

CO 11/12/13

Registered number 07694023

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013



 **bishop
fleming**
chartered accountants

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

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

Trustees	Marianne Cannell, Vice Chair (appointed 5 July 2011, resigned 31 August 2013) ^{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, resigned 13 March 2013) ² Clive Zimmerman, Principal (appointed 5 July 2011) ^{2 3} Beth Stubbs (appointed 5 July 2011) ³ Mark Lanchester (appointed 5 July 2011, resigned 31 August 2013) ^{2 3} Nicola Cannon (appointed 5 July 2011) ¹ Nick Mitchell (appointed 15 April 2013) Matt Lodge (appointed 15 April 2013) Mike Fitzgerald (appointed 15 April 2013) ² <div>¹ Curriculum and Student Committee ² Finance and Premises Committee ³ Personnel Committee ⁴ Head Teacher's Performance Panel ⁵ Trustee and Director</div>
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 (resigned 31 August 2013)
Independent auditors	Bishop Fleming Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	National Westminster 84 Commercial Road Swindon Wiltshire SN1 5NW

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

Advisers (continued)

Solicitors	Stone King 13 Queen Square Bath BA1 2HJ
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**THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

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

Members' liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees 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 Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £2,000,000

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £75,000 on any one claim

Principal Activities

The principal activity is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad and balanced curriculum for 11 to 16 year olds. From September 2014 this offering is expected to be extended to 17 and 18 year olds

TRUSTEES

Method of recruitment and appointment or election of Trustees

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

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

- up to 7 Trustees who are appointed by members
- up to 1 LA Trustee who is appointed by the Local Authority
- up to 8 Parent Trustees who are elected by Parents of registered pupils at the Academy
- up to 3 staff Trustees appointed by the Trustee board
- up to 2 Community Trustees who are appointed by the Trustee board
- the Principal who is treated for all purposes as being an ex officio Governor

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

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

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

Policies and Procedures adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees 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 3 sub 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/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Curriculum and Student Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.
- Personnel Committee - this meets once a term to deal with 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 Trustees, 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 Trustees, to approve the Annual Development Plan and budget.

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

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Principal and Senior Management Team (SMT). The SMT comprises the Principal, Deputy Principal (x2), Assistant Principal (x3) and the Business Manager. The SMT implements the policies laid down by the Trustees and reports back to them on performance.

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

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

The SMT controls the Academy at an executive level, implementing the policies laid down by the Trustees 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 must be 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 Trustees 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 Trustees 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 Governance Statement.

The Academy has undertaken a full review of the main areas of risk 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 Relationships

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 Lydiard Park Academy Trust. 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, ICT and Sport for Health.

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 specialism is Maths, ICT and Sport.

The aims of the Academy during the year ended 31 August 2013 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

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

- to enhance the tertiary provision and outcomes
- 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
- 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 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 were contained in the Academy Development plan, the full version is available from the Academy office. A summary is included below.

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

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

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.

Public Benefit

The Trustees confirm that they have complied with the Charities Act 2011 to have due regard to the Charity Commissioner'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 specialism 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 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 similar schools (on a GCSE only basis) results are significantly high. The school continued a strong upward trend in performance on the main GCSE attainment measure of 5+A*-C including English and maths. In July 2012 the school achieved its highest ever result of 55% of pupils gaining five or more A*-C grades in their GCSEs (including English and mathematics) and improved yet further in the summer 2013 results to 61%. National statistics suggest this represents a level of performance well in excess of what might be expected given the prior attainment levels of pupils joining the school.

At the point of becoming an academy the trustees 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. Our intake for September 2012 bucked the local trend of falling demographics by growing, and we now have our greatest 'market share' of Year 7 pupils despite a falling school age population in Swindon. Our predicted intake for September 2013 confirms the school's rapid rise in popularity, with a further 25 places added to our PAN (published admission numbers) and filled. Despite this, the school does not anticipate increasing class sizes and has budgeted plans to keep class sizes at a very favourable average of 25 pupils.

The school has also been successful in applying for an expansion by adding a sixth form. A successful bid was submitted to the Department of Education and approved by the Secretary of State in January 2013. A sixth form will now open at the school in September 2014 offering a full programme of A levels.

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 two years 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.

