

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

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**



**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 TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Trustees

G Parmenter, Chair (from 1 September 2012 - 31 May 2013)^{1 2}
R Davies, Vice Chair¹
V McLaren, Head Teacher (appointed 1 September 2012)^{1,2}
L Mayes, Staff Trustee (resigned 21 July 2013)²
K Jefferson, Staff Trustee¹
J Baker²
M Cox²
G Grayson¹
E Jelley, Staff Trustee¹
H Loveday¹
A-J MacLaughlin²
H Orford¹
J Ranstead¹
P Richardson²
C Short, Staff Trustee¹
R Waylen²
P Ashdown (appointed 10 December 2012)²
A Turner (appointed 10 December 2012, resigned 13 September 2013)¹
P Weir, Chair (from 1 June 2013)²

¹ Staffing & Curriculum Committee

² Finance & Premises Committee

**Company registered
number** 07685652

**Principal and Registered
office** Lethbridge Road
Swindon
Wiltshire
SN1 4BY

**Senior management
team**

V McLaren, Headteacher from 1 September 2012
H Sowden, Deputy Head to 31 December 2012 and
from 1 September 2013
L Mayes, Inclusive Learning Leader and Acting Deputy Head
from 1 January to 31 August 2013
E Jelley, Yr 3/4 Phase Leader and Acting Deputy Head
from 1 January to 31 August 2013
C Millen, School Business Manager
K Pleasant, EYFS phase leader
C Rouse, Yr 1/2 phase leader to 31 August 2013
C Harmer, Yr 5/6 phase leader
C Valderey, Yr 1/2 phase leader from 1 September 2013

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013**

Advisers (continued)

| | |
|-------------------|---|
| Bankers | Lloyds 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)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees 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.

Details of the Trustees who served throughout the year, 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.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim.

Principal Activity

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

TRUSTEES

Method of recruitment and appointment or election of Trustees

On 1st August 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees 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 Trustees as set out in its Articles of Association and funding agreement:

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

Trustees 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 Trustee, any Trustee can be re-appointed or re-elected.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Policies and Procedures adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees follows the Induction Policy which is available from the Clerk. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. The Academy purchases services from Swindon Borough Council's Trustees Support Service including access to Trustee Briefings and training. Advantage is also 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.

The Full Governing Body approved a new Governance structure from 1 September 2012 with the aim of streamlining Governance arrangements, improving effectiveness and increasing transparency. There are 2 committees as follows,

- Staffing & Curriculum 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 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. In accordance with the Staffing and Pay Policy, this committee makes decisions concerning the Deployment, Recruitment, Appointment and Staff Development for all staff and to review the appraisal policy.
- Finance & Premises Committee – this committee receives and monitors regular financial reports, makes any necessary virements and exercises internal financial control against the Annual Budget, and receives reports from the Responsible Officer. The committee also oversees the school's premises plan 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.

In addition, the Academy Liaison Committee serves as forum for The Commonweal School, Lethbridge Primary School and King William Primary School Trustees, Headteachers and Business Managers to jointly meet and discuss areas of mutual interest and to generally foster closer cooperation between the three Academy Schools and meets three times a year.

Individual Trustees are encouraged to act as Link Trustees for specific areas of school activity as prioritised by the School Development Plan.

The operation of this structure was reviewed in Term 6 and approved to continue for the coming academic year (2013/14).

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 Trustees, to approve the Annual School Development Plan and budget.

The Trustees 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.

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

The Headteacher is the Accounting Officer

Risk management

The Trustees 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 Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere.

However, Trustees recognise that the risk management process needs to be more formalised and will develop a Risk Management Strategy, a Risk Register and a Risk Management Plan which will be reviewed annually.

Connected Organisations, including Related Party Relationships

There are no related parties that 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!

At Lethbridge, our GOAL is that we will connect with the world. Globally, we will value Ourselves, we expect that All of us work together and we will help everyone to Learn.

Objectives, Strategies and Activities

Key priorities for the year were set out in the School Development Plan for 2012/13 which is available from the Office. Improvement focuses identified for the year include:

- 1 Achievement
 - To ensure that standards of attainment, particularly in English and Maths, remain well above the national average and that progress is outstanding across the school
 - Improve inclusion, recognition and provision for G+T pupils
 - Reading and writing are a top priority in school and results are outstanding at all stages
 - To further develop monitoring the impact of Pupil Premium money on those pupils' achievement
- 2 Safety and Behaviour
 - Revise and adapt the Behaviour Policy with pupils, based on Values Education. Pupil empowerment
 - Improve safety at entrances/exits of school and contact with parents
 - Improve PSHE in order to further promote tolerance of differences and inclusion
- 3 Teaching and Learning
 - To ensure standards and progress in reading, writing and numeracy are outstanding through consistently good and outstanding teaching
 - Continue to ensure that children are involved in planning topics to raise motivation and enthusiasm for learning
 - ICT is developed and embedded across the curriculum by the ICT Manager and Subject Leader working together
- 4 Leadership and Management
 - All leaders and managers are highly ambitious for the school and lead by example

