

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012



THE LYDIARD PARK ACADEMY ·
(A COMPANY LIMITED BY GUARANTEE)

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

Governors

Marianne Cannell, Vice Chair (appointed 5 July 2011)^{1,4,5}
Louise Bouteiller (appointed 5 July 2011)¹
David Davison (appointed 5 July 2011)¹
Marc Tielmans (appointed 5 July 2011)³
Nicola Howard (appointed 5 July 2011)³
Nicola Cole (appointed 5 July 2011)²
Chris Shepherd (appointed 5 July 2011)^{3,4,5}
Tony Kendall (appointed 5 July 2011)²
Nick Martin, Chair (appointed 5 July 2011)^{2,4,5}
Michael Dickinson (appointed 5 July 2011)²
Clive Zimmerman, Principal (appointed 5 July 2011)^{2,3}
Beth Stubbs (appointed 5 July 2011)³
Mark Lanchester (appointed 5 July 2011)^{2,3}
Nicola Cannon (appointed 5 July 2011)¹

¹ Curriculum and Student Committee

² Finance and Premises Committee

³ Personnel Committee

⁴ Head Teacher's Performance Panel

⁵ Trustee and Director

**Company registered
number** 07694023

**Principal and Registered
office** Grange Park Way
Grange Park
Swindon
SN5 6HN

**Senior Management
Team**

Clive Zimmerman, Principal
Jonathan Young, Vice Principal
Gary Pearson, Vice Principal
Gail Davies, Assistant Principal
Christian Dobbs, Assistant Principal
Sophie Hesten, Assistant Principal
Mark Lanchester, Business Manager (Lay Deputy)

Auditors

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

Bankers

National Westminster
84 Commercial Road
Swindon
Wiltshire
SN1 5NW

Solicitors

Stone King
13 Queen Square
Bath
BA1 2HJ

**THE LYDIARD PARK ACADEMY .
(A COMPANY LIMITED BY GUARANTEE)**

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy (was incorporated on 5 July 2011 and opened as an Academy on 1 August 2011) is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors act as the Trustees for the charitable activities of The Lydiard Park Academy and are also the directors of the charitable company for the purposes of company law.

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

Members' Liability

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

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as Directors of the Academy Trust. The limit of this indemnity is currently £2m.

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 £75,000 on any one claim.

Principal Activity

The principal activity is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing a secondary school for 11-16 age groups offering a broad and balanced curriculum.

GOVERNORS

Method of recruitment and appointment or election of Governors

On 5 July 2011 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

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

- up to 7 Governors who are appointed by members
- up to 1 LA Governor who is appointed by the Local Authority
- Minimum of 6 Parent Governors who are elected by Parents of registered pupils at the Academy
- up to 3 staff (2 teaching, 1 support) Governors appointed by the Governing Body
- up to 2 Community Governors who are appointed by the Governing Body
- the Principal who is treated for all purposes as being an ex officio Governor

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

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

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 Academy has a Governor Recruitment, Induction and Training policy available from the Clerk to the 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 pupils. 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. Advantage is taken of specific courses offered by the Local Authority and other bodies.

There are occasional training sessions to keep the Governors updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Governors normally meets 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. 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 and Premises Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee. Deals with all premises related matters in conjunction with the ABM.
- Curriculum & Student Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to admissions, curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Personnel Committee - This meets once a term to deal with all Staff related issues, recruitment and retention, terms and conditions of employment, salaries and benefits, disciplinary etc.

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 Principal and Clerk to the Governors, to approve the Annual Development Plan and budget.

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

The Trustees and Board of Governors have devolved responsibility for day to day management of the Academy to the Principal and Senior Management Team (SMT). The SMT comprises the Principal, two Deputy Principals, three Assistant Principals and the Business Manager. The SMT implement the policies laid down by the Governors and report back to them on performance.

The Academy has a leadership structure which consists of the Governors, The SMT and Heads of Department. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The SMT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Principal, Academy Business Manager and Finance and Premises Committee are responsible for the authorisation of spending within agreed budgets, a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which is authorised in line with the Scheme of Delegation. The Principal is responsible for the appointment of staff, though appointment panels for teaching posts always include a Governor.