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

The school has undergone significant refurbishment since opening as an Academy 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 suite subject teams and make the best use of all accommodation. The school intends to apply to the EFA capital fund for resources to remodel existing accommodation into a sixth form centre in the next academic year.

The school works very closely with local primary schools to the extent that it is likely an umbrella trust of schools will be created in the next year, consisting of Lydiard Park Academy and four 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 very low staff turnover in its second year as an academy and is fully staffed with well qualified subject specialists.

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies, note 1.

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 - the amount of carry forward is restricted to 12%. In the year under review the available GAG was fully utilised. A short term drop in the GAG funding is anticipated in 2013-14. This drop is due to the fact that GAG funding in any year is based on pupil numbers in the previous academic year. Hence the low point of the school roll detailed in the next paragraph will cause a low point in GAG income during the 2013-14 funding year. The Trustees are confident that the Academy has sufficient restricted and unrestricted funds carried forward to meet any short term short falls.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2013 were 910, a decrease of 23 over 2012. It is anticipated that this number will rise quickly towards the projected maximum of 1200 pupils (including sixth form) over the next five years. Pupil numbers for the 2013-2014 academic year have already risen to 946, with the planned sixth form and increased Year 7 numbers expected to boost this to over 1000 in 2014-2015.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2013 this was 89.8%, compared to 87.6% in 2012. The factors behind this are a reduced GAG in 2013 (caused by lower pupil numbers), at a time when the school has maintained staffing levels because of the future rise in numbers and sixth form being introduced. Hence staffing has temporarily become a larger percentage of the GAG but the proportion will reduce again once the GAG reflects the increased pupil numbers now being enrolled.

The following KPI's were set at the start of the year

	Target	Actual
Total unrestricted funds balance	£100,000	£269,221
Student attendance	94.0%	93.0%
Exam success	61.0%	61.0%

The first KPI above was achieved as a result of restricting departmental budgets. This was firstly done by not awarding any increase in respect of inflation, and secondly, by having orders vetted by senior staff to restrict spending to just essentials needed to run, rather than develop, the curriculum. This is clearly something that could be detrimental if continued for more than one year but, in this case, it was viewed as essential to generate an end of year surplus that would both create reserves that would support the academy's sixth form expansion from September 2014 and also to see the school through the low point in roll-based funding which the 2013-14 year represents.

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2013, total expenditure of £5,768,591 was covered by recurrent grant funding from the DfE, together with other incoming resources of £285,991. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £152,734.

At 31 August 2013 the net book value of fixed assets was £12,316,388 and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

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

Trustees have adopted a Responsible Officer Policy/internal audit policy and appointed FS4S to undertake a programme of internal checks on the financial controls. During the year, the Trustees received 2 reports from the Responsible Officer/internal audit which contained no matters of significance.

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by Trustees 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 Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will become increasingly tight in coming years.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance Committee meetings. The Trustees 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 Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the notes to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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

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 was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees 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 Trustees ensure that student success and achievement are closely monitored and reviewed

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

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

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer (FS4S) 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 Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review

The Trustees have determined that the appropriate level of free cash reserves should be approximately £100,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free / unrestricted reserves is £269,221

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows

- £50,000 towards the construction of the new sixth form block. The total spend is budgeted as £300,000 and the Trustees are confident the remainder will be obtained through an ACMF round 3 bid, early in 2014
- £20,000 has been set aside to replace the All Weather Sports Surface (Astroturf) when it becomes worn out

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**TRUSTEES' REPORT (continued)
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Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic/manual transfer of surplus funds to overnight deposit. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

No other form of investment is authorised.

Day to day management of the surplus funds is delegated to the Principal and Business Manager down to the Senior Finance Officer within strict guidelines approved by the Board of Trustees.

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.

The Academy intends to commence construction of its new sixth form centre in the coming year and is applying for capital funding in this respect. The project is due for completion in July 2014.

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 Trustees.