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

- To develop the new SLT so that a model of distributive leadership can be seen to have a positive effect on the progress of the school
- Develop subject leaders as middle leade
- 5 Engagement with Parents
 - Improve communication with parents at the beginning and end of the school day
 - Involve parents in pupils' learning
- 6 Spiritual, Moral, Social and Cultural Development
 - The school vision is known and understood by all stakeholders
 - The school achieves the Values Education standard and maintains it
 - The school improves the cultural awareness of children
- 7 Community Cohesion and interacting with the Wider Community
 - Establish and develop the role of Community Admin Officer
 - Work towards the Green Flag Eco Award
 - Achieve at least the Intermediate International School Award
- 8 Finance and Capital Projects
 - Best use of capital money, including possible grants
 - Use of money to address SDP priorities
 - Ensuring that finance procedures and systems are effective and robust
- 9 Governance
 - Parents are aware of who school governors are and what their role is
 - Governors receive appropriate training to meet the needs of the school
 - Governors to develop areas highlighted from Governor Mark to improve performance

Public Benefit

The Trustees confirm that they have complied with the duty contained 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.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

This was the second year of operation of the school as an 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 bring it all altogether.

The Academy's progress has been considerable in the last year, and is evidenced as follows:

1 OFSTED

The Academy was inspected by OFSTED in June 2013 and was rated as Good in its overall effectiveness. The Achievement of Pupils, Quality of Teaching, Leadership and Management were all rated as Good, with Behaviour and Safety of pupils rated Outstanding. This is a significant improvement for the Academy which was previously rated as 'satisfactory' in 2010.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

2 Results

The Academy's results demonstrate quality of teaching and the overall success of the Academy's approach. The data below shows 2013 results and trends against previous 3 years.

Key Stage 1

| | Level 2+ | Level 2+ | Level 2B+ | Level 2B+ | Level 3 | Level 3 |
|----------------|-------------------|-----------------|-------------------|------------------|-------------------|-----------------|
| | Lethbridge | National | Lethbridge | National | Lethbridge | National |
| Reading | | | | | | |
| 2010 | 87.1% | 85% | 84.3% | 76% | 42.9% | 30% |
| 2011 | 91.3% | 85% | 88.4% | 74% | 40.6% | 26% |
| 2012 | 94.2% | 85% | 92.8% | 74% | 53.6% | 26% |
| 2013 | 94.0% | TBC | 89.0% | TBC | 50.0% | TBC |
| Writing | | | | | | |
| 2010 | 81.4% | 81% | 65.7% | 64.0% | 14.3% | 15.0% |
| 2011 | 85.5% | 81% | 69.6% | 61.0% | 8.7% | 13.0% |
| 2012 | 97.1% | 81% | 79.9% | 61.0% | 27.5% | 13.0% |
| 2013 | 91.0% | TBC | 79.0% | TBC | 24.0% | TBC |
| Maths | | | | | | |
| 2010 | 90.0% | 89.0% | 75.7% | 76.0% | 31.4% | 25.0% |
| 2011 | 97.1% | 90.0% | 89.9% | 74.0% | 34.8% | 25.0% |
| 2012 | 98.6% | 90.0% | 97.1% | 74.0% | 44.9% | 25.0% |
| 2013 | 97.0% | TBC | 90.0% | TBC | 40.0% | TBC |
| Phonics | | | | | | |
| 2012 | 50.0% | 58.0% | | | | |
| 2013 | 70.0% | TBC | | | | |

TBC - Certain National statistics are not available at the date of these accounts

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Key Stage 2

| | Level 4+ | Level 4+ | Level 5+ | Level 5+ | Level 6 | Level 6 | 2 levels Prog | 2 Levels Prog |
|--|------------|----------|------------|----------|------------|----------|------------------|------------------|
| | Lethbridge | National | Lethbridge | National | Lethbridge | National | Lethbridge | National |
| Reading | | | | | | | | |
| 2010 | 94% | 85% | 74% | 51% | N/A | N/A | 78% | ND |
| 2011 | 89% | 84% | 53% | 42% | N/A | N/A | 92% | ND |
| 2012 | 97% | 84% | 71% | 42% | 0% | TBC | 89% | ND |
| 2013 | 99% | TBC | 73% | TBC | 0% | TBC | 94% | TBC |
| Writing | | | | | | | | |
| 2010 | 80% | 71% | 16% | 21% | N/A | N/A | 70% | ND |
| 2011 | 59% | 75% | 9% | 20% | N/A | N/A | 61% | ND |
| 2012 | 90% | 75% | 39% | 20% | 8% | TBC | 91% | TBC |
| 2013 | 90% | TBC | 44% | TBC | 9% | TBC | 99% | TBC |
| Maths | | | | | | | | |
| 2010 | 93% | 80% | 50% | 34% | N/A | N/A | 96% | 83% |
| 2011 | 86% | 80% | 40% | 35% | N/A | N/A | 90% | 82% |
| 2012 | 94% | 84% | 64% | 39% | 9% | TBC | 87% | 87% |
| 2013 | 97% | TBC | 74% | TBC | 20% | TBC | 100% | TBC |
| Spelling, Punctuation and Grammar | | | | | | | | |
| 2013 | 89% | | 69% | | 11% | | | |

3 Values Quality Mark

The Academy was awarded the International Values Education Trust's Quality Mark in November 2012 in recognition of its work in values education

These are excellent achievements for the Academy and rightly reflect on all the work put in by the teaching staff, pupils and Trustees in sustaining and developing a successful school. It is particularly pleasing that every year and every group, including the vulnerable groups, all achieved the expected levels of progress. Trustees believe this shows the consistency of high quality teaching across all levels of the Academy.