The Principal 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 Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health & safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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 undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

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 means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

Connected Organisations, including Related Party

The Academy has strong collaborative links with local feeder primary schools which form part of the Lydiard Park Academy Learning Community.

There are no related parties which either control or significantly influence the decisions and operations of The Lydiard Park Academy. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Maths, ITC and Sport.

The principal object and activity of the Charitable Company is the operation of Lydiard Park Academy to provide free education and care for pupils of different abilities between the ages of 11 and 16. The Academy's specialisms are Maths, ITC and Sport.

The aims of the Academy during the period ended 31 August 2012 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils
- to provide a broad and balanced curriculum, including extra curricular activities
- to develop students as more effective learners
- to develop the Academy site so that it enables students to achieve their full potential
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care

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

- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to maximise the number of students who achieve 5 A* - C GCSE grades including English and Maths
- to provide value for money for the funds expended
- to help develop the curriculum at local feeder primary schools, to accommodate some specialist teaching, particularly Maths/ICT and PE
- to develop greater coherence, clarity and effectiveness in school systems
- to comply with all appropriate statutory and curriculum requirements
- to maintain close links with industry and commerce
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

At Lydiard Park Academy 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.

Objectives, Strategies and Activities

Key priorities for the period are contained in our Academy Development Plan the full version is available from the Academy Office. The summary is included below.

Lydiard Park Academy Development Plan 2011-12

Aspiration	Potential into Performance – Create an ethos of ambition and achievement through development of the learning environment and Assertive Mentoring/Personal Development Planning – Mentors/Tutors/Teachers to engage students in high quality learning conversations supported by data from individual teachers
	Behaviour for Learning – Implement a consistent approach to rewards and sanctions to improve students' attitudes to their learning and progress and promote a culture of mutual respect
	Performance Management – Review Performance Management and monitoring structures at all levels of Leadership to enable regular, quality feedback to staff and better targeted professional development
Creativity in Teaching and Learning	Variety of Learning Experience – Provide a range of memorable learning opportunities to engage and enthuse students in their learning to extend the more able and bridge the gap with the least able
	Cross phase and Cross-curricular – Planned opportunities for students to develop functional skills in literacy, numeracy and ICT
	Lydiard Park Academy KS3 Diploma – Improve student awareness of key learning attributes and transferable skills
Assessment	Written and Verbal Feedback – Teachers to provide consistent and quality written feedback and engage students in regular learning conversations, to develop their awareness of their progress and areas for improvement
	Assessing Pupil Progress – Opportunities for students to communicate their knowledge, understanding and skills and teachers to regularly assess and record pupil progress
	Peer and Self-Assessment – Opportunities for students to engage in assessment criteria and to develop the ability to make informed judgements about how they can improve their learning
Academy (umbrella trust) development	Academy structures - Establish umbrella trust, plan and deliver opportunities for trust schools' staff to work together to improve T&L. Discuss common performance management structures. Identify where better structures can be implemented by a group approach within first three years of operation. Apply for sixth form to create potential for 4-19

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

Public Benefit

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

The Academy aims to advance for the public benefit, education in West Swindon and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialisms of Maths, ICT and Sport.

The Academy 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. These currently consist of our feeder primary schools. We support these schools on request, through use of our premises and specialist skills in all subjects.

ACHIEVEMENTS AND PERFORMANCE

Achievements and Performance

The school takes a traditional approach to the curriculum and, as a consequence, over 95% of the examination entries made on behalf of students at the school are in traditional GCSE subjects rather than so called 'GCSE equivalent' qualifications. Compared with other schools on a GCSE only basis results are significantly high. In July 2011 the average GCSE points score of a student at the school was over 30 points above the national average (equivalent to each student getting a result over half a grade higher in every subject compared to their peers nationally). In 2012, this rose further still.

The school topped the local performance tables in 2011 for the results of high ability students, and came fourth with both middle and low ability students, meaning that all students progress well. We anticipate that when the 2012 full analysis is available we will do just as well. In both maths and English the percentage of pupils making expected or better progress during their five years with us is above the national result.

