

**Langley School**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

for the period ended  
31 August 2012



Company Registration No 07693853

# Langley School

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors (Trustees)

PJ Talbot (appointed 1 August 2011)  
(Headteacher and Accounting Officer)  
PK Bates (Chair) (appointed 5 July 2011)  
GK Affleck (appointed 1 August 2011)  
JE Barker (appointed 1 August 2011)  
DG Barnes (appointed 5 July 2011)  
AM Collier (appointed 1 August 2011)  
N Davies (appointed 1 August 2011)  
KF Davis (appointed 1 August 2011)  
J Farndon (appointed 1 August 2011)  
AH Forder (appointed 1 August 2011)  
AM Hay (appointed 1 August 2011)  
KS Kane (appointed 1 August 2011)  
LJ Maguire (appointed 1 August 2011)  
DA Ross (appointed 1 August 2011)  
JP Sheridan (appointed 5 July 2011)  
PL Turvey (appointed 1 August 2011)  
SR Tustain (appointed 1 August 2011)  
A Walker (appointed 1 August 2011)  
CJW Weir (appointed 1 August 2011)  
L Pigott (appointed 1 August 2011, resigned 24 April 2012)  
AR Williams (appointed 1 August 2011, resigned 8 March 2012)

### Senior Management Team

Deputy Headteacher  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher  
Assistant Headteacher  
School Business Manager

TD Axe  
G Affleck  
S Barrett  
T Clarke  
S Cooke  
D Evans  
W Keddle  
R Cotton

### Principal and Registered Office

Kineton Green Road  
Olton  
Solihull  
West Midlands  
B92 7ER

### Company Registration Number

07693853 (England and Wales)

### Independent Auditor

Baker Tilly UK Audit LLP  
St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

# Langley School

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Lloyds TSB Bank plc  
9-11 Poplar Road  
Solihull  
West Midlands  
B91 2AN

### Solicitors

Veale Wasborough Vizard  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

# Langley School

## GOVERNORS' REPORT

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

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### Constitution

The Academy Trust was incorporated on 5 July 2011 and opened as an Academy on 1 August 2011, having converted from a maintained school, originally founded in 1974, to academy trust status under the Academies Act 2010. It is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

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

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

#### Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member. The current members of the Charitable Company are Rev P Bates, Mr D Barnes and Mr J Sheridan.

#### Governors' Indemnities

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1m on any one claim. Details of the costs can be found in note 10 to the accounts.

#### Principal Activities

The principal activity of the Academy is to advance education, for the public benefit by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum and to promote, for the benefit of the inhabitants of Solihull and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The Academy Trust operates under a Funding Agreement issued by the Department for Education on 25 July 2012 and commenced operations on 1 August 2012.

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

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

# Langley School

## GOVERNORS' REPORT

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

- up to 13 Governors appointed by the members
- any staff Governors appointed by the members through such process as they may determine, provided that the total number of Governors (including the Head) who are employees of the Academy Trust does not exceed one third of the total number of Governors
- up to 1 Local Authority Governor appointed by the Local Authority
- a minimum of 2 Parent Governors who are elected by parents of registered pupils at the Academy
- the Headteacher, who is treated for all purposes as being an ex officio Governor
- any Additional or Further Governors appointed by the Secretary of State

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

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

### Policies and Procedures adopted for the induction and training of Governors

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. The Academy has purchased a Governor Development Package from the Local Authority giving all Governors access to specific training courses and advice.

### Organisational Structure

The Board of Governors normally meet once each term. The Board 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 and reports from Committee Chairs. The Board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are three committees as follows

**Finance Committee** – this meets at least five times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance and reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. The Finance Committee is also responsible for premises and health and safety related issues.

**Curriculum Committee** – this meets at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting, assessment and examinations issues.

**Personnel Committee** – this meets at least once a term to monitor, evaluate and review Academy policy, practice and performance in relation to staffing and human resources issues and student pastoral issues.

# Langley School

## GOVERNORS' REPORT

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

The Trustees and Board of Governors 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, Assistant Headteachers and the School Business Manager. The SLT implement the policies laid down by the Governors and report back to them on performance.

The Headteacher is the Accounting Officer.

### Risk Management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas and its finances. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control. The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying the means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis. Where significant financial risk has been identified, Governors have ensured they have adequate insurance cover.

A formal review of the Trust's management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body
- Pecuniary interests of governors reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

### Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of the Academy Trust. Langley School Parent Teacher Association is associated with the Academy and as part of its operation, the Academy liaises with organisations such as the Local Authority and other education providers and trainers such as local schools, further education institutions and universities. These links are maintained in the interests of supporting good practice and information sharing and consolidate well established mutually supportive associations.