We plan to maintain small class sizes with a teaching assistant in each class, when necessary which will reflect in academic outcomes being improved.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

AUDITOR

In so far as the Trustees are aware:

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

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

Approved by order of the board of trustees on 2 December 2013 and signed on its behalf by



Nick Martin
Chair of Trustees

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, 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 board of trustees 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 board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Marianne Cannell	3	4
Louise Bouteller	3	4
David Davison	3	4
Marc Tielmans	3	4
Nicola Howard	1	4
Nicola Cole	3	4
Chris Shepherd	3	4
Tony Kendall	3	4
Nick Martin	4	4
Michael Dickinson	1	2
Clive Zimmerman	4	4
Beth Stubbs	2	4
Mark Lanchester	3	4
Nicola Cannon	3	4
Nick Mitchell	1	2
Matt Lodge	2	2
Mike Fitzgerald	2	2

The **Finance and Premises Committee** is a sub-committee of the main board of trustees. 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 recommendation 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:

Trustee	Meetings attended	Out of a possible
Michael Dickinson	1	1
Clive Zimmerman	4	4
Mark Lanchester	4	4
Tony Kendall	3	4
Nick Martin	4	4
Nicola Cole	1	4
Mike Fitzgerald	1	1

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Lydiard Park Academy for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Malcolm Garrett of Financial Services 4 Schools as Responsible Officer.

The appointee'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 appointee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year, two Responsible Officer checks were undertaken. There were no material control issues arising as a result of the appointee's work.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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


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

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

Approved by order of the members of the board of trustees on 2 December 2013 and signed on their behalf, by



Nick Martin
Chair of Trustees



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 board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Clive Zimmerman
Accounting Officer

Date 2 December 2013

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

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

The Trustees (who act as governors 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 Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

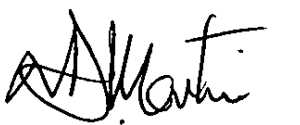
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume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

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by



Nick Martin
Chair of Trustees

Date 2 December 2013

**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 year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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



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

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

BA2 9ER

Date 11 December 2013

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

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

In accordance with the terms of our engagement letter dated 21 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lydiard Park Academy during the year 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to 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 AUDITOR**

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

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

APPROACH

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

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

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

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

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

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

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

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



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

Date 11 December 2013

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 YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	14 months to August 2012 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Trf from LA on conversion	3	-	-	-	-	12,377,721
Other voluntary income	3	15,335	-	-	15,335	26,213
Activities for generating funds	4	92,719	-	-	92,719	101,843
Investment income	5	5,476	-	-	5,476	6,569
Incoming resources from charitable activities	6	46,975	5,219,339	-	5,266,314	5,842,913
TOTAL INCOMING RESOURCES		160,505	5,219,339	-	5,379,844	18,355,259
RESOURCES EXPENDED						
Charitable activities		62,013	5,139,519	541,481	5,743,013	6,066,701
Governance costs	8	-	25,578	-	25,578	25,244
TOTAL RESOURCES EXPENDED	11	62,013	5,165,097	541,481	5,768,591	6,091,945
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		98,492	54,242	(541,481)	(388,747)	12,263,314
Transfers between Funds	21	-	(72,925)	72,925	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		98,492	(18,683)	(468,556)	(388,747)	12,263,314
Actuarial gains and losses on defined benefit pension schemes		-	60,000	-	60,000	(136,000)
NET INCOME/(EXPENDITURE) FOR THE YEAR		98,492	41,317	(468,556)	(328,747)	12,127,314
Total funds at 1 September 2012		170,729	(778,647)	12,735,232	12,127,314	-
TOTAL FUNDS AT 31 AUGUST 2013		269,221	(737,330)	12,266,676	11,798,567	12,127,314

All activities are classed as continuing

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

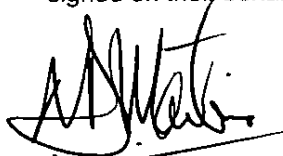
The notes on pages 24 to 46 form part of these financial statements

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

BALANCE SHEET
AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	17		12,316,388		12,834,642
CURRENT ASSETS					
Debtors	18	84,616		42,479	
Cash at bank and in hand		442,098		413,123	
		<u>526,714</u>		<u>455,602</u>	
CREDITORS amounts falling due within one year	19	(312,930)		(370,600)	
NET CURRENT ASSETS			<u>213,784</u>		<u>85,002</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,530,172</u>		<u>12,919,644</u>
CREDITORS amounts falling due after more than one year	20		(91,605)		(97,330)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>12,438,567</u>		<u>12,822,314</u>
Defined benefit pension scheme liability	26	(640,000)		(695,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>11,798,567</u>		<u>12,127,314</u>
FUNDS OF THE ACADEMY					
Restricted funds					
General funds	21	(97,330)		(83,647)	
Fixed asset funds	21	12,266,676		12,735,232	
Restricted funds excluding pension liability		<u>12,169,346</u>		<u>12,651,585</u>	
Pension reserve		(640,000)		(695,000)	
Total restricted funds			<u>11,529,346</u>		<u>11,956,585</u>
Unrestricted funds	21		269,221		170,729
TOTAL FUNDS			<u>11,798,567</u>		<u>12,127,314</u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2013 and are signed on their behalf, by