The basis of these results is that the Academy is a happy, caring environment where children feel secure and enabled to succeed. 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 (including the Academy's first residential trip to Berlin for Year 6 students, 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 money for the benefit of Lethbridge.

Continuing professional development for staff has been a priority as Trustees recognise that staff need opportunities to develop their skills. Six teachers participated in Leadership accredited training and another 6 took part in other National College courses. Two members of staff are completing the final year of their Masters in Education degree. All staff have had a variety of training opportunities throughout the year suited to their specific needs. These opportunities extend to all support and administrative staff.

Finally, the Academy was led by a new Headteacher from 1 September 2012. Trustees are pleased to congratulate Ms Violet McLaren on a successful first year and all academy staff for their collective and individual achievements in the year.

**LETHBRIDGE PRIMARY SCHOOL
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Going Concern

After making appropriate enquiries, the Board of Trustees 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 Going concern policy.

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance sheet date. In period under review, £34,780 of GAG was carried forward which represents 2.2% of GAG funding for the year.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2012/13 this was 85%.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2012/13 was only just below our capacity of 490, a few spaces only ever being available at any one time due to pupil relocations. It is anticipated that this number will remain stable.

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 period ended 31 August 2013 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 these 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 2013, total expenditure of £1,810,558 was covered by recurrent grant funding from the DfE, together with other incoming resources of £1,850,472. The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension scheme liabilities) was £21,564.

At 31 August 2013 the net book value of fixed assets was £3,737,373 and movements in tangible fixed assets are shown in note 15 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 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 25 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.

Trustees have adopted a Responsible Officer Policy and appointed Financial Services 4 Schools Ltd to undertake a programme of internal checks on financial controls. During the year, the Trustees received the four reports from Financial Services 4 Schools Ltd which contained no significant matters.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013**

Financial and Risk Management Objectives and Policies

The Trustees 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 Trustees 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, Trustees 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 25 to the financial statements, represents a significant potential liability. However as the Trustees 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 84% 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

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 Trustees 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. Trustees recognise that educational standards need to continue to improve and closely monitor achievement to ensure this happens. In addition, Trustees 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 Trustees 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 Trustees 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 Trustees 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 Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review

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**TRUSTEES' REPORT (continued)
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Investment Policy

There is no formal investment policy but Trustees are looking to maximise any cash surpluses that result from the nature of funding agreement. In the year 2012/13 steps have been taken to maximise interest return on cash surpluses.

PLANS FOR FUTURE PERIODS

Following the appointment of a new Headteacher from 1 September 2012, and a successful OFSTED inspection 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 to Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

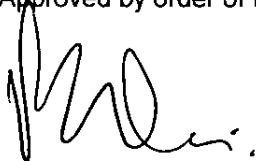
AUDITOR

In so far as the Trustees are aware

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

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

Approved by order of the Board of Trustees on 5 December 2013 and signed on its behalf by



P Weir
Chair of the Governors

**LETHBRIDGE PRIMARY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| G Parmenter | 5 | 7 |
| R Davies | 6 | 7 |
| V McLaren | 7 | 7 |
| L Mayes | 6 | 7 |
| K Jefferson | 7 | 7 |
| J Baker | 6 | 7 |
| M Cox | 4 | 7 |
| G Grayson | 6 | 7 |
| E Jelley | 7 | 7 |
| H Loveday | 6 | 7 |
| A-J MacLaughlin | 6 | 7 |
| H Orford | 2 | 7 |
| J Ranstead | 4 | 7 |
| P Richardson | 7 | 7 |
| C Short | 5 | 7 |
| R Waylen | 5 | 7 |
| P Ashdown | 5 | 5 |
| A Turner | 4 | 5 |
| P Weir | 7 | 7 |

The Finance & Premises Committee is a sub-committee of the main Board of Trustees which receives and monitors regular financial reports, makes any necessary arrangements and exercises internal financial control against the Annual Budget, and receives reports from the Responsible Officer. The committee also oversees the school's premises plan 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. Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| G Parmenter | 5 | 6 |
| J Baker | 6 | 6 |
| M Cox | 5 | 6 |
| L Mayes | 4 | 6 |
| R Waylen | 4 | 6 |
| P Weir | 4 | 4 |
| P Ashdown | 4 | 4 |
| A MacLaughlin | 4 | 6 |
| V McLaren | 6 | 6 |
| P Richardson | 4 | 6 |

GOVERNANCE STATEMENT (continued)

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 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 year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees 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 Board of Trustees 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 year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 Board of Trustees,
- regular reviews by the Finance & Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Financial Services for Schools Ltd (FS4S) as internal auditor.