## **OBJECTIVES AND ACTIVITIES**

### Objects and Aims

The charitable objectives for which the charitable company was established are set down in the governing document as follows:

# Langley School

## GOVERNORS' REPORT

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- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"), and
- To promote for the benefit of the inhabitants of Solihull and the surrounding area the provision of facilities, for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare, and with the object of improving the condition of life of the said inhabitants

Langley school aims to provide an environment where all its students and staff can achieve to the best of their potential – 'Be the best you can be'. The Governors' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. The school is recognised by Ofsted as an Outstanding School and as such was one of the first group of schools to be offered the opportunity by the Government to convert to academy status. This opportunity was taken as it offered the school additional freedom and resources to drive the school forward.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on achieving their potential. The school fosters personal development that helps students to value mutual respect and consideration for all and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Underpinning this are the following tenets

- A leading and innovative academy with a communal desire to be a supportive and nurturing place of work and study
- High quality teaching and learning
- High aspirations
- Respect and caring for others
- Making a positive contribution to society and the local community
- Sharing best practice and constantly looking to improve

To this end, the activities provided include

- Training and learning opportunities for all students to achieve their potential in a curriculum tailored to the individual
- Training opportunities for all staff to encourage them to be effective models of learning and development and to develop their own learning and skills
- Specialist activities in performing arts, languages and training along with special projects in other curricular areas
- A programme of sporting and extra curricular activities for all students to widen their experiences
- A programme of after school clubs to allow students to develop further as learners
- Community links which can support other learners and the community in Solihull and the surrounding areas

# Langley School

## GOVERNORS' REPORT

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### Objectives, Strategies and Activities

The principal activity of Langley School is currently to run a senior school for boys and girls located in Solihull, West Midlands. Overall objectives for the period ending 31 August 2012 were to raise the attainment levels for all students through care and well-being, curriculum structure, teaching and learning and leadership development.

Key priorities for the year are contained in our School Improvement Plan which is available from the school office. Improvement foci identified for the year include:

- |                                  |  |
|----------------------------------|--|
| <b>Achievement</b>               | <ul style="list-style-type: none"><li>a) Refining the use of data and tracking</li><li>b) Targeting 'at risk' groups</li><li>c) Making 3 / 4 levels of progress the target measure for improvement</li></ul>   |
| <b>Teaching and Learning</b>     | <ul style="list-style-type: none"><li>a) Sharing best practice in a variety of ways to facilitate 'Outstanding' teaching</li><li>b) Focus on AfL and Marking</li><li>c) Raising awareness of literacy across the school</li><li>d) Learning to learn more effectively</li><li>e) Developing workplace skills (including leadership)</li></ul>  |
| <b>Behaviour and Safety</b>      | <ul style="list-style-type: none"><li>a) Reviewing the reward system and associated recognition of pupil performance</li><li>b) Developing pupil voice</li><li>c) Expanding the use of mentoring across the school</li><li>d) Support pupil welfare in managing their workload more effectively</li><li>e) Improving site safety and pupil safeguarding in key areas</li><li>f) To raise focus on Social Emotional Learning (including Behaviour for Learning)</li><li>g) To celebrate and improve delivery of the Social, Moral, Spiritual and Cultural aspects of school</li></ul> |
| <b>Leadership and Management</b> | <ul style="list-style-type: none"><li>a) To work on intelligent accountability systems at all levels in the school</li><li>b) To improve the outward-facing aspects of Langley</li><li>c) To continue to improve ICT across the school and community</li><li>d) To continue to develop all staff and refine methodologies for this</li><li>e) To refine the curriculum</li><li>f) To improve accommodation and use of buildings</li><li>g) To refine systems to take account of Academy status</li><li>h) To expand the roles of Governors in school life</li></ul>                  |

### Public Benefit

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers and duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

### *Benefits & Beneficiaries*

In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.



# Langley School

## GOVERNORS' REPORT

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The Academy also provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community

As an Academy, we have a duty to support other schools. We support many of our local primary and partner schools through use of our premises and specialist skills in performing arts, literacy and languages and mathematics

### *Governors' Assessment of Public Benefit*

In order to determine whether or not the charitable company has fulfilled its charitable objectives for public benefit, the governors gather evidence of the success of Academy School's activities

## **ACHIEVEMENTS AND PERFORMANCE**

The Academy is in its first year of operation, having converted from a local authority maintained school. All year groups are full and the school is heavily oversubscribed with 720 applications for 190 places in the 2012 admissions round.

The academic examination results for GCSEs and equivalent for the school are set out in the table below, showing a comparison with 2011 school and national results. National figures for 2012 were not available at the time of writing this report.

	<b>Langley 2012</b>	<b>Langley 2011</b>	<b>National 2011</b>
5+ A* - C	82%	74%	79%
5+ A* - C including English and Mathematics	71%	68%	57%
EBacc	28%	30%	15%
Students making the expected levels of progress in English	73%	73%	71%
Students making the expected levels of progress in Mathematics	85%	83%	64%

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations which are undertaken by the Faculty/Department Heads and the Senior Leadership Team.

Continuing professional development for staff has been very successful with all staff being offered training on basic health and safety, epipen usage and safeguarding children and young people from sexual exploitation. In addition, the designated member of staff for child protection received the annual one day refresher training and two new members of staff were trained as designated members of staff. Sixteen members of staff have undertaken the appropriate training to enable them to drive the school minibus and 44 members of staff are currently first aid trained. Amongst many other courses and training events undertaken, two members of the teaching staff have successfully completed the middle leadership development programme, the science laboratory technicians have received annual refresher training and several members of the support staff have received training on how to become highly effective support staff leaders.

