 3,726,593 |

4. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|----------|------------------------------------|----------------------------------|-----------------------------|
| Lettings | 18,251 | - | 18,251 |

LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

5 INVESTMENT INCOME

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|
| Bank interest | 281 | - | 281 |

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|-----------|------------------------------------|----------------------------------|-----------------------------|
| Education | 76,975 | 1,829,171 | 1,906,146 |

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|
| DfE/EFA revenue grant | | | |
| General Annual Grant | - | 1,750,690 | 1,750,690 |
| Start up Grants | - | 25,000 | 25,000 |
| Other DfE/EFA grants | - | 48,694 | 48,694 |
| | - | 1,824,384 | 1,824,384 |
| Other government grants | | | |
| Special Educational Needs | - | 2,160 | 2,160 |
| | - | 2,160 | 2,160 |
| Other funding | | | |
| Internal catering income | 67,337 | - | 67,337 |
| Other | 9,638 | 2,627 | 12,265 |
| | 76,975 | 2,627 | 79,602 |
| | 76,975 | 1,829,171 | 1,906,146 |

LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|-----------|------------------------------------|----------------------------------|-----------------------------|
| Education | 73,284 | 1,833,866 | 1,907,150 |

8. GOVERNANCE COSTS

| | Restricted funds 2012 £ |
|---|----------------------------------|
| Auditors' remuneration | 4,500 |
| Responsible Officer Costs | 1,245 |
| Legal and professional | 3,158 |
| Governance expense - wages and salaries | 2,948 |
| Governance expense - pension costs | 597 |
| | <u>12,448</u> |

9 DIRECT COSTS

| | Education £ |
|----------------------|------------------|
| Educational supplies | 122,494 |
| Staff development | 7,547 |
| Supply teachers | 19,927 |
| Wages and salaries | 961,785 |
| National insurance | 58,967 |
| Pension cost | 136,111 |
| | <u>1,306,831</u> |

LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

10 SUPPORT COSTS

| | Education £ |
|---------------------------------------|----------------|
| Pension finance costs | 6,000 |
| Other costs | 6,569 |
| Recruitment and other staff costs | 2,969 |
| Maintenance of premises and equipment | 29,888 |
| Cleaning | 43,316 |
| Rent and rates | 9,854 |
| Heat and light | 21,691 |
| Insurance | 23,185 |
| Catering | 43,534 |
| Technology costs | 4,686 |
| Office overheads | 21,747 |
| Legal and professional | 83,773 |
| Bank interest and charges | 1,583 |
| Wages and salaries | 194,289 |
| National insurance | 9,477 |
| Pension cost | 28,443 |
| Depreciation | 69,315 |
| | <u>600,319</u> |

11 ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

| | Staff costs 2012 £ | Depreciation 2012 £ | Other costs 2012 £ | Total 2012 £ |
|------------|--------------------------|---------------------------|--------------------------|--------------------|
| Education | 1,389,072 | 69,315 | 448,763 | 1,907,150 |
| Governance | 3,545 | - | 8,903 | 12,448 |
| | <u>1,392,617</u> | <u>69,315</u> | <u>457,666</u> | <u>1,919,598</u> |

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

| | Activities undertaken directly 2012 £ | Support costs 2012 £ | Total 2012 £ |
|-----------|---|-------------------------------|--------------------|
| Education | <u>1,306,831</u> | <u>600,319</u> | <u>1,907,150</u> |

LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

| | Period ended 31 August 2012 £ |
|---|--|
| Depreciation of tangible fixed assets - owned by the charity | 69,315 |
| Auditors' remuneration | 4,500 |
| Auditors' remuneration - non-audit | 1,500 |
| | <u>1,500</u> |

14. STAFF COSTS

Staff costs were as follows

| | Period ended 31 August 2012 £ |
|-------------------------------|--|
| Wages and salaries | 1,159,022 |
| Social security costs | 68,444 |
| Other pension costs (Note 27) | 165,151 |
| | <u>1,392,617</u> |

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

| | Period ended 31 August 2012 No |
|----------------|---|
| Teachers | 18 |
| Administration | 26 |
| Management | 2 |
| | <u>46</u> |

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

| | Period ended 31 August 2012 No. |
|-------------------------------|--|
| In the band £70,001 - £80,000 | 1 |

The above employees received annualised pension contributions of £7,486

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NOTES TO THE FINANCIAL STATEMENTS
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15 GOVERNORS' REMUNERATION

During the period retirement benefits were accruing to 6 Governors in respect of defined contribution pension schemes

Headteacher and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of Governors' remuneration while in office was as follows: R Norman between £50,000 - £55,000, L Mayes between £30,000 - £35,000, E Jelley between £25,000 - £30,000, C Short between £20,000 - £25,000, and H Sowden and K Jefferson between £15,000 - £20,000. The above Governors received pension contributions totalling £24,634.