The internal auditor'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 internal auditor reports to the Board of Trustees, through the Finance & Premises Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal audit function has been fully delivered in line with the EFA's requirements. No material control issues arising as a result of FS4S's work have been identified.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor,
- the work of the external auditors,
- the work of the Academy Business Manager who has 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 control by the Finance & Premises 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 Board of Trustees on 5 December 2013 and signed on their behalf, by



P Weir
Chair of Trustees



V McLaren
Accounting Officer

**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 Board of Trustees 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 Board of Trustees are able to identify any material, irregular or improper use of funds by the Academy, 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 5 December 2013

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to

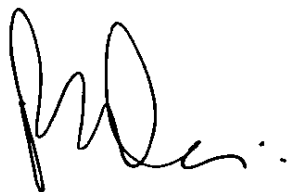
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees and signed on its behalf by



P Weir
Chair of Trustees

Date: 5 December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LETHBRIDGE PRIMARY SCHOOL

We have audited the financial statements of Lethbridge Primary School for the year ended 31 August 2013 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 Academies Accounts Direction 2013 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 TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (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 Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

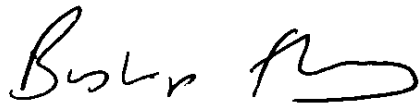
**LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

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 Trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Simon Morrison FCA (Senior Statutory Auditor)
for and on behalf of

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

Date 16 December 2013

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

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

In accordance with the terms of our engagement letter dated 27 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lethbridge Primary School during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to 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 AUDITORS**

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 extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

**INDEPENDENT REPORTING AUDITORS' 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 year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Simon Morrison FCA (Senior Statutory Auditor)
for and on behalf of

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

Date 16 December 2013

**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 YEAR ENDED 31 AUGUST 2013**

| | | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|---|
| | Note | | | | | |
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds | | | | | | |
| Assets donated on conversion | 2 | - | - | - | - | 3,691,141 |
| Other voluntary income | 2 | 2,612 | 80,174 | 2,995 | 85,781 | 35,452 |
| Activities for generating funds | 3 | 22,075 | - | - | 22,075 | 18,251 |
| Investment income | 4 | 556 | - | - | 556 | 281 |
| Incoming resources from charitable activities | 5 | 79,235 | 1,638,470 | 24,355 | 1,742,060 | 1,906,146 |
| TOTAL INCOMING RESOURCES | | 104,478 | 1,718,644 | 27,350 | 1,850,472 | 5,651,271 |
| RESOURCES EXPENDED | | | | | | |
| Charitable activities | | 68,860 | 1,720,925 | 73,138 | 1,862,923 | 1,905,650 |
| Governance costs | 10 | - | 20,773 | - | 20,773 | 13,948 |
| TOTAL RESOURCES EXPENDED | 7 | 68,860 | 1,741,698 | 73,138 | 1,883,696 | 1,919,598 |
| NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS | | 35,618 | (23,054) | (45,788) | (33,224) | 3,731,673 |
| Transfers between Funds | 19 | - | (13,694) | 13,694 | - | - |
| NET INCOME / (EXPENDITURE) FOR THE YEAR | | 35,618 | (36,748) | (32,094) | (33,224) | 3,731,673 |
| Actuarial gains and losses on defined benefit pension schemes | | - | 12,000 | - | 12,000 | (58,000) |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | 35,618 | (24,748) | (32,094) | (21,224) | 3,673,673 |
| Total funds at 31 August 2012 | | 106,414 | (202,208) | 3,769,467 | 3,673,673 | - |
| TOTAL FUNDS AT 31 AUGUST 2013 | | 142,032 | (226,956) | 3,737,373 | 3,652,449 | 3,673,673 |

All of the Academy's activities derive from continuing activities in the current financial period. The Statement of Financial Activities includes all gains and losses recognised in the year.

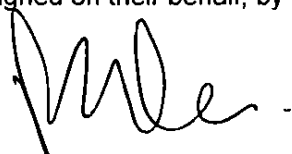
The notes on pages 24 to 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2013

| | Note | £ | 2013 £ | 2012 £ |
|--|------|------------------|-------------------------|-------------------------|
| FIXED ASSETS | | | | |
| Tangible assets | 15 | | 3,737,373 | 3,769,467 |
| CURRENT ASSETS | | | | |
| Debtors | 16 | 20,363 | 65,342 | |
| Cash at bank and in hand | | 237,066 | 161,255 | |
| | | <u>257,429</u> | <u>226,597</u> | |
| CREDITORS: amounts falling due within one year | 17 | (83,459) | (63,572) | |
| NET CURRENT ASSETS | | | <u>173,970</u> | <u>163,025</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>3,911,343</u> | <u>3,932,492</u> |
| CREDITORS. amounts falling due after more than one year | 18 | | (49,894) | (46,819) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | <u>3,861,449</u> | <u>3,885,673</u> |
| Defined benefit pension scheme liability | 25 | | (209,000) | (212,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>3,652,449</u></u> | <u><u>3,673,673</u></u> |
| FUNDS OF THE ACADEMY | | | | |
| Restricted funds | | | | |
| General funds | 19 | (17,956) | 9,792 | |
| Fixed asset funds | 19 | 3,737,373 | 3,769,467 | |
| Restricted funds excluding pension liability | | <u>3,719,417</u> | <u>3,779,259</u> | |
| Pension reserve | | <u>(209,000)</u> | <u>(212,000)</u> | |
| Total restricted funds | | | <u>3,510,417</u> | <u>3,567,259</u> |
| Unrestricted funds | 19 | | <u>142,032</u> | <u>106,414</u> |
| TOTAL FUNDS | | | <u><u>3,652,449</u></u> | <u><u>3,673,673</u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 5 December 2013 and are signed on their behalf, by