### Going Concern

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

# Langley School

## GOVERNORS' REPORT

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### Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In the period under review, £419,134 was carried forward, representing 7.4% of GAG.

As funding is based on pupil numbers, this is also a key performance indicator. Pupil numbers for 2012 were 1005, an increase of 5 over 2011. These numbers are anticipated to be fairly stable.

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

### **FINANCIAL REVIEW**

#### Financial Review

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

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants 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 expected useful life of the assets concerned.

During the period ended 31 August 2012, total expenditure of £5,892,901 (excluding expenditure on conversion, depreciation and pension losses) was covered by incoming resources of £6,462,236 (includes income on conversion and income restricted to fixed asset spend).

The excess of income over expenditure for the period (excluding restricted fixed asset funds and restricted pension deficit funds) was £1,028,177, of which £458,842 relates to unrestricted income on conversion.

At 31 August 2012, the net book value of fixed assets was £18,079,268 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and 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 at £18,318,375.

The balance of the former school's budget share of £662,297 was transferred across on conversion, £458,842 of this is recognised as unrestricted income and £203,455 as restricted fixed asset income.

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 16 to the financial statements.

Key financial policies adopted during the period include the Scheme of Delegation which, alongside the Financial Handbook, 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 the Risk Management Policy, Anti-Bribery Policy, Debit Card Policy, Charging and Remissions Policy, Fixed Asset Procedure and Accounting Policy, Whistleblowing Policy, Reserves Policy, Investment Policy, Anti-Fraud and Corruption Policy and Purchasing Policy.

# Langley School

## GOVERNORS' REPORT

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Governors appointed Mrs Linda Sheridan, Financial Manager in the Resources Directorate at the Local Authority as the Responsible Officer to undertake a programme of internal checks on financial controls. During the period, Governors received two reports from the Responsible Officer containing no matters of significance.

### Financial and Risk Management Objectives and Policies

The Academy has a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Governors and include financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks including internal controls described elsewhere. Where significant financial risk still remains, they have ensured they have adequate insurance cover.

Whilst the Academy is oversubscribed, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally each term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings.

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

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 16 to the financial statements, represents a significant potential liability. However, as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the 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, 85% 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 level or on the same terms.

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

**Reputational** – the continuing success of the Academy is dependant on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

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

# Langley School

## GOVERNORS' REPORT

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

Fraud and mismanagement of funds – the Academy has appointed a Responsible Officer to carry out check on financial systems and records as required by the Academies Financial Handbook

The Academy has continued to strengthen its risk management process during the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed on a regular basis

### Reserves Policy

The governors' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the school and to fund future projects

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

The Governors have determined that the appropriate level of free cash reserves should be equivalent to 4 weeks' expenditure, approximately £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £609,043

The Governors have reviewed the future plans of the Academy and have planned the use of reserves as follows -

<b>Planned use of reserves</b>	<b>Amount</b>
ICT equipment replacement and refurbishment of English and Mathematics facilities	£133,000
Replacement of Resource Centre boilers	£50,000
Refurbishment of student toilets and food technology facilities	£175,000
Unallocated contingency reserves	£500,000

### Investment Policy

The governors' investment powers are set down in the charitable company's Memorandum and Articles of Association, which permit the investment of monies of the charitable company that are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The charitable company's current policy is to invest surplus funds in short-term, low risk bank investment accounts to take advantage of higher interest rates

### **PLANS FOR FUTURE PERIODS**

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 achieve its objectives. It will continue to work with partner schools to improve the educational opportunities for students in the wider community. The Academy is currently investigating the possibility of expanding to provide post-16 education

# Langley School

## GOVERNORS' REPORT

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### **FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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

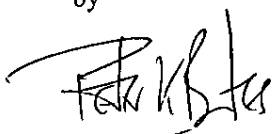
### **Auditors**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

### **Statement as to disclosure of information to auditors**

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Governing Board at its meeting on 18 December 2012 and signed on its behalf by



**Rev P K Bates**  
**Chair**

# Langley School

## GOVERNORS' STATEMENT

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### Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Langley School and the Secretary of State for Education. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met five times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
Rev P Bates	5	5
Mr P Talbot	5	5
Mr G Affleck	5	5
Mrs J Barker	5	5
Mr D Barnes	5	5
Mrs A Collier	5	5
Cllr N Davies	5	5
Mr K Davis	2	5
Mrs J Farndon	3	5
Mrs A Forder	4	5
Mr A Hay	4	5
Mr K Kane	3	5
Mrs L Maguire	2	5
Mrs L Pigott	0	4
Mr A Ross	5	5
Mr J Sheridan	5	5
Mrs P Turvey	2	5
Mr S Tustain	4	5
Mrs A Walker	5	5
Mr C Weir	5	5
Mr A Williams	0	3

# Langley School

## GOVERNORS' STATEMENT

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### Finance Committee

Governor	Meetings attended	Out of possible
D Barnes	5	7
Rev P Bates	6	7
P Talbot	5	7
K Kane	5	7
L Maguire	4	7
L Pigott	0	4
A Walker	5	7
C Weir	7	7

### The purpose of the system of internal control

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

### Capacity to handle risk

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

### The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body
- Regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Clearly defined purchasing guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

# Langley School

## GOVERNORS' STATEMENT

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The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mrs L Sheridan as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. The RO function has been fully delivered in line with the EFA's requirements and no material control issues have arisen as a result of the RO's work.