Nick Martin
Chair of Trustees



Clive Zimmerman
Accounting Officer

The notes on pages 24 to 46 form part of these financial statements

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

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

		Year ended 31 August 2013 £	14 months to 31 August 2012 £
	Note		
Net cash flow from operating activities	23	108,721	578,744
Returns on investments and servicing of finance	24	(1,096)	(3,563)
Capital expenditure and financial investment	24	(23,227)	(249,631)
Deficit transferred on conversion to an academy trust		-	(387)
CASH INFLOW BEFORE FINANCING		84,398	325,163
Financing	24	(55,423)	87,960
INCREASE IN CASH IN THE YEAR		28,975	413,123

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

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Increase in cash in the year	28,975	413,123
Cash outflow from decrease in debt and lease financing	55,423	(87,960)
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	84,398	325,163
Non cash movement on loans	-	(114,505)
MOVEMENT IN NET FUNDS IN THE YEAR	84,398	210,658
Net funds at 1 September 2012	210,658	-
NET FUNDS AT 31 AUGUST 2013	295,056	210,658

The notes on pages 24 to 46 form part of these financial statements

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

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 GOING CONCERN

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

1.3 COMPANY STATUS

The Academy is a company limited by guarantee. The members of the company are the Trustees 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 Trustees.

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

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

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

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

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

1 ACCOUNTING POLICIES (continued)

1.5 INCOMING RESOURCES

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

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

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

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

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

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

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 Trustees' meetings and reimbursed expenses.

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

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

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 OPERATING LEASES

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

1.10 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.

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.11 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 26, 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.

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

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2013.

3 VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Transfer from Local Authority on conversion	-	-	-	12,377,721
Donations	15,335	-	15,335	26,213
Voluntary income	15,335	-	15,335	12,403,934

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

4 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Lettings	92,719	-	92,719	101,843

5. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Bank interest	5,476	-	5,476	6,569

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Education	46,975	5,219,339	5,266,314	5,842,913

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
DfE/EFA grant				
General Annual Grant	-	5,064,009	5,064,009	5,655,054
Other DfE/EFA grants	-	29,844	29,844	30,174
	-	5,093,853	5,093,853	5,685,228
Other government grants				
Special Educational Needs	-	48,800	48,800	34,048
Other government grants non capital	-	10,000	10,000	-
	-	58,800	58,800	34,048
Other funding				
Payroll income	-	29,497	29,497	44,125
School Games Organiser	-	24,958	24,958	23,800
PGCE Income	-	7,950	7,950	8,045
SCITT Income	-	2,887	2,887	-
Use of ASD Facilities	-	-	-	10,000
Year 11 Protocol	-	-	-	4,000
Other Income	46,975	1,394	48,369	33,667
	46,975	66,686	113,661	123,637
	46,975	5,219,339	5,266,314	5,842,913

7. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Education	62,013	5,681,000	5,743,013	6,066,701

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8 GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Auditors' remuneration	-	6,500	6,500	6,300
Auditors' non audit costs	-	1,350	1,350	3,300
Legal and Professional	-	12,832	12,832	10,340
Clerk to the Governors Salary	-	4,896	4,896	5,304
	-	25,578	25,578	25,244

9. DIRECT COSTS

	Education £	Total 2013 £	14 months to August 2012 £
Pension finance costs	18,000	18,000	20,000
Educational supplies	182,320	182,320	173,394
Examination fees	86,929	86,929	71,366
Staff development	29,183	29,183	16,472
Other costs	61,369	61,369	35,122
Supply teachers	20,390	20,390	57,198
Recruitment and other staff costs	5,698	5,698	3,333
Wages and salaries	2,543,807	2,543,807	2,852,307
National insurance	215,179	215,179	235,379
Pension cost	342,040	342,040	359,476
Depreciation	541,481	541,481	476,602
	4,046,396	4,046,396	4,300,649