At the point of becoming an Academy the Governors and school leadership team decided to show significant ambition for the school by changing to a new name with greater academic connotations, adopting a traditional blazer and tie uniform and making physical improvements to the school to signal a new phase of growth. As a result, our intake for September 2012 has bucked the local trend by growing, and we now have our greatest 'market share' of Year 7 pupils despite a falling school age population in Swindon. We have also introduced two new specialist programmes (Gifted and Talented Academy, and a Sports Academy) which have attracted new pupils. We also have an innovative partnership with an ice hockey club who wanted to start a youth academy and this has resulted in a number of pupils transferring to the school from within the UK and Europe. The school has raised its PAN by a further 20 places for September 2013 in response to growing demand. Despite this, the school does not anticipate increasing class sizes and has budgeted to keep class sizes at a very favourable average of 25 pupils.

The school was last inspected by Ofsted in June 2011 and ranked as 'a good school'. On the back of their recommendations a new performance management programme has been introduced, which is evidence driven and challenging for staff. After one year there is significant evidence of improving practice in the quality of teaching and the consistency with which staff apply the best assessment practice. To ensure that standards are constantly reviewed and improved the school has a sophisticated system of quality assurance, which has also improved further in the last year as a result of advice from Ofsted.

The school has undergone significant refurbishment during the year with a large upgrade to ICT services, the repainting of public areas in the new school colours, a remodelled entrance and many internal changes to group subject teams and make the best use of all accommodation. The school is already in consultation and intends to apply to the EFA to extend its upper age range to create a sixth form in the near future, which will mean that all space is fully utilised. If granted, this sixth form will offer a federated approach by working closely with a neighbouring outstanding academy (The Ridgeway School).

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

The school works very closely with local primary schools to the extent that potentially an umbrella trust of schools will be created in the next year, consisting of Lydiard Park Academy and five primary schools who will apply to become converter academies. This will target area wide collaboration on literacy and educational standards, as well as bringing financial efficiencies in sharing back office functions.

The school enjoyed low staff turnover in its first year as an academy and is fully staffed with well qualified subject specialists.

Going Concern

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

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted. In period under review, £19,408 was carried forward representing 0.4% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2012 were 933, more or less the same as in 2011. It is anticipated that this number will stay constant then start to rise.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2012 this was 87% (79% of total income) compared to 87% in 2011 (82%).

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 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and 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 period ended 31 August 2012, total expenditure of £6,091,945 was covered by recurrent grant funding from the DfE, together with other incoming resources of £251,693. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £362,195.

At 31 August 2012 the net book value of fixed assets was £12,834,642 and movements in tangible fixed assets are shown in notation 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 by the EFA on 31 August 2012 at £11,663,274. Land and buildings are included in the financial statements at depreciated replacement cost based on the EFA valuation. The insurance valuation of land and buildings transferred on conversion was £24,977,500. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the former school's budget share deficit of £387 was transferred across on conversion and is shown as Unrestricted Funds.

The Academy has taken on its share of 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 Notation to the financial statements.

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

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, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Governors have adopted a Responsible Officer Policy and appointed C Shepherd, a Governor who is not a member of the Finance Committee, to undertake a programme of internal checks on financial controls. During the year, the Governors received the initial report from the Responsible Officer which contained no matters of significance.

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Management Strategy including a Risk Register and a Risk Management Plan. These have been discussed by Governors and include the 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 near capacity, risks to revenue funding from a falling roll are not minimal. Future freezes 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 every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

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.

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

Principal Risks and Uncertainties

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

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 97% of the Academy's incoming resources were 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 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 & safety and discipline.

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

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

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

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

Reserves Policy

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

Investment Policy

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Principal and Business Manager within strict guidelines approved by the Governing Body.

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 deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Governors.

We plan to maintain less than average class sizes with a teaching assistant where required in each class which will result in the academic outcomes being improved.

Due to our success in working with other schools, we have been investigating the possibility of becoming a lead school in a local group of like-minded academies, and to support the Head and the Senior Leadership Team through their conversion to an Academy (if not already converted).