### Review of effectiveness

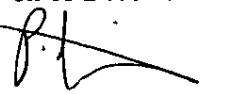
As Accounting Officer, Mr P Talbot has responsibility for reviewing the effectiveness of the systems of internal control. During the period in question the review has been informed by

- The work of the Responsible Officer
- The work of the external auditor
- The financial management and governance self-evaluation process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the results of their review and the systems of internal control by the finance committee and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the Governing Body on 18 December 2012 and signed on its behalf by

  
**Rev P K Bates**  
**Chair**

  
**P Talbot**  
**Accounting Officer**



# Langley School

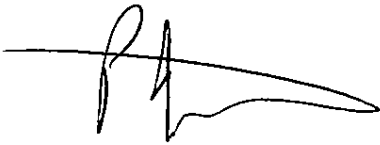
## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Langley School Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust 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 trust governing body are able to identify any material irregularity or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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

A handwritten signature in black ink, appearing to be 'P Talbot', with a long horizontal stroke extending to the right.

P Talbot  
Accounting Officer

# Langley School

## STATEMENT ON GOVERNORS' RESPONSIBILITIES

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

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date, and of the incoming resources and application of resources, including income and expenditure, for that period. In preparing those financial statements, the governors are required to

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

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

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

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

Approved by order of the members of the governing body on 18 December 2012 and signed on its behalf by



Rev P K Bates  
Chair

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGLEY SCHOOL**

We have audited the financial statements of Langley School for the period ended 31 August 2012 on pages 20 to 42. 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 2011/12 issued by the Education Funding Agency.

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

### **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities (set out on page 17) the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

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

### **Opinion on other requirement of the Companies Act 2006**

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

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

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

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

*Baker Tilly UK Audit LLP*

MICHAEL HUGGINS

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

St Philips Point

Temple Row

Birmingham

West Midlands

B2 5AF

18 December 2012

**Langley School**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(including Income & Expenditure Account)  
for the period ended 31 August 2012

		13 month period ended 31 August 2012			
	Notes	Unrestricted general funds £	Restricted funds £	Restricted fixed assets funds £	Total funds 2012 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	2	35,121	-	20,875	55,996
Voluntary income transfer from local authority on conversion	2 & 23	458,842	-	18,521,830	18,980,672
Activities for generating funds	3	482,501	-	-	482,501
Investment income	4	2,330	-	-	2,330
Income resources from charitable activities					
Funding for the Academy's educational operations	5	-	5,942,284	-	5,942,284
<b>TOTAL INCOME RESOURCES</b>		<b>978,794</b>	<b>5,942,284</b>	<b>18,542,705</b>	<b>25,463,783</b>
<b>RESOURCES EXPENDED</b>					
Other resources expended – transfer from local authority on conversion	23	-	(1,019,000)	-	(1,019,000)
Charitable activities					
Academy's educational operations	6	-	(5,815,661)	-	(5,815,661)
Activities for generations funds	8	(369,751)	-	-	(369,751)
Governance costs	9	-	(28,449)	-	(28,449)
<b>TOTAL RESOURCES EXPENDED</b>		<b>(369,751)</b>	<b>(6,863,110)</b>	<b>-</b>	<b>(7,232,861)</b>
<b>NET INCOMING/(OUTGOING)</b>					
<b>RESOURCES BEFORE TRANSFERS</b>		<b>609,043</b>	<b>(920,826)</b>	<b>18,542,705</b>	<b>18,230,922</b>
Gross transfers between funds		-	275,960	(275,960)	-
<b>NET INCOME/(EXPENDITURE) FOR THE PERIOD</b>		<b>609,043</b>	<b>(644,866)</b>	<b>18,266,745</b>	<b>18,230,922</b>
<b>OTHER RECOGNISED GAINS/(LOSSES)</b>					
Actuarial losses on defined benefit pension schemes		-	(136,000)	-	(136,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>609,043</b>	<b>(780,866)</b>	<b>18,266,745</b>	<b>18,094,922</b>
Fund balances brought forward at 1 August 2011		-	-	-	-
<b>FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2012</b>		<b>609,043</b>	<b>(780,866)</b>	<b>18,266,745</b>	<b>18,094,922</b>

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

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities

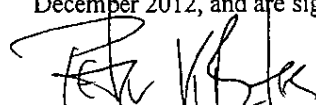
# Langley School

## BALANCE SHEET as at 31 August 2012

Company number 07693853

	Notes	2012 £	£
<b>FIXED ASSETS</b>			
Tangible assets	13		18,079,268
<b>CURRENT ASSETS</b>			
Debtors	14	242,902	
Cash at bank and in hand		1,411,745	
Stock		1,224	
		<u>1,655,871</u>	
<b>LIABILITIES</b>			
Creditors Amounts falling due within one year	15	(440,217)	
		<u>(440,217)</u>	
<b>NET CURRENT ASSETS</b>			1,215,654
<b>TOTAL ASSETS LESS CURRENT LIABILITIES &amp; NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u>19,294,922</u>
Defined benefit pension scheme liability	16	(1,200,000)	
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u><u>18,094,922</u></u>
<b>FUNDS OF THE ACADEMY</b>			
<b>Restricted funds</b>			
Fixed asset fund	17	18,266,745	
General	17	419,134	
Pension reserve	17	(1,200,000)	
<b>TOTAL RESTRICTED FUNDS</b>			<u>17,485,879</u>
<b>UNRESTRICTED FUNDS</b>			
General fund	17	609,043	
<b>TOTAL UNRESTRICTED FUNDS</b>			<u>609,043</u>
<b>TOTAL FUNDS</b>	18		<u><u>18,094,922</u></u>