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10. SUPPORT COSTS

	Education £	Total 2013 £	14 months to August 2012 £
Educational supplies	15,465	15,465	28,444
Other costs	29,623	29,623	48,622
Maintenance of premises and equipment	80,899	80,899	56,388
Cleaning	38,553	38,553	54,753
Rent and rates	35,433	35,433	36,634
Heat and light	102,277	102,277	93,099
Insurance	46,338	46,338	40,205
Security and transport	9,412	9,412	3,818
Catering	48,513	48,513	48,733
Technology costs	29,965	29,965	13,593
Office overheads	39,954	39,954	36,345
Legal and professional	36,193	36,193	50,472
Interest and bank charges	9,386	9,386	11,984
Wages and salaries	946,908	946,908	996,717
National insurance	46,095	46,095	51,153
Pension cost	181,603	181,603	195,092
	<u>1,696,617</u>	<u>1,696,617</u>	<u>1,766,052</u>

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	14 months to August 2012 £
Education	4,275,632	222,601	1,244,780	5,743,013	6,066,701
Governance	-	-	25,578	25,578	25,244
	<u>4,275,632</u>	<u>222,601</u>	<u>1,270,358</u>	<u>5,768,591</u>	<u>6,091,945</u>

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2013 £	Support costs 2013 £	Total 2013 £	14 months to August 2012 £
Education	<u>4,046,396</u>	<u>1,696,617</u>	<u>5,743,013</u>	<u>6,066,701</u>

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13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Depreciation of tangible fixed assets		
- owned by the charity	492,273	476,602
- held under finance leases	49,208	-
Auditors' remuneration	6,500	6,300
Auditors' remuneration - non-audit	1,350	3,300
Operating lease	10,679	9,832
	<u> </u>	<u> </u>

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14. STAFF COSTS

Staff costs were as follows

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Wages and salaries	3,490,715	3,849,024
Social security costs	261,274	286,532
Other pension costs (Note 26)	523,643	554,568
	<u>4,275,632</u>	<u>4,690,124</u>
Supply teacher costs	20,390	57,198
	<u>4,296,022</u>	<u>4,747,322</u>

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

	Year ended 31 August 2013 No.	14 months to 31 August 2012 No.
Teachers	57	57
Education support	40	41
Administration	7	8
Management	7	7
	<u>111</u>	<u>113</u>

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

	Year ended 31 August 2013 No.	14 months to 31 August 2012 No.
In the band £60,001 - £70,000	2	2
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
	<u>3</u>	<u>3</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £31,853 (2012 £31,543)

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15. TRUSTEES

During the year retirement benefits were accruing to 4 Trustees (2012 4) in respect of defined benefit pension schemes

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees The value of Trustees' remuneration fell within the following bands

	Year ended 31 August 2013 £'000	14 months to 31 August 2012 £'000
C Zimmerman, Principal	90-95	95-100
M Lanchester, Staff Trustee	55-60	60-65
B Stubbs, Staff Trustee	20-25	45-50
N Cannon, Staff Trustee	40-45	40-45

During the year, no Trustees received any reimbursement of expenses (2012 £NIL)

16 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £898 (2012 £898)

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

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17. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2012	11,948,725	1,148,482	214,037	13,311,244
Additions	17,696	-	5,531	23,227
At 31 August 2013	<u>11,966,421</u>	<u>1,148,482</u>	<u>219,568</u>	<u>13,334,471</u>
DEPRECIATION				
At 1 September 2012	211,752	248,719	16,131	476,602
Charge for the year	239,328	229,696	72,457	541,481
At 31 August 2013	<u>451,080</u>	<u>478,415</u>	<u>88,588</u>	<u>1,018,083</u>
NET BOOK VALUE				
At 31 August 2013	<u>11,515,341</u>	<u>670,067</u>	<u>130,980</u>	<u>12,316,388</u>
At 31 August 2012	<u>11,736,973</u>	<u>899,763</u>	<u>197,906</u>	<u>12,834,642</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2013 £	2012 £
Computer equipment	<u>99,907</u>	<u>149,115</u>

18 DEBTORS

	2013 £	2012 £
Trade debtors	6,491	8,543
Other debtors	19,353	2,167
Prepayments and accrued income	58,772	31,769
	<u>84,616</u>	<u>42,479</u>