P Weir
Chair of Trustees

The notes on pages 24 to 43 form part of these financial statements

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

| | | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|--|-------------|---------------------------------|---|
| | Note | | |
| Net cash flow from operating activities | 21 | 79,823 | 83,892 |
| Returns on investments and servicing of finance | 22 | (1,017) | (1,302) |
| Capital expenditure and financial investment | 22 | (2,995) | (6,359) |
| Cash transferred on conversion to an academy trust | | - | 92,115 |
| CASH INFLOW BEFORE FINANCING | | 75,811 | 168,346 |
| Financing | 22 | - | (7,091) |
| INCREASE IN CASH IN THE YEAR | | 75,811 | 161,255 |

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013**

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|--|---------------------------------|---|
| Increase in cash in the year | 75,811 | 161,255 |
| Cash outflow from decrease in debt and lease financing | - | 7,091 |
| CHANGE IN NET DEBT RESULTING FROM CASH FLOWS | 75,811 | 168,346 |
| Non cash movement on Equal Pay loan | (3,163) | (56,664) |
| MOVEMENT IN NET FUNDS IN THE YEAR | 72,648 | 111,682 |
| Net funds at 1 September 2012 | 111,682 | - |
| NET FUNDS AT 31 AUGUST 2013 | 184,330 | 111,682 |

The notes on pages 24 to 43 form part of these financial statements

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

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

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 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 GOING CONCERN

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

1.3 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

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

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

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

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

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.

1.5 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 Trustees' meetings and reimbursed expenses.

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

1. ACCOUNTING POLICIES (continued)

1.6 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:

| | | |
|-----------------------|---|------------------------|
| Freehold property | - | 50 years straight line |
| Fixtures and fittings | - | 7 years straight line |
| Computer equipment | - | 5 years straight line |

1.7 OPERATING LEASES

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

1.8 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.

1.9 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 25, 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 YEAR ENDED 31 AUGUST 2013

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.

2. VOLUNTARY INCOME

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|--|------------------------------------|----------------------------------|-----------------------------|--|
| Assets donated from Local Authority on conversion | - | - | - | 3,691,141 |
| Donations | 2,612 | 83,169 | 85,781 | 35,452 |
| Voluntary income | 2,612 | 83,169 | 85,781 | 3,726,593 |

3. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|----------|------------------------------------|----------------------------------|-----------------------------|--|
| Lettings | 22,075 | - | 22,075 | 18,251 |

4. INVESTMENT INCOME

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|--|
| Bank interest | 556 | - | 556 | 281 |

LETHBRIDGE PRIMARY SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|--|
| DfE/EFA grants | | | | |
| General Annual Grant | - | 1,577,008 | 1,577,008 | 1,750,690 |
| Other DfE/EFA grants | 4,300 | 49,590 | 53,890 | 48,694 |
| Capital Grants | - | 19,800 | 19,800 | - |
| Start up Grants | - | - | - | 25,000 |
| | <u>4,300</u> | <u>1,646,398</u> | <u>1,650,698</u> | <u>1,824,384</u> |
| Other government grants | | | | |
| Special Educational Needs | - | 9,120 | 9,120 | 2,160 |
| | <u>-</u> | <u>9,120</u> | <u>9,120</u> | <u>2,160</u> |
| Other funding | | | | |
| Internal catering income | 65,498 | - | 65,498 | 67,337 |
| Other | 9,437 | 7,306 | 16,743 | 12,265 |
| | <u>74,935</u> | <u>7,306</u> | <u>82,241</u> | <u>79,602</u> |
| | <u>79,235</u> | <u>1,662,824</u> | <u>1,742,059</u> | <u>1,906,146</u> |

6. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|-----------|------------------------------------|----------------------------------|-----------------------------|--|
| Education | <u>68,860</u> | <u>1,794,063</u> | <u>1,862,923</u> | <u>1,905,650</u> |

LETHBRIDGE PRIMARY SCHOOL
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7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

| | Staff costs | Premises | Other costs | Total | Total |
|------------------------------|--------------------|-----------------|--------------------|------------------|--------------|
| | 2013 | 2013 | 2013 | 2013 | 2012 |
| | £ | £ | £ | £ | £ |
| Direct costs - Education | 1,090,605 | 53,628 | 198,211 | 1,342,444 | 1,907,150 |
| Support costs - Education | 252,845 | 102,982 | 164,652 | 520,479 | 523,504 |
| CHARITABLE ACTIVITIES | 1,343,450 | 156,610 | 362,863 | 1,862,923 | 2,430,654 |
| GOVERNANCE | 4,913 | - | 15,860 | 20,773 | 13,948 |
| | 1,348,363 | 156,610 | 378,723 | 1,883,696 | 2,444,602 |