The financial statements on pages 20 to 42 were approved by the Governors and authorised for issue on 18 December 2012, and are signed on their behalf by



Rev PK Bates  
Chair

Langley School  
CASH FLOW STATEMENT  
for the period ended 31 August 2012

	Notes	13 month period ended 31 August 2012 £
Net cash inflow from operating activities	11	783,971
Capital expenditure	11	(36,853)
Interest received	11	2,330
Cash transferred on conversion to Academy Trust	23	662,297
Increase in cash for the period	11&12	<u>1,411,745</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Net funds at 31 August 2012	11&12	<u>1,411,745</u>

# Langley School

## ACCOUNTING POLICIES

Financial statements for the period ended 31 August 2012

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### **BASIS OF ACCOUNTING**

The financial statements have been prepared to comply with current statutory requirements (principally being the Companies Acts 1985 to 2006, the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008), under historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice. The recommendations and guidance in *Academies Accounts Direction 2011/12* issued by the Education Funding Agency in August 2012 and in *Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)* issued by the Charity Commission in March 2005 have been followed.

### **GOING CONCERN**

The financial statements have been prepared under the going concern basis. No material uncertainties related to events or conditions cast a significant doubt on the ability of the Academy to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of approval of these financial statements. Langley School has secured revenue funding of £5,159,140 from the EFA for the next academic year.

### **INCOMING RESOURCES**

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

#### Grants receivable

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

#### Donations

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

#### Other income

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

#### Donated services and gifts in kind

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

#### Lease of property

As a maintained school converting under the Academies Act 2010, the academy has been able to continue to occupy the predecessor school's premises on a long-term basis under a lease, at nil or peppercorn rental. The terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the Academy Trust and the asset is therefore recognised on the balance sheet as a fixed asset, with a corresponding entry to voluntary income as a gift in kind.



# Langley School

## ACCOUNTING POLICIES

Financial statements for the period ended 31 August 2012

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### Lease of property (continued)

An open market, non compartmentalised valuation of the land and buildings has been obtained through the Local Authority's Senior Valuer. In subsequent years, buildings will be depreciated in accordance with the Academy's depreciation policy.

### **RESOURCES EXPENDED**

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

### Costs of generating funds

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

### Charitable activities

These are costs incurred on the Academy Trust's educational operations.

### Governance Costs

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

All resources expended are inclusive of irrecoverable VAT.

### **TANGIBLE FIXED ASSETS**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Long leasehold buildings	- 50 years
Fixtures, fittings and equipment	- 5 years
ICT equipment	- 1 to 4 years
Motor Vehicles	- 5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

# Langley School

## ACCOUNTING POLICIES

Financial statements for the period ended 31 August 2012

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### STOCKS

Stocks are valued at the lower of cost and net realisable value

### LEASED ASSETS AND OBLIGATIONS

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

### TAXATION

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

### PENSION CONTRIBUTIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

### FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Young People's Learning Agency where the asset acquired or created is held for a specific purpose.

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

# Langley School

## ACCOUNTING POLICIES

Financial statements for the period ended 31 August 2012

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### **CONVERSION TO AN ACADEMY TRUST**

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

The assets and liabilities transferred upon conversion from Langley School (predecessor school) to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Langley School Academy Trust Limited. The amounts have been recognised under the appropriate balance sheet categories with a corresponding amount recognised in voluntary income as a gift in the statement of financial activities and analysed under unrestricted, restricted general and restricted fixed asset funds

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

13 month period ended  
31 August 2012  
£

### 1 GENERAL ANNUAL GRANT (GAG)

Results and carry forward for the period

GAG allocation for the current period	5,654,642
Total GAG available to spend	5,654,642
Recurrent expenditure from GAG	(5,235,508)
Fixed assets purchased from GAG	-
GAG carried forward to the next year	419,134
Maximum permitted GAG carry forward at the end of current period (12% of allocation for current period)	(678,557)
GAG surrender to DfE (12% rule breached if result is positive)	(259,423)
	(no breach)

### 2 VOLUNTARY INCOME

Assets and liabilities inherited upon conversion

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Assets £	Total 2012 £
Agreed cash settlements and unspent grants	458,842	-	203,455	662,297
Fixed assets inherited	-	-	18,318,375	18,318,375
Donations	35,121	-	-	35,121
Other capital grants	-	-	20,875	20,875
	493,963	-	18,542,705	19,036,668

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS the period ended 31 August 2012