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

19. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Other loans	5,725	5,725
Net obligations under finance leases	49,712	99,410
Other taxation and social security	77,120	82,528
Other creditors	75,598	88,140
Accruals and deferred income	104,775	94,797
	<u>312,930</u>	<u>370,600</u>

DEFERRED INCOME

Deferred income at 1 September 2012	13,883
Resources deferred during the year	64,283
Amounts released from previous years	(13,883)
Deferred income at 31 August 2013	<u>64,283</u>

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

See note 20 for details on other loans

20. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Other loans	<u>91,605</u>	<u>97,330</u>

Included within the above are amounts falling due as follows

	2013 £	2012 £
BETWEEN TWO AND FIVE YEARS		
Other loans	<u>22,900</u>	<u>22,900</u>
OVER FIVE YEARS		
Other loans	<u>68,705</u>	<u>74,430</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20 CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	2013 £	2012 £
Repayable by instalments	68,705	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 year end £97,330 (2012 £103,055) remains outstanding. The loan is unsecured and is being repaid by installments with 17 years remaining, at an interest rate of 4.93%.

21. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	170,729	160,505	(62,013)	-	-	269,221

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FOR THE YEAR ENDED 31 AUGUST 2013

RESTRICTED FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	19,408	4,782,115	(4,748,342)	(53,181)	-	-
Special needs funding	-	48,800	(48,800)	-	-	-
Pupil premium	-	213,946	(213,946)	-	-	-
Devolved formula capital	-	19,744	-	(19,744)	-	-
Rates relief	-	26,630	(26,630)	-	-	-
Insurance grant	-	41,318	(41,318)	-	-	-
Other DFE/EFA Grants	-	10,100	(10,100)	-	-	-
Other LA Grants	-	10,000	(10,000)	-	-	-
Loan transferred from LA on conversion	(103,055)	-	5,725	-	-	(97,330)
Payroll income	-	29,497	(29,497)	-	-	-
School Games Organiser	-	24,958	(24,958)	-	-	-
PGCE Income	-	7,950	(7,950)	-	-	-
SCITT Income	-	2,887	(2,887)	-	-	-
Other Restricted Income	-	1,394	(1,394)	-	-	-
Pension reserve	(695,000)	-	(5,000)	-	60,000	(640,000)
	<u>(778,647)</u>	<u>5,219,339</u>	<u>(5,165,097)</u>	<u>(72,925)</u>	<u>60,000</u>	<u>(737,330)</u>

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	13,061,613	-	-	-	-	13,061,613
Fixed assets purchased from GAG	129,447	-	-	53,181	-	182,628
Devolved formula capital	20,774	-	-	19,744	-	40,518
Depreciation	(476,602)	-	(541,481)	-	-	(1,018,083)
	<u>12,735,232</u>	<u>-</u>	<u>(541,481)</u>	<u>72,925</u>	<u>-</u>	<u>12,266,676</u>
Total restricted funds	11,956,585	5,219,339	(5,706,578)	-	60,000	11,529,346
Total of funds	<u>12,127,314</u>	<u>5,379,844</u>	<u>(5,768,591)</u>	<u>-</u>	<u>60,000</u>	<u>11,798,567</u>

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21 STATEMENT OF FUNDS (continued)

The specific purposes for which the funds are to be applied are as follows

RESTRICTED FUNDS

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

Special 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 grants of £2,500 for the Budget returns and FRS 17 support received in the year

The loan transferred from the LA on conversion consists of an Equal Pay Loan transferred from Swindon Borough Council £97,330 of this loan is still outstanding at the year end

Payroll income represents income received to cover the cost of supply teachers, maternity pay reclaims 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

The pension fund represents the Local Government Pension Scheme deficit

RESTRICTED FIXED ASSET FUNDS

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

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded

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SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	170,729	160,505	(62,013)	-	-	269,221
Restricted funds	(778,647)	5,219,339	(5,165,097)	(72,925)	60,000	(737,330)
Restricted fixed asset funds	12,735,232	-	(541,481)	72,925	-	12,266,676
	<u>12,127,314</u>	<u>5,379,844</u>	<u>(5,768,591)</u>	<u>-</u>	<u>60,000</u>	<u>11,798,567</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	14 months to August 2012 £
Tangible fixed assets	-	-	12,316,388	12,316,388	12,834,642
Current assets	269,221	257,493	-	526,714	455,602
Creditors due within one year	-	(263,218)	(49,712)	(312,930)	(370,600)
Creditors due in more than one year	-	(91,605)	-	(91,605)	(97,330)
Provisions for liabilities and charges	-	(640,000)	-	(640,000)	(695,000)
	<u>269,221</u>	<u>(737,330)</u>	<u>12,266,676</u>	<u>11,798,567</u>	<u>12,127,314</u>