During the year, travel and subsistence expenses totalling £127 were reimbursed to 2 Governors.

16 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £1,971.

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

17 TANGIBLE FIXED ASSETS

| | Long Term Leasehold Property £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|------------------------|---|-------------------------------|----------------------------|------------|
| COST | | | | |
| Additions | - | 17,312 | 26,737 | 44,049 |
| Transfer on conversion | 3,739,481 | 39,724 | 15,528 | 3,794,733 |
| At 31 August 2012 | 3,739,481 | 57,036 | 42,265 | 3,838,782 |
| DEPRECIATION | | | | |
| At 28 June 2011 | - | - | - | - |
| Charge for the period | 58,097 | 5,731 | 5,487 | 69,315 |
| At 31 August 2012 | 58,097 | 5,731 | 5,487 | 69,315 |
| NET BOOK VALUE | | | | |
| At 31 August 2012 | 3,681,384 | 51,305 | 36,778 | 3,769,467 |

Included in land and buildings is freehold land at valuation of £1,058,097 which is not depreciated.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

18 DEBTORS

| | 2012 £ |
|--------------------------------|---------------|
| Trade debtors | 3,512 |
| Other debtors | 14,698 |
| Prepayments and accrued income | 47,132 |
| | <u>65,342</u> |

19 CREDITORS.
AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2012 £ |
|---------------------------------|---------------|
| Other loans | 2,754 |
| Social security and other taxes | 19,995 |
| Other creditors | 7,085 |
| Accruals and deferred income | 33,738 |
| | <u>63,572</u> |

| | £ |
|------------------------------------|---------------|
| DEFERRED INCOME | |
| Resources deferred during the year | <u>17,020</u> |

20 CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2012 £ |
|-------------|---------------|
| Other loans | <u>46,819</u> |

Included within the above are amounts falling due as follows

| | 2012 £ |
|-----------------------------------|---------------|
| BETWEEN ONE AND TWO YEARS | |
| Other loans | <u>2,754</u> |
| BETWEEN TWO AND FIVE YEARS | |
| Other loans | <u>8,263</u> |
| OVER FIVE YEARS | |
| Other loans | <u>35,802</u> |

LETHBRIDGE PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

20. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Creditors include amounts not wholly repayable within 5 years as follows

| | 2012 £ |
|--------------------------|-----------|
| Repayable by instalments | 35,802 |

The Equal Pay loan relates to amounts due to Swindon Unitary Authority in respect of an equal pay claim which arose prior to conversion to an academy. The total amount due is unsecured and repayable in annual instalments of £4,337 over 20 years. Interest is being charged at a rate of 4.93% per annum. The total amount outstanding at the year end was £49,573.

21 STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|----------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | - | 179,699 | (73,284) | - | - | 106,415 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | - | 1,750,690 | (1,676,293) | (15,033) | - | 59,364 |
| Special needs funding | - | 2,160 | (2,160) | - | - | - |
| Pupil premium | - | 17,434 | (17,434) | - | - | - |
| Start up grant | - | 25,000 | (25,000) | - | - | - |
| Other DfE/EFA Income | - | 21,815 | (21,815) | - | - | - |
| Other restricted income | - | 31,714 | (31,714) | - | - | - |
| Equal pay loan | - | (56,664) | (1,583) | 8,674 | - | (49,573) |
| Pension reserve | - | (153,000) | (1,000) | - | (58,000) | (212,000) |
| | - | 1,639,149 | (1,776,999) | (6,359) | (58,000) | (202,209) |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

21 STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Fixed assets transferred on conversion | - | 3,794,733 | (65,809) | - | - | 3,728,924 |
| Fixed assets purchased from GAG | - | - | (466) | 6,359 | - | 5,893 |
| Capital rollover brought forwards | - | 23,456 | (1,720) | - | - | 21,736 |
| Devolved formula capital | - | 9,445 | (693) | - | - | 8,752 |
| Donations | - | 4,789 | (627) | - | - | 4,162 |
| | - | 3,832,423 | (69,315) | 6,359 | - | 3,769,467 |
| Total restricted funds | - | 5,471,572 | (1,846,314) | - | (58,000) | 3,567,258 |
| Total of funds | - | 5,651,271 | (1,919,598) | - | (58,000) | 3,673,673 |