The Academy is designated as a teaching school, has been since prior to conversion, and has received additional funding for providing training places to PGCE, SKITT and Graduate teacher entry.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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**GOVERNORS' REPORT (continued)
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AUDITORS

In so far as the Governors are aware

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

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

This report was approved by order of the members of the Governing Body on 26 November 2012 and signed on its behalf by



Nick Martin
Chair of Governors

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that The Lydiard Park Academy 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 Principal, 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 The Lydiard Park Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Marianne Cannell	3	4
Louise Boutellier	4	4
David Davison	3	4
Marc Tielmans	4	4
Nicola Howard	4	4
Nicola Cole	3	4
Chris Shepherd	4	4
Tony Kendall	1	4
Nick Martin	4	4
Michael Dickinson	2	4
Clive Zimmerman	4	4
Beth Stubbs	4	4
Mark Lanchester	4	4
Nicola Cannon	3	4

There have been no key changes in composition of the Governing Body during the period.

The **Finance and Premises Committee** is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. To make appropriate comments and recommendations on such matters to the Governing Body on a regular basis. Major issues will be referred to the full Governing Body for ratification.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Michael Dickinson	3	3
Clive Zimmerman	2	3
Mark Lanchester	3	3
Tony Kendall	0	3
Nick Martin	3	3
Nicola Cole	2	3

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 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 The Lydiard Park Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (as set purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Chris Shepherd, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

REVIEW OF EFFECTIVENESS

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

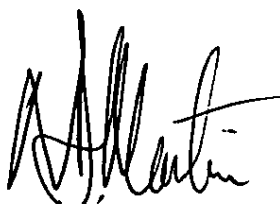
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (continued)

The Accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 26 November 2012 and signed on their behalf, by



Nick Martin
Chair of Governors



Clive Zimmerman
Accounting officer

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of The Lydiard Park Academy I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Clive Zimmerman
Accounting officer

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

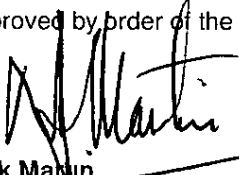
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

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


Nick Mahin
Chair of Governors

Date: 26 November 2012

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LYDIARD PARK ACADEMY

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

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LYDIARD PARK ACADEMY

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Bishop Fleming Bath Ltd

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

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date

29/11/2012

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LYDIARD PARK ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 January 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lydiard Park Academy during the period 5 July 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

RESPECTIVE RESPONSIBILITIES OF THE LYDIARD PARK ACADEMY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT'S

The Accounting officer is responsible, under the requirements of The Lydiard Park Academy's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook as published by DfE in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 5 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

APPROACH

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

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

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

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

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LYDIARD
PARK ACADEMY AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 5 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

During the period the Academy entered into a finance lease for which approval was not obtained The required approval is now being obtained

Bishop Fleming Bath Ltd

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

Date *29/11/2012*

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Fixed asset funds 2012 £	Total funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Transfer from Local Authority on conversion	3	(387)	(683,505)	13,061,613	12,377,721
Other voluntary income	3	26,213	-	-	26,213
Activities for generating funds	4	101,843	-	-	101,843
Investment income	5	6,569	-	-	6,569
Incoming resources from charitable activities	6	36,491	5,806,422	-	5,842,913
TOTAL INCOMING RESOURCES		170,729	5,122,917	13,061,613	18,355,259
RESOURCES EXPENDED					
Charitable activities	12	-	5,590,099	476,602	6,066,701
Governance costs	8	-	25,244	-	25,244
TOTAL RESOURCES EXPENDED	11	-	5,615,343	476,602	6,091,945
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		170,729	(492,426)	12,585,011	12,263,314
Transfers between Funds	21	-	(150,221)	150,221	-
NET INCOME FOR THE YEAR		170,729	(642,647)	12,735,232	12,263,314
Actuarial gains and losses on defined benefit pension schemes		-	(136,000)	-	(136,000)
NET INCOME/(EXPENDITURE) FOR THE YEAR		170,729	(778,647)	12,735,232	12,127,314
Total funds at 5 July 2011		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		170,729	(778,647)	12,735,232	12,127,314

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

The Statement of Financial Activities includes all gains and losses recognised in the period