	Unrestricted Funds	Restricted Funds General	Fixed Assets	Total 2012
	£	£	£	£
<b>3 ACTIVITIES FOR GENERATING FUNDS</b>				
Trip income	64,356	-	-	64,356
Catering income	204,080	-	-	204,080
Sale of goods/services and reimbursements	111,838	-	-	111,838
Sundry lettings and hire of facilities	102,227	-	-	102,227
	<u>482,501</u>	<u>-</u>	<u>-</u>	<u>482,501</u>
<b>4 INVESTMENT INCOME</b>				
Bank interest receivable on short term cash deposits	2,330	-	-	2,330
	<u>2,330</u>	<u>-</u>	<u>-</u>	<u>2,330</u>
<b>5 FUNDING FOR ACADEMY'S OPERATIONAL ACTIVITIES</b>				
Core academy funding				
General Annual Grant (GAG) see note 1	-	5,654,642	-	5,654,642
Other government funding,				
Pupil premium	-	84,544	-	84,544
Special Educational Needs income	-	152,500	-	152,500
Other funding	-	50,598	-	50,598
	<u>-</u>	<u>5,942,284</u>	<u>-</u>	<u>5,942,284</u>

Langley School  
NOTES TO THE FINANCIAL STATEMENTS  
the period ended 31 August 2012

	Unrestricted Funds	Restricted Funds General	Restricted Fixed Assets	Total 2012
	£	£	£	£
<b>6 ACADEMY'S EDUCATIONAL OPERATIONS</b>				
Direct costs				
Teaching and pupil – staff costs	-	4,164,873	-	4,164,873
Teaching and pupil – other costs	-	248,188	-	248,188
Premises - staff costs	-	80,283	-	80,283
Premises – other costs	-	143,965	-	143,965
Recruitment and training	-	7,722	-	7,722
Support costs – see note 7	-	1,170,630	-	1,170,630
	-	5,815,661	-	5,815,661
<b>7 SUPPORT</b>				
Staff costs	-	452,929	-	452,929
Depreciation	-	275,960	-	275,960
Net finance expense on pension scheme assets and liabilities – see note 16	-	49,181	-	49,181
Recruitment and training	-	3,991	-	3,991
Premises – staff costs	-	50,941	-	50,941
Premises – other costs	-	213,115	-	213,115
Other costs	-	124,513	-	124,513
	-	1,170,630	-	1,170,630
<b>8 ACTIVITIES FOR GENERATING FUNDS</b>				
Trips	65,137	-	-	65,137
Catering	204,080	-	-	204,080
Sales of other goods and services	100,534	-	-	100,534
	369,751	-	-	369,751

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

	Unrestricted Funds	Restricted Funds General	Restricted Fixed Assets	Total 2012
	£	£	£	£
9 GOVERNANCE COSTS				
Legal and professional fees	-	4,390	-	4,390
Auditor's remuneration				
Audit of the financial statements	-	11,275	-	11,275
Statutory accounts and returns preparation	-	6,950	-	6,950
Staff preparation and involvement in governor meetings	-	2,010	-	2,010
Responsible Officer	-	2,850	-	2,850
Training	-	974	-	974
	-	28,449	-	28,449

The charitable company strives to analyse expenditure as direct costs when transactions are being processed, but thereafter, allocates support costs on the basis of estimated staff time involved and/or the nature of the cost

Included within auditor's remuneration are amounts payable to Baker Tilly UK Audit LLP in respect of audit services of £11,275 and amounts payable to Baker Tilly Tax and Accounting Limited in respect of accountancy and advisory services of £6,950

Included in depreciation is £3,734 relating to owned assets and £272,226 relating to leased assets

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

13 month period ended  
31 August 2012

### 10 STAFF COSTS

No

The average monthly number of persons employed by the charitable company (excluding governors) during the period, expressed as full time equivalents, was as follows

Teaching	91
Premises	6
Administration and support	8
	<u>105</u>

£

Staff costs for the above persons

Wages and salaries	3,990,164
Social security costs	286,655
Pension costs - defined benefit schemes	
Teachers' Pension Scheme	388,790
Local Government Pension Scheme	129,000
	<u>4,794,609</u>

2012

No

The number of employees whose emoluments for the period exceeded £60,000 fell within the following ranges

£60,001 to £70,000	6
£80,001 to £90,000	1
	<u>7</u>

The charitable company made contributions to pension schemes on behalf of all employees whose emoluments exceeded £60,000, and the total contributions payable during the period amounted to £57,508

No other member of staff received total emoluments in excess of £60,000 during the current period



# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

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### 10 STAFF COSTS (Continued)

#### **GOVERNORS' REMUNERATION AND EXPENSES**

In addition to being the accounting officer (and also a governor), P Talbot was the headteacher. In respect of his role as headteacher, he received annualised aggregate emoluments for qualifying services amounting to £85,364 (annualised), and the charitable company incurred pension costs of £10,512 in respect of the pension benefits accruing to 31 August 2012.

In addition to being governors, G Affleck and S Tustain were also members of staff. In respect of their role as members of staff, these governors received annualised aggregate emoluments for qualifying services amounting to £118,837 and the charitable company incurred aggregate pension costs of £14,682 in respect of the pension benefits accruing to them.