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the YPLA / EFA during the period in order to fund the continuing activities of the school

Special Education Needs (SEN) funding is received from the EFA to cater for pupils with learning difficulties and other disabilities

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils

The Start Up grant is funding from the Department of Education to cover costs in converting to an Academy such as, obtaining legal advice, costs of software licence transfers, HR/TUPE advice, re-branding costs and expenses incurred in setting up the academy trust

Other DfE/EFA grants relate to insurance grants from the Local Authority to cover the costs of the company's insurance

Other restricted income represents various small restricted funds received

The Equal Pay Loan is amounts due to Swindon Unitary Authority and arose to fund the salaries paid to certain employees following disputes on equal pay Annual repayments are made out of GAG funding

The pension reserve represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years

FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the school from Swindon unitary Authority on conversion to an academy

LETHBRIDGE PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
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21 STATEMENT OF FUNDS (continued)

Fixed assets purchased from GAG represents amounts spent on fixed assets from the GAG funding received from the EFA

Capital rollover represents capital funds transferred to the Academy on conversion from Swindon Unitary Authority. This balance was spent on fixed assets during the period.

Devolved Formula Capital funds represent amounts spent from this EFA grant on fixed assets

Donations are amounts received from Friends of Lethbridge to build a new stage in the school

SUMMARY OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|------------------------------|----------------------|-------------------------|-------------------------|-----------------------|----------------------|----------------------|
| General funds | - | 179,699 | (73,284) | - | - | 106,415 |
| Restricted funds | - | 1,639,149 | (1,776,999) | (6,359) | (58,000) | (202,209) |
| Restricted fixed asset funds | - | 3,832,423 | (69,315) | 6,359 | - | 3,769,467 |
| | - | 5,651,271 | (1,919,598) | - | (58,000) | 3,673,673 |

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Restricted fixed asset funds 2012 £ | Total funds 2012 £ |
|--|---------------------------------|-------------------------------|---|--------------------------|
| Tangible fixed assets | - | - | 3,769,467 | 3,769,467 |
| Current assets | 106,415 | 120,182 | - | 226,597 |
| Creditors due within one year | - | (63,572) | - | (63,572) |
| Creditors due in more than one year | - | (46,819) | - | (46,819) |
| Provisions for liabilities and charges | - | (212,000) | - | (212,000) |
| | 106,415 | (202,209) | 3,769,467 | 3,673,673 |

LETHBRIDGE PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

23 NET CASH FLOW FROM OPERATING ACTIVITIES

| | Period ended 31 August 2012 £ |
|---|--|
| Net incoming resources before revaluations | 3,731,673 |
| Returns on investments and servicing of finance | 1,302 |
| Net assets transferred on conversion | (3,691,140) |
| Depreciation of tangible fixed assets | 69,315 |
| Capital grants from DfE | (37,690) |
| Increase in debtors | (45,232) |
| Increase in creditors | 54,664 |
| Defined benefit pension scheme adjustments | 1,000 |
| NET CASH INFLOW FROM OPERATIONS | 83,892 |

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | Period ended 31 August 2012 £ |
|--|--|
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | |
| Interest received | 281 |
| Interest paid | (1,583) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | (1,302) |

| | Period ended 31 August 2012 £ |
|---|--|
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | |
| Purchase of tangible fixed assets | (44,049) |
| Capital grants from DfE | 37,690 |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | (6,359) |

| | Period ended 31 August 2012 £ |
|--------------------------|--|
| FINANCING | |
| Repayment of other loans | (7,091) |

LETHBRIDGE PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

25 ANALYSIS OF CHANGES IN NET DEBT

| | 28 June 2011 £ | Cash flow £ | Other non-cash changes £ | 31 August 2012 £ |
|--|----------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand | - | 161,255 | - | 161,255 |
| DEBT: | | | | |
| Finance leases | - | - | - | - |
| Debts due within one year | - | - | (2,754) | (2,754) |
| Debts falling due after more than one year | - | 7,091 | (53,910) | (46,819) |
| NET FUNDS | - | 168,346 | (56,664) | 111,682 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