8. DIRECT COSTS

| | 31 August | 13 month |
|-----------------------------------|------------------|---------------------|
| | 2013 | period ended |
| | £ | 31 August |
| | | 2012 |
| | | £ |
| Educational supplies | 154,408 | 122,494 |
| Staff development | 11,083 | 7,547 |
| Depreciation | 73,138 | 69,315 |
| Supply teachers | 12,930 | 19,927 |
| Recruitment and other staff costs | 280 | - |
| Wages and salaries | 900,153 | 961,785 |
| National insurance | 53,884 | 58,967 |
| Pension cost | 136,568 | 136,111 |
| | 1,342,444 | 1,376,146 |

In 2012 depreciation costs were shown in Support costs, however following clarification in the Accounts Direction 2013 the 2013 depreciation cost and the comparative are now shown in Direct costs

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9 SUPPORT COSTS

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|---------------------------------------|---------------------------------|---|
| Pension finance costs | 6,000 | 6,000 |
| Other costs | 6,641 | 6,569 |
| Recruitment and other staff costs | 300 | 2,969 |
| Maintenance of premises and equipment | 29,413 | 29,888 |
| Cleaning | 42,191 | 43,316 |
| Rent and rates | 9,217 | 9,854 |
| Heat and light | 22,330 | 21,691 |
| Insurance | 16,675 | 23,185 |
| Catering | 39,649 | 43,534 |
| Technology costs | 20,968 | 4,686 |
| Office overheads | 27,221 | 21,747 |
| Legal and professional | 45,427 | 82,273 |
| Bank interest and charges | 1,602 | 1,583 |
| Wages and salaries | 209,977 | 194,289 |
| National insurance | 10,802 | 9,477 |
| Pension cost | 32,066 | 28,443 |
| | 520,479 | 529,504 |

10. GOVERNANCE COSTS

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|---|---------------------------------|---|
| Auditors' remuneration | 4,500 | 4,500 |
| Auditors' remuneration - non-audit | 5,850 | 1,500 |
| Responsible Officer costs | 2,085 | 1,245 |
| Legal and professional | 3,425 | 3,158 |
| Governance expense - wages and salaries | 4,270 | 2,948 |
| Governance expense - NI | 105 | - |
| Governance expense - pension costs | 538 | 597 |
| | 20,773 | 13,948 |

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11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|---|------------------------|--|
| Depreciation of tangible fixed assets - owned by the charity | 73,138 | 69,315 |
| Auditors' remuneration | 4,500 | 4,500 |
| Auditors' remuneration - non-audit | 5,850 | 1,500 |
| | <u>73,138</u> | <u>69,315</u> |

12. STAFF COSTS

Staff costs were as follows

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|-------------------------------|------------------------|--|
| Wages and salaries | 1,114,401 | 1,159,022 |
| Social security costs | 64,791 | 68,444 |
| Other pension costs (Note 25) | 169,171 | 165,151 |
| | <u>1,348,363</u> | <u>1,392,617</u> |

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

| | 31 August 2013 No. | 13 month period ended 31 August 2012 No. |
|------------------|--------------------------|--|
| Teachers | 17 | 18 |
| Teaching support | 17 | 17 |
| Administration | 9 | 9 |
| Management | 2 | 2 |
| | <u>45</u> | <u>46</u> |

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

| | 31 August 2013 No. | 13 month period ended 31 August 2012 No. |
|-------------------------------|--------------------------|--|
| In the band £70,001 - £80,000 | 0 | 1 |
| | <u>0</u> | <u>1</u> |

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13. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 Trustees (2012 6) in respect of defined contribution pension schemes

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration including pension contributions whilst in office was as follows: V McLaren £65,000 - £70,000 (2012 £Nil), R Norman £Nil (2012 £50,000 - £55,000), E Jelley £45,000 - £50,000 (2012 £25,000 - £30,000), L Mayes £35,000 - £40,000 (2012 £30,000 - £35,000), C Short £40,000 - £45,000 (2012 £20,000 - £25,000) and K Jefferson £15,000 - £20,000 (2012 £15,000 - £20,000). The 2012 comparatives reflect a 13 month period and do not include pension contributions which totalled £24,634 for 6 staff trustees.

During the year, travel and subsistence expenses totalling £501 (2012 £127) were reimbursed to 1 (2012 2) Trustee.

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 (2012 £2,000,000) on any one claim and the cost for the year ended 31 August 2013 was £1,971 (2012 £1,971).

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

15. TANGIBLE FIXED ASSETS

| | Long Term Leasehold Property £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|---|-------------------------------|----------------------------|------------|
| COST | | | | |
| At 1 September 2012 | 3,739,481 | 57,036 | 42,265 | 3,838,782 |
| Additions | - | 26,640 | 14,404 | 41,044 |
| At 31 August 2013 | 3,739,481 | 83,676 | 56,669 | 3,879,826 |
| DEPRECIATION | | | | |
| At 1 September 2012 | 58,097 | 5,731 | 5,487 | 69,315 |
| Charge for the year | 53,628 | 10,217 | 9,293 | 73,138 |
| At 31 August 2013 | 111,725 | 15,948 | 14,780 | 142,453 |
| NET BOOK VALUE | | | | |
| At 31 August 2013 | 3,627,756 | 67,728 | 41,889 | 3,737,373 |
| 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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16. DEBTORS

| | 2013 £ | 2012 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 2,550 | 3,512 |
| VAT recoverable | 2,562 | 14,698 |
| Prepayments and accrued income | 15,251 | 47,132 |
| | <u>20,363</u> | <u>65,342</u> |