The notes on pages 23 to 44 form part of these financial statements

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER 07694023

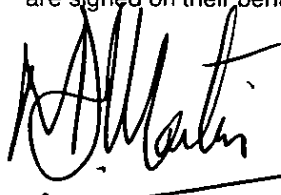
BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £
FIXED ASSETS			
Tangible assets	17		12,834,642
CURRENT ASSETS			
Debtors	18	42,479	
Cash at bank and in hand		413,123	
		<u>455,602</u>	
CREDITORS amounts falling due within one year	19	<u>(370,600)</u>	
NET CURRENT ASSETS			<u>85,002</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,919,644</u>
CREDITORS amounts falling due after more than one year	20		<u>(97,330)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>12,822,314</u>
Defined benefit pension scheme liability	27		<u>(695,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>12,127,314</u>
FUNDS OF THE ACADEMY			
Restricted funds			
General funds	21	(83,647)	
Fixed asset funds	21	12,735,232	
		<u>12,651,585</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(695,000)</u>	
Total restricted funds			<u>11,956,585</u>
Unrestricted funds	21		<u>170,729</u>
TOTAL FUNDS			<u>12,127,314</u>

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET (continued)
AS AT 31 AUGUST 2012**

The financial statements were approved by the Governors, and authorised for issue, on 26 November 2012 and are signed on their behalf, by



Nick Martin
Clive Zimmerman

The notes on pages 24 to 45 form part of these financial statements

**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2012 £
Net cash flow from operating activities	23	578,744
Returns on investments and servicing of finance	24	(3,563)
Capital expenditure and financial investment	24	(249,631)
Deficit transferred on conversion to an academy trust	26	(387)
CASH INFLOW BEFORE FINANCING		325,163
Financing	24	87,960
INCREASE IN CASH IN THE PERIOD		413,123

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

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

	2012 £
Increase in cash in the period	413,123
Cash outflow from decrease in debt and lease financing	(87,960)
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	325,163
Non cash movement on loans	(114,505)
MOVEMENT IN NET FUNDS IN THE PERIOD	210,658
NET FUNDS AT 31 AUGUST 2012	210,658

The notes on pages 24 to 45 form part of these financial statements

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 GOING CONCERN

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

1.3 COMPANY STATUS

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

1.4 FUND ACCOUNTING

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

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

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

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

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

1 ACCOUNTING POLICIES (continued)

1.5 INCOMING RESOURCES

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

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

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

1.6 RESOURCES EXPENDED

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

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

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

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

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

1 ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	50 years straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.8 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Academy. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 TAXATION

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

1.10 PENSIONS

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

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

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

1. ACCOUNTING POLICIES (continued)

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

1.11 CONVERSION TO AN ACADEMY TRUST

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

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

Land and buildings have been included at depreciated replacement cost as valued by the EFA at 31 August 2012, whilst other fixed assets have been included at amounts valued by the Governors. Pension assets and liabilities have been valued by Hymans Robertson LLP.

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

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

2. GENERAL ANNUAL GRANT (GAG)

	2012 £
Result and Carry Forward for the Period	
GAG Allocation for current period	5,417,409
Total GAG Available to spend	5,417,409
Recurrent expenditure from GAG	(5,268,554)
Fixed assets purchased from GAG	(129,447)
GAG Carried forward to next year	19,408
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(557,864)
GAG to surrender to DfE	(538,456)
(12% rule breached if result is positive)	No breach

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

3 VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Transfer from Local Authority on conversion	(387)	12,378,108	12,377,721
Donations	26,213	-	26,213
Voluntary income	25,826	12,378,108	12,403,934

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Lettings	101,843	-	101,843

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

5. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest	6,569	-	6,569

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	36,491	5,806,422	5,842,913

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
DfE/EFA revenue grant			
General Annual Grant	-	5,655,054	5,655,054
Other DfE/EFA grants	-	30,174	30,174
	-	5,685,228	5,685,228
Other government grants			
Special Educational Needs	-	34,048	34,048
	-	34,048	34,048
Other funding			
Maternity Pay funding	-	20,047	20,047
Other payroll funding	-	24,078	24,078
School Games Organiser	-	23,800	23,800
Year 11 Protocol	-	4,000	4,000
PGCE Income	-	8,045	8,045
Use of ASD Facilities	10,000	-	10,000
Other income	26,491	7,176	33,667
	36,491	87,146	123,637
	36,491	5,806,422	5,842,913

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	-	6,066,701	6,066,701

8 GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	6,300	6,300
Auditors' non audit costs	-	3,300	3,300
Legal and Professional	-	10,340	10,340
Clerk to the Governors Salary	-	5,304	5,304
	-	25,244	25,244