26. CONVERSION TO AN ACADEMY TRUST

On 1 August 2011 Lethbridge Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Lethbridge Primary School from Swindon Unitary Authority for £NIL consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| - Freehold/leasehold land and buildings | - | - | 3,739,481 | 3,739,481 |
| - Other tangible fixed assets | - | - | 55,252 | 55,252 |
| Budget surplus/(deficit) on LA funds | 73,243 | 23,456 | - | 96,699 |
| LGPS pension surplus/(deficit) | - | (153,000) | - | (153,000) |
| Borrowing obligations | - | (56,664) | - | (56,664) |
| Other identified assets and liabilities | 9,373 | - | - | 9,373 |
| Net assets/(liabilities) | <u>82,616</u> | <u>(186,208)</u> | <u>3,794,733</u> | <u>3,691,141</u> |

The above net assets include £92,115 that were transferred as cash

The property was transferred with the inception of a 125 year lease with Swindon Unitary Authority

27. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 04 July 2012 and of the LGPS 12 July 2010.

Pension contributions of £6,929 were outstanding at the Balance sheet date.

Teachers' Pension Scheme

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

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

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases).

**LETHBRIDGE PRIMARY SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

27 PENSION COMMITMENTS (continued)

From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £83,000, of which employer's contributions totalled £65,000. The agreed contribution rate for future years are 21.1% for employers and 5.5% to 7.5% for employees.

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NOTES TO THE FINANCIAL STATEMENTS
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27 PENSION COMMITMENTS (continued)

As described in note 26 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance sheet are as follows

| | Period ended 31 August 2012 £ |
|-------------------------------------|--|
| Present value of funded obligations | (560,000) |
| Fair value of scheme assets | 348,000 |
| | <hr/> |
| Net liability | (212,000) |
| | <hr/> <hr/> |

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

| | Period ended 31 August 2012 £ |
|----------------------------------|--|
| Current service cost | (60,000) |
| Interest on obligation | (26,000) |
| Expected return on scheme assets | 20,000 |
| | <hr/> |
| Total | (66,000) |
| | <hr/> <hr/> |

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

| | Period ended 31 August 2012 £ |
|--------------------------------------|--|
| Current service cost | 60,000 |
| Interest cost | 26,000 |
| Contributions by scheme participants | 18,000 |
| Actuarial Losses | 41,000 |
| Liability transferred on conversion | 415,000 |
| | <hr/> |
| Closing defined benefit obligation | 560,000 |
| | <hr/> <hr/> |

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

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

| | Period ended 31 August 2012 £ |
|---------------------------------|--|
| Expected return on assets | 20,000 |
| Actuarial gains and (losses) | (17,000) |
| Contributions by employer | 65,000 |
| Contributions by employees | 18,000 |
| Asset transferred on conversion | 262,000 |
| | <u>348,000</u> |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £58,000

The Academy expects to contribute £64,000 to the Defined benefit pension scheme in 2013

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

| | 2012 |
|----------|---------|
| Equities | 67.00 % |
| Bonds | 19.00 % |
| Property | 11.00 % |
| Cash | 3.00 % |

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

| | 2012 |
|--|--------|
| Discount rate for scheme liabilities | 4.10 % |
| Expected return on scheme assets at 31 August | 4.80 % |
| Rate of increase in salaries | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.20 % |

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

| | 2012 |
|----------------------|------------|
| Retiring today | |
| Males | 21.3 years |
| Females | 23.6 years |
| Retiring in 20 years | |
| Males | 24.9 years |
| Females | 25.5 years |

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NOTES TO THE FINANCIAL STATEMENTS
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27 PENSION COMMITMENTS (continued)

Amounts for the current period are as follows

Defined benefit pension schemes

| | 2012 |
|--|------------------|
| | £ |
| Defined benefit obligation | (560,000) |
| Scheme assets | 348,000 |
| | <hr/> |
| Deficit | (212,000) |
| | <hr/> |
| Experience adjustments on scheme liabilities | (41,000) |
| Experience adjustments on scheme assets | (17,000) |
| | <hr/> <hr/> |

28. OPERATING LEASE COMMITMENTS

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

| | 2012 |
|---------------------|--------------|
| | £ |
| EXPIRY DATE: | |
| Within 1 year | 5,307 |
| | <hr/> <hr/> |

29 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No such transactions have occurred during the period.

30 CONTROLLING PARTY

The Company is under joint control of the Governors and therefore there is no ultimate controlling party.