17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 £ | 2012 £ |
|------------------------------------|---------------|---------------|
| Other loans | 2,842 | 2,754 |
| Trade creditors | 280 | - |
| Other taxation and social security | 19,268 | 19,995 |
| Other creditors | 21,376 | 7,085 |
| Accruals and deferred income | 39,693 | 33,738 |
| | <u>83,459</u> | <u>63,572</u> |

DEFERRED INCOME

| | |
|--------------------------------------|-----------------|
| Deferred income at 1 September 2012 | 17,020 |
| Resources deferred during the year | 22,295 |
| Amounts released from previous years | <u>(17,020)</u> |
| Deferred income at 31 August 2013 | <u>22,295</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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18. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2013 | 2012 |
|-------------|---------------|---------------|
| | £ | £ |
| Other loans | 49,894 | 46,819 |

Included within the above are amounts falling due as follows

| | 2013 | 2012 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| BETWEEN ONE AND TWO YEARS | | |
| Other loans | 2,842 | 2,754 |
| BETWEEN TWO AND FIVE YEARS | | |
| Other loans | 8,526 | 8,263 |
| OVER FIVE YEARS | | |
| Other loans | 38,526 | 35,802 |

Creditors include amounts not wholly repayable within 5 years as follows

| | 2013 | 2012 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Repayable by instalments | 38,526 | 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 £4,470 (2012 £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 £52,736 (2012 £49,573).

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FOR THE YEAR ENDED 31 AUGUST 2013

19. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|----------------------|-------------------------|-------------------------|-----------------------|----------------------|----------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General funds | 106,414 | 104,478 | (68,860) | - | - | 142,032 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | 59,365 | 1,577,008 | (1,587,899) | (13,694) | - | 34,780 |
| Special needs funding | - | 9,120 | (9,120) | - | - | - |
| Donations | - | 81,755 | (81,755) | - | - | - |
| Pupil premium | - | 23,524 | (23,524) | - | - | - |
| Other DfE/EFA Income | - | 22,361 | (22,361) | - | - | - |
| Other restricted income | - | 6,456 | (6,456) | - | - | - |
| Equal pay loan | (49,573) | (1,580) | (1,583) | - | - | (52,736) |
| Pension reserve | (212,000) | - | (9,000) | - | 12,000 | (209,000) |
| | (202,208) | 1,718,644 | (1,741,698) | (13,694) | 12,000 | (226,956) |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
| Fixed assets transferred on conversion | 3,728,924 | - | (62,408) | - | - | 3,666,516 |
| Fixed assets purchased from GAG | 5,894 | - | (3,500) | 13,694 | - | 16,088 |
| DfE/EFA Capital grants | - | 14,977 | (1,070) | - | - | 13,907 |
| Capital rollover brought forwards | 21,735 | - | (2,758) | - | - | 18,977 |
| Devolved formula capital | 8,752 | 9,378 | (2,397) | - | - | 15,733 |
| Donations | 4,162 | 2,995 | (1,005) | - | - | 6,152 |
| | 3,769,467 | 27,350 | (73,138) | 13,694 | - | 3,737,373 |
| Total restricted funds | 3,567,259 | 1,745,994 | (1,814,836) | - | 12,000 | 3,510,417 |
| Total of funds | 3,673,673 | 1,850,472 | (1,883,696) | - | 12,000 | 3,652,449 |

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

The General Annual Grant (GAG) represents funding received from the 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

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.

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 purchase a new playpod.

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

SUMMARY OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------------|----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| General funds | 106,414 | 104,478 | (68,860) | - | - | 142,032 |
| Restricted funds | (202,208) | 1,718,644 | (1,741,698) | (13,694) | 12,000 | (226,956) |
| Restricted fixed asset funds | 3,769,467 | 27,350 | (73,138) | 13,694 | - | 3,737,373 |
| | 3,673,673 | 1,850,472 | (1,883,696) | - | 12,000 | 3,652,449 |

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2013 £ | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ | Total 13 months ended 31 August 2012 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|---|
| Tangible fixed assets | - | - | 3,737,373 | 3,737,373 | 3,769,467 |
| Current assets | 142,032 | 115,398 | - | 257,430 | 226,597 |
| Creditors due within one year | - | (83,460) | - | (83,460) | (63,572) |
| Creditors due in more than one year | - | (49,894) | - | (49,894) | (46,819) |
| Provisions for liabilities and charges | - | (209,000) | - | (209,000) | (212,000) |
| | <u>142,032</u> | <u>(226,956)</u> | <u>3,737,373</u> | <u>3,652,449</u> | <u>3,673,673</u> |

21. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|---|------------------------|--|
| Net incoming resources before revaluations | (33,224) | 3,731,673 |
| Returns on investments and servicing of finance | 1,017 | 1,302 |
| Net assets transferred on conversion | - | (3,691,140) |
| Depreciation of tangible fixed assets | 73,138 | 69,315 |
| Capital grants from DfE | (38,049) | (37,690) |
| Decrease/(increase) in debtors | 44,977 | (45,232) |
| Increase in creditors | 22,964 | 54,664 |
| Defined benefit pension scheme adjustments | 9,000 | 1,000 |
| NET CASH INFLOW FROM OPERATIONS | <u>79,823</u> | <u>83,892</u> |