9. DIRECT COSTS

	Education £	Total 2012 £
Pension finance costs	20,000	20,000
Educational supplies	173,394	173,394
Examination fees	71,366	71,366
Staff development	16,472	16,472
Other costs	35,122	35,122
Supply teachers	57,198	57,198
Recruitment and other staff costs	3,333	3,333
Wages and salaries	2,852,307	2,852,307
National insurance	235,379	235,379
Pension cost	359,476	359,476
Depreciation	476,602	476,602
	4,300,649	4,300,649

THE LYDIARD PARK ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

10. SUPPORT COSTS

	Education £	Total 2012 £
Educational supplies	28,444	28,444
Other costs	48,621	48,621
Maintenance of premises and equipment	56,388	56,388
Cleaning	54,753	54,753
Rent and rates	36,634	36,634
Heat and light	93,099	93,099
Insurance	40,205	40,205
Security and transport	3,818	3,818
Catering	48,733	48,733
Technology costs	13,593	13,593
Office overheads	36,346	36,346
Legal and professional	50,472	50,472
Loan interest and bank charges	11,984	11,984
Wages and salaries	996,717	996,717
National insurance	51,153	51,153
Pension cost	195,092	195,092
	<u>1,766,052</u>	<u>1,766,052</u>

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Education	4,690,124	476,602	899,975	6,066,701
Governance	-	-	25,244	25,244
	<u>4,690,124</u>	<u>476,602</u>	<u>925,219</u>	<u>6,091,945</u>

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Education	<u>4,300,649</u>	<u>1,766,052</u>	<u>6,066,701</u>

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

13 NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	2012
	£
Depreciation of tangible fixed assets	
- owned by the charity	476,602
Auditors' remuneration	6,300
Auditors' remuneration - non-audit	3,300
	<u> </u>

During the period, no Governors received any benefits in kind

During the period, no Governors received any reimbursement of expenses

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

14. STAFF COSTS

Staff costs were as follows

	2012 £
Wages and salaries	3,849,024
Social security costs	286,532
Other pension costs (Note 27)	554,568
	<u>4,690,124</u>
Supply teacher costs	57,198
	<u><u>4,747,322</u></u>

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

	2012 No
Teachers	57
Education support	30
Administration	20
Management	7
	<u>114</u>

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

	2012 No.
In the band £60,001 - £70,000	2
In the band £80,001 - £90,000	1
	<u>3</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2012, pension contributions for these staff amounted to £31,543

15 GOVERNORS

During the period retirement benefits were accruing to 4 Governors in respect of defined benefit pension schemes

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. The value of Governors' remuneration in the 13 month period was as follows: C Zimmerman £95,700, M Lanchester £63,356, B Stubbs £49,581 and N Cannon £43,914. Governors did not receive any payments from the Academy in respect of their role as Governors.

THE LYDIARD PARK ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

16 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2012 was £898.

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

17. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
Additions	75,203	7,091	167,337	249,631
Transfers on conversion	11,873,522	1,141,391	46,700	13,061,613
At 31 August 2012	11,948,725	1,148,482	214,037	13,311,244
DEPRECIATION				
Charge for the period	211,752	248,719	16,131	476,602
At 31 August 2012	211,752	248,719	16,131	476,602
NET BOOK VALUE				
At 31 August 2012	11,736,973	899,763	197,906	12,834,642

Long term leasehold property transferred on conversion has been included at depreciated replacement cost as valued by the EFA at 31 August 2012. Had the long term leasehold property transferred on conversion been included at insurance valuation, it would have been included at £24,977,500.

The period end cost and net book value of assets held under finance leases included above, were as follows:

	2012 £
Computer equipment	149,115

18. DEBTORS

	2012 £
Trade debtors	8,543
Other debtors	2,167
Prepayments and accrued income	31,769
	42,479

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

19. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £
Other loans	5,725
Net obligations under finance leases	99,410
Social security and other taxes	82,528
Other creditors	88,140
Accruals and deferred income	94,797
	<u>370,600</u>
	£
DEFERRED INCOME	
Resources deferred during the year	<u>13,883</u>

The finance lease is secured against the asset to which it relates and bears interest at 6%

20. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £
Other loans	<u>97,330</u>
Included within the above are amounts falling due as follows	
	2012 £
BETWEEN TWO AND FIVE YEARS	
Other loans	<u>22,900</u>
OVER FIVE YEARS	
Other loans	<u>74,430</u>

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

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

Creditors include amounts not wholly repayable within 5 years as follows

	2012
	£
Repayable by instalments	74,430

To ensure all staff within Swindon school's were on equal pay the local authority performed a pre-conversion pay review. This review established that certain staff in the School were owed additional pay, which was settled by the local authority on behalf of the School. The Academy is required to repay this debt, however the local authority have the right to reconsider the amount owed. A loan of £105,208 was transferred to the Academy on conversion and at the period end £103,055 remains outstanding. The loan is being repaid by installments over 18 years at an interest rate of 4.93%.

THE LYDIARD PARK ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

21 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	170,729	-	-	-	170,729
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	5,417,409	(5,268,554)	(129,447)	-	19,408
Special needs funding	-	34,048	(34,048)	-	-	-
Pupil premium	-	113,756	(113,756)	-	-	-
Devolved formula capital	-	20,774	-	(20,774)	-	-
Mainstream grants	-	55,147	(55,147)	-	-	-
Rates relief	-	28,792	(28,792)	-	-	-
Insurance grant	-	39,950	(39,950)	-	-	-
Other DFE/EFA Grants	-	9,400	(9,400)	-	-	-
Loan transferred from LA on conversion	-	(114,505)	11,450	-	-	(103,055)
Maternity Pay Income	-	20,047	(20,047)	-	-	-
Other payroll income	-	24,078	(24,078)	-	-	-
School Games Organiser	-	23,800	(23,800)	-	-	-
PGCE Income	-	8,045	(8,045)	-	-	-
Other income	-	11,176	(11,176)	-	-	-
Pension reserve	-	(569,000)	10,000	-	(136,000)	(695,000)
	-	5,122,917	(5,615,343)	(150,221)	(136,000)	(778,647)

THE LYDIARD PARK ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

21. STATEMENT OF FUNDS (continued)

FIXED ASSET FUNDS

Fixed assets transferred on conversion	-	13,061,613	-	-	-	13,061,613
Fixed assets purchased from GAG	-	-	-	129,447	-	129,447
Devolved formula capital	-	-	-	20,774	-	20,774
Depreciation	-	-	(476,602)	-	-	(476,602)
	-	13,061,613	(476,602)	150,221	-	12,735,232
Total restricted funds	-	18,184,530	(6,091,945)	-	(136,000)	11,956,585
Total of funds	-	18,355,259	(6,091,945)	-	(136,000)	12,127,314

RESTRICTED FUNDS

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

Special Needs funding is funding received to support pupils with learning difficulties and other disabilities

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

Rates relief and Insurance grants are received from the EFA to contribute towards the Academy's rates and insurance expenditure

Other DFE/EFA grants include a £7,600 PE teacher grant and an £1,800 grant to complete the Whole of Government Accounts Return

The restricted donation on conversion consists of £114,505 Equal Pay Loan transferred from Swindon Borough Council £103,055 of this loan is still outstanding at the year end

Maternity pay income represents income received towards the salary of an employee on maternity leave during the period

Other payroll income represents income received to cover the cost of supply teachers and other payroll expenses during the period

The School Games Organiser income is jointly funded by the Department of Health and Sport England to increase participation, competition and progression for young people in sport

The PGCE income is received for hosting Post Graduate trainee teachers during the period

Other restricted funds include £4,000 to be spent on named Year 11 pupils, along with small amounts of other restricted income

The pension fund represents the Local Government Pension Scheme deficit

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

FIXED ASSETS FUND

Fixed assets transferred on conversion represent the equipment donated to the school from Swindon Borough Council on conversion to an academy

Devolved formula capital grants represent amounts spent from this EFA grant on fixed assets

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	170,729	-	-	-	170,729
Restricted funds	-	5,122,917	(5,615,343)	(150,221)	(136,000)	(778,647)
Fixed asset funds	-	13,061,613	(476,602)	150,221	-	12,735,232
	-	18,355,259	(6,091,945)	-	(136,000)	12,127,314