Other than as disclosed above, none of the governors received any remuneration for services as a trustee of the charity or as a director of the company during the current period. None of the governors received reimbursement for travel expenses incurred in relation to the charitable company during the period amounting in aggregate to £nil.

#### **GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice Langley School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Langley School business. The insurance provides cover up to £1m on any one claim and the cost for the year ended 31 August 2012 was £1,237.

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

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS the period ended 31 August 2012

		13 month Period Ended 31 August 2012 £
11	RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	
	Net income	18,094,922
	Fixed assets acquired on conversion	(18,318,375)
	Cash acquired on conversion	(662,297)
	FRS 17 pension liability on conversion (note 22)	1,019,000
	FRS 17 actuarial loss (note 16)	136,000
	FRS 17 pension service cost less contributions paid (note 16)	(4,181)
	FRS 17 pension finance expense (note 16)	49,181
	Depreciation	275,960
	Interest receivable	(2,330)
	Increase in debtors	(242,902)
	Increase in creditors (excluding LGPS deficit)	440,217
	Increase in stock	(1,224)
	NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>783,971</u>
	INTEREST RECEIVED	<u>2,330</u>
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
	Purchase of tangible fixed assets	(36,853)
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(36,853)</u>
12	ANALYSIS OF CHANGES IN NET FUNDS	

	At 1 Aug 2011	Cash flows	At 31 August 2012
	£		£
Cash in hand and at bank	-	1,411,745	1,411,745
	<u>-</u>	<u>1,411,745</u>	<u>1,411,745</u>

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS the period ended 31 August 2012

### 13 TANGIBLE ASSETS

	Leasehold Land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
Additions				
On conversion	18,318,375	-	-	18,318,375
In year	-	28,156	8,697	36,853
31 August 2012	18,318,375	28,156	8,697	18,355,228
Depreciation				
Charge in the year	272,226	2,290	1,444	275,960
31 August 2012	272,226	2,290	1,444	275,960
At 31 August 2012	18,046,149	25,866	7,253	18,079,268

The leasehold land and buildings inherited by the charitable company upon conversion were valued at £18,318,375 on a depreciated replacement costs basis by Solihull Metropolitan Council. The land element of this valuation was £5,752,480.

### 14 DEBTORS

	31 August 2012 £
Amounts falling due within one year	
Trade debtors	18,923
Prepayments and accrued income	168,687
Other taxation and social security	55,292
	<u>242,902</u>

### 15 CREDITORS

	31 August 2012 £
Amounts falling due within one year	
Trade creditors	137,079
Other tax and social security costs	81,889
Other creditors	67,634
Accruals and deferred income	153,615
	<u>440,217</u>

Accruals and deferred income includes £90,056 deferred income relating to trips occurring in 2012/2013, £5,964 relating to sales of goods and services in advance of supply and £1,125 relating to pupil premium subsequently clawed back.

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

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### 16 PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wolverhampton City Council, both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

#### Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the notional value of the assets	98.88%
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Following the implementation of Teacher's Pension (Employer's Supplementary Contribution) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent The employee rate was 6.4% for the same period

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS the period ended 31 August 2012

### 16 PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August was £182,000, of which employer's contributions totalled £136,000 and employees' contribution totalled £46,000. The agreed rates for future years are 18.6% for employers and the employee rate varies according to income band.

#### Principal actuarial assumptions

	2012 %
Rate of increase in salaries	4.05
Rate of increase in pensions	2.30
Discount rate	4.50
Inflation – CPI	2.30

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

	2012 %
Retiring today	
Males	22.0
Females	24.7
Retiring in 20 years	
Males	23.8
Females	26.6

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

### 16 PENSION AND SIMILAR OBLIGATIONS (continued)

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000s	
Equities	7.1	439	(54.4%)
Bonds	5.9	154	(19.1%)
Property	6.0	82	(10.1%)
Cash	0.5	13	(16.0%)
Alternative assets	7.0	119	(14.8%)
<b>TOTAL MARKET VALUE OF ASSETS</b>		<b>807</b>	
<b>Present value of scheme liabilities</b>		<b>(2,007)</b>	
<b>DEFICIT IN THE SCHEME</b>		<b>(1,200)</b>	

The actual return on scheme assets was £25,000

**Langley School**  
**NOTES TO THE FINANCIAL STATEMENTS**  
the period ended 31 August 2012

16 PENSION AND SIMILAR OBLIGATIONS (continued)

<b>Amounts recognised in the statement of financial activities</b>	<b>2012 £'000</b>
Current service cost (net of employee contributions)	136
Past service cost	-
	<hr/>
Total operating charge	136
	<hr/>
<b>Analysis of pension finance income/(costs)</b>	
Expected return on pension scheme assets	46
Interest on pension liabilities	(98)
	<hr/>
Pension finance income/(costs)	(52)
	<hr/>
Total pension costs	84
	<hr/>

**Local Government Pension Scheme (continued)**

The actuarial gains and losses for the current year are recognised in the SOFA

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is £136,000 (loss)