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|--|------------------------|--|
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | |
| Interest received | 566 | 281 |
| Interest paid | (1,583) | (1,583) |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | <u>(1,017)</u> | <u>(1,302)</u> |

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22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|---|------------------------|--|
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | | |
| Purchase of tangible fixed assets | (41,044) | (44,049) |
| Capital grants from DfE | 38,049 | 37,690 |
| NET CASH OUTFLOW FROM CAPITAL EXPENDITURE | (2,995) | (6,359) |
| | | |
| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
| FINANCING | | |
| Repayment of other loans | - | (7,091) |

23. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2012 £ | Cash flow £ | Other non-cash changes £ | 31 August 2013 £ |
|--|-----------------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand | 161,255 | 75,811 | - | 237,066 |
| DEBT | | | | |
| Debts due within one year | (2,754) | - | (88) | (2,842) |
| Debts falling due after more than one year | (46,819) | - | (3,075) | (49,894) |
| NET FUNDS | 111,682 | 75,811 | (3,163) | 184,330 |

24. MEMBERS LIABILITY

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

**NOTES TO THE FINANCIAL STATEMENTS
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25. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £20,834 were payable to the scheme at 31 August 2013 (2012 £6,929) and are included within creditors

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act

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

Valuation of the Teachers' Pension Scheme

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

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

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25. PENSION COMMITMENTS (continued)

was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £86,000, of which employer's contributions totalled £67,000 and employees' contributions totalled £19,000. The agreed contribution rates for future years are 21.1% for employers and 5.5% to 7.5% for employees.

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

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25. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance Sheet are as follows

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|-------------------------------------|---------------------------------|---|
| Present value of funded obligations | (694,000) | (560,000) |
| Fair value of scheme assets | 485,000 | 348,000 |
| Net liability | <u>(209,000)</u> | <u>(212,000)</u> |

The amounts recognised in the Statement of Financial Activities are as follows

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|----------------------------------|---------------------------------|---|
| Current service cost | (70,000) | (60,000) |
| Interest on obligation | (25,000) | (26,000) |
| Expected return on scheme assets | 19,000 | 20,000 |
| Total | <u>(76,000)</u> | <u>(66,000)</u> |

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

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|--------------------------------------|---------------------------------|---|
| Opening defined benefit obligation | 560,000 | - |
| Current service cost | 70,000 | 60,000 |
| Interest cost | 25,000 | 26,000 |
| Contributions by scheme participants | 19,000 | 18,000 |
| Actuarial Losses | 19,000 | 41,000 |
| Benefits paid | 1,000 | - |
| Liability transferred on conversion | - | 415,000 |
| Closing defined benefit obligation | <u>694,000</u> | <u>560,000</u> |

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25. PENSION COMMITMENTS (continued)

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

| | 31 August 2013 £ | 13 month period ended 31 August 2012 £ |
|-------------------------------------|---------------------------------|--|
| Opening fair value of scheme assets | 348,000 | - |
| Expected return on assets | 19,000 | 20,000 |
| Actuarial gains and (losses) | 31,000 | (17,000) |
| Contributions by employer | 67,000 | 65,000 |
| Contributions by employees | 19,000 | 18,000 |
| Benefits paid | 1,000 | - |
| Asset transferred on conversion | - | 262,000 |
| | 485,000 | 348,000 |

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £12,000 (2012 £(58,000))

The Academy expects to contribute £69,000 to its Defined Benefit Pension Scheme in 2014

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

| | 2013 | 2012 |
|----------|----------------|---------|
| Equities | 72.00 % | 67.00 % |
| Bonds | 15.00 % | 19.00 % |
| Property | 10.00 % | 11.00 % |
| Cash | 3.00 % | 3.00 % |

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

| | 2013 | 2012 |
|--|---------------|--------|
| Discount rate for scheme liabilities | 4.60 % | 4.10 % |
| Expected return on scheme assets at 31 August | 5.90 % | 4.80 % |
| Rate of increase in salaries | 5.10 % | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.80 % | 2.20 % |

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

| | 2013 | 2012 |
|----------------------|-------------------|------------|
| Retiring today | | |
| Males | 21.3 years | 21.3 years |
| Females | 23.6 years | 23.6 years |
| Retiring in 20 years | | |
| Males | 23.3 years | 24.9 years |
| Females | 25.5 years | 25.5 years |

LETHBRIDGE PRIMARY SCHOOL
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FOR THE YEAR ENDED 31 AUGUST 2013

25. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows

Defined benefit pension schemes

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Defined benefit obligation | (694,000) | (560,000) |
| Scheme assets | 485,000 | 348,000 |
| Deficit | (209,000) | (212,000) |
| Experience adjustments on scheme liabilities | (19,000) | (41,000) |
| Experience adjustments on scheme assets | 31,000 | (17,000) |

26 OPERATING LEASE COMMITMENTS

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

| | 2013 £ | 2012 £ |
|-----------------------|-----------|-----------|
| EXPIRY DATE: | | |
| Within 1 year | - | 5,307 |
| Between 2 and 5 years | 8,948 | - |

27 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the Board of Trustees 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.

28. CONTROLLING PARTY

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