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	12,834,642	12,834,642
Current assets	177,229	278,374	-	455,603
Creditors due within one year	-	(271,191)	(99,410)	(370,601)
Creditors due in more than one year	-	(97,330)	-	(97,330)
Provisions for liabilities and charges	-	(695,000)	-	(695,000)
	170,729	(778,647)	12,735,232	12,127,314

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £
Net incoming resources before revaluations	12,263,314
Returns on investments and servicing of finance	3,563
Net assets transferred on conversion	(12,377,721)
Depreciation of tangible fixed assets	476,602
Increase in debtors	(42,479)
Increase in creditors	265,465
Defined benefit pension scheme adjustments	(10,000)
NET CASH INFLOW FROM OPERATIONS	578,744

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

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

	2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	6,569
Interest paid	(6,580)
Finance lease interest paid	(3,552)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(3,563)
	2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(249,631)
	2012 £
FINANCING	
Repayment of loans	(11,450)
New finance lease	149,115
Repayment of finance lease	(49,705)
NET CASH INFLOW FROM FINANCING	87,960

25 ANALYSIS OF CHANGES IN NET DEBT

	5 July 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	413,123	-	413,123
DEBT.				
Finance leases	-	-	(99,410)	(99,410)
Debts due within one year	-	-	(5,725)	(5,725)
Debts falling due after more than one year	-	-	(97,330)	(97,330)
NET FUNDS	-	413,123	(202,465)	210,658

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NOTES TO THE FINANCIAL STATEMENTS
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26. CONVERSION TO AN ACADEMY TRUST

On 05/07/2011 Greendown Community School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Lydiard Park Academy from Swindon 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 in the Statement of financial activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	11,873,522	11,873,522
- Other tangible fixed assets	-	-	1,188,091	1,188,091
Budget surplus/(deficit) on LA funds	(387)	-	-	(387)
Equal Pay Loan	-	(114,505)	-	(114,505)
Defined benefit pension deficit	-	(569,000)	-	(569,000)
Net assets/(liabilities)	<u>(387)</u>	<u>(683,505)</u>	<u>13,061,613</u>	<u>12,377,721</u>

27. PENSION COMMITMENTS

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

Teachers' Pension Scheme

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

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

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

NOTES TO THE FINANCIAL STATEMENTS
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27 PENSION COMMITMENTS (continued)

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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27 PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £244,000, of which employer's contributions totalled £195,000. The agreed contribution rate for future years are 15.4% for employers and 5.5% to 7.5% for employees.

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

The amounts recognised in the Balance sheet are as follows

	2012 £
Present value of funded obligations	(1,982,000)
Fair value of scheme assets	1,287,000
	<hr/>
Net liability	(695,000)
	<hr/>

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

	2012 £
Current service cost	(165,000)
Interest on obligation	(96,000)
Expected return on scheme assets	76,000
	<hr/>
Total	(185,000)
	<hr/>

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

	2012 £
Current service cost	165,000
Interest cost	96,000
Contributions by scheme participants	49,000
Actuarial Losses	82,000
Benefits paid	(7,000)
Liability transferred on conversion	1,597,000
	<hr/>
Closing defined benefit obligation	1,982,000
	<hr/>

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

27. PENSION COMMITMENTS (continued)

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

	2012 £
Expected return on assets	76,000
Actuarial gains and (losses)	(54,000)
Contributions by employer	195,000
Contributions by employees	49,000
Benefits paid	(7,000)
Asset transferred on conversion	1,028,000
	<u>1,287,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £136,000

The Academy expects to contribute £166,000 to its defined benefit pension scheme in 2013

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

	2012
European equities	67.00 %
European bonds	19.00 %
Property	11.00 %
Other item - user input	3.00 %

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

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

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

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

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

27. PENSION COMMITMENTS (continued)

Amounts for the current period are as follows

Defined benefit pension schemes

	2012 £
Defined benefit obligation	(1,982,000)
Scheme assets	1,287,000
Deficit	(695,000)
Experience adjustments on scheme liabilities	(82,000)
Experience adjustments on scheme assets	(54,000)

28. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2012 £	Other 2012 £
EXPIRY DATE		
Between 2 and 5 years	-	9,832

29. RELATED PARTY TRANSACTIONS

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

No such transactions have occurred during the period.

30. CONTROLLING PARTY

The company is under the joint control of the Governors. There is no ultimate controlling party.