<b>Movements in the present value of defined benefit obligations were as follows:</b>	<b>2012 £'000</b>
Upon conversion to academy status	1,630
Current service cost	136
Interest cost	98
Employee contributions	46
Actuarial (gain)/loss	108
	<hr/>
At 31 August	2,018
	<hr/>

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

Upon conversion to academy status	611
Expected return on assets	46
Actuarial loss	(21)
Employer contributions	136
Employee contributions	46
	<hr/>
At 31 August	818
	<hr/>

The estimated value of employer contributions for the year ended 31 August 2013 is £136,000

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

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### 16 PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme (continued)

The experience adjustments summary is as follows:

	2012 £'000
Present value of defined benefit obligations	(2,018)
Fair value of share of scheme assets	818
	<hr/>
Deficit in the scheme	(1,200)
	<hr/>
Experience adjustments on share of scheme assets	(21)
Experience adjustments on scheme liabilities	(108)

The charitable company participates in two multi-employer defined benefit pension schemes known as the Teachers' Pension Scheme and the Local Government Pension Scheme. These are centralised schemes for certain qualifying employees with the assets held in a separate fund independently administered by the trustees of the respective pension schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries.



# Langley School

## NOTES TO THE FINANCIAL STATEMENTS the period ended 31 August 2012

### 17 THE FUNDS OF THE CHARITY

	Brought forward £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31-Aug-12 £
<b>RESTRICTED FIXED ASSETS FUND</b>					
Inherited on conversion	-	18,521,830	-	(272,226)	18,249,604
DfE/YPLA capital grants	-	20,875	-	(3,734)	17,141
	-	18,542,705	-	(275,960)	18,266,745
<b>RESTRICTED GENERAL FUNDS</b>					
LGPS deficit	-	-	(1,064,000)	(136,000)	(1,200,000)
General Annual Grant	-	5,654,642	(5,511,468)	275,960	419,134
Pupil premium	-	84,544	(84,544)	-	-
SEN funding	-	152,500	(152,500)	-	-
Other DfE/YPLA grants	-	50,598	(50,598)	-	-
	-	5,942,284	(6,863,110)	139,960	(780,866)
<b>UNRESTRICTED FUNDS</b>					
Inherited on conversion	-	458,842	-	-	458,842
Activities for generating funds	-	482,501	(369,751)	-	112,750
Investment income	-	2,330	-	-	2,330
Donations	-	35,121	-	-	35,121
	-	978,794	(369,751)	-	609,043
<b>TOTAL FUNDS</b>	-	25,463,783	(7,232,861)	(136,000)	18,094,922

The Inherited fixed assets fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The Capital grants fixed assets fund has been set up to recognise the tangible assets purchased by the academy following conversion that have been funded by capital grants received by the academy. This fund has been created by a transfer from the Capital grants fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Agency (formerly the Young People's Learning Agency) by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% of the current GAG, and of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes.

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

### 17 THE FUNDS OF THE CHARITY (Continued)

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised

The Special Educational Needs fund has been created to recognise all restricted income from various sources that is intended to be used to partially fund the additional costs incurred by the school in meeting the additional educational needs of some of its pupils. The relevant restricted expenditure is then also recorded through this fund with any overspend being covered by a transfer from the General Annual Grant fund

### 18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible assets £	Net current assets £	Pension scheme liability £	Total £
Restricted fixed assets funds	18,266,745	-	-	18,266,745
Restricted general funds	-	419,134	(1,200,000)	(780,866)
Unrestricted funds	(187,477)	796,520	-	609,043
NET ASSETS	<u>18,079,268</u>	<u>1,215,654</u>	<u>(1,200,000)</u>	<u>18,094,922</u>

### 19 MEMBERS' LIABILITY

Langley School is an exempt charity and a company limited by guarantee, not having share capital. Every member undertakes to contribute an amount not exceeding £10 to the assets of the company in the event of the company being wound up during the period of membership, or within one year thereafter.

### 20 CAPITAL COMMITMENTS

At the balance sheet date, the charitable company had no capital commitments.

### 21 COMMITMENTS UNDER OPERATING LEASES

31 August  
2012  
£

At 31 August 2012, the charitable company was committed to make the following payments during the next year under non-cancellable operating leases as follows:

In respect of plant and machinery leases -  
expiring within two to five years

4,217

# Langley School

## NOTES TO THE FINANCIAL STATEMENTS

the period ended 31 August 2012

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### 22 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is considered inevitable that transactions will take place with organisations in which a governor may have an interest. All transactions involving such organisations would, of course, be conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

No such transactions have been identified for the period ended 31 August 2012.

### 23 CONVERSION TO ACADEMY TRUST

On 1 August 2011 the School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Langley School from Solihull Metropolitan Borough Council for £Nil consideration.

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

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

	<u>13 month period ended 31 August 2012</u>			
	Unrestricted	Restricted Funds		Total
	Funds	General	Fixed Assets	2012
	£	£	£	£
INCOMING RESOURCES				
Tangible fixed assets				
Lease land and buildings	-	-	18,318,375	18,318,375
Cash at bank and in hand	458,842	-	203,455	662,297
LGPS pension deficit	-	(1,019,000)	-	(1,019,000)
NET ASSETS	458,842	(1,019,000)	18,521,830	17,961,672