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Net incoming resources before revaluations	(388,747)	12,263,314
Returns on investments and servicing of finance	1,096	3,563
Net assets transferred on conversion	-	(12,377,721)
Depreciation of tangible fixed assets	541,481	476,602
Increase in debtors	(42,137)	(42,479)
(Decrease)/increase in creditors	(7,972)	265,465
Defined benefit pension scheme adjustments	5,000	(10,000)
NET CASH INFLOW FROM OPERATIONS	<u>108,721</u>	<u>578,744</u>

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

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	5,746	6,569
Interest paid	(3,290)	(6,580)
Finance lease interest paid	(3,552)	(3,552)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(1,096)	(3,563)
	Year ended 31 August 2013 £	14 months to 31 August 2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(23,227)	(249,631)
	Year ended 31 August 2013 £	14 months to 31 August 2012 £
FINANCING		
Repayment of loans	(5,725)	(11,450)
New finance lease	-	149,115
Repayment of finance lease	(49,698)	(49,705)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(55,423)	87,960

25 ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	413,123	28,975	-	442,098
DEBT				
Finance leases	(99,410)	49,698	-	(49,712)
Debts due within one year	(5,725)	5,725	(5,725)	(5,725)
Debts falling due after more than one year	(97,330)	-	5,725	(91,605)
NET FUNDS	210,658	84,398	-	295,056

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

26. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £49,006 were payable to the scheme at 31 August 2013 (2012 46,787) and are included within creditors

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

NOTES TO THE FINANCIAL STATEMENTS
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26 PENSION COMMITMENTS (continued)

earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £226,000, of which employer's contributions totalled £181,000 and employees' contributions totalled £45,000. The agreed contribution rates for future years are 15% for employers and 6% for employees.

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

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

The amounts recognised in the Balance sheet are as follows

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Present value of funded obligations	(2,321,000)	(1,982,000)
Fair value of scheme assets	1,681,000	1,287,000
Net liability	<u>(640,000)</u>	<u>(695,000)</u>

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

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Current service cost	(168,000)	(165,000)
Interest on obligation	(85,000)	(96,000)
Expected return on scheme assets	67,000	76,000
Total	<u>(186,000)</u>	<u>(185,000)</u>
Actual return on scheme assets	<u>173,000</u>	<u>67,000</u>

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

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Opening defined benefit obligation	1,982,000	-
Current service cost	168,000	165,000
Interest cost	85,000	96,000
Contributions by scheme participants	45,000	49,000
Actuarial Losses	51,000	82,000
Benefits paid	(10,000)	(7,000)
Liability transferred on conversion	-	1,597,000
Closing defined benefit obligation	<u>2,321,000</u>	<u>1,982,000</u>

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

26 PENSION COMMITMENTS (continued)

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

	Year ended 31 August 2013 £	14 months to 31 August 2012 £
Opening fair value of scheme assets	1,287,000	-
Expected return on assets	67,000	76,000
Actuarial gains and (losses)	111,000	(54,000)
Contributions by employer	181,000	195,000
Contributions by employees	45,000	49,000
Benefits paid	(10,000)	(7,000)
Asset transferred on conversion	-	1,028,000
	<u>1,681,000</u>	<u>1,287,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £76,000(2012 £136,000)

The Academy expects to contribute £182,000 to its defined benefit pension scheme in 2014

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

	2013	2012
European equities	72.00 %	67 00 %
European bonds	15.00 %	19 00 %
Property	10.00 %	11 00 %
Cash	3.00 %	3 00 %

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

	2013	2012
Discount rate for scheme liabilities	4.60 %	4 10 %
Expected return on scheme assets at 31 August	5.90 %	4 80 %
Rate of increase in salaries	5.10 %	4 50 %
Rate of increase for pensions in payment / inflation	2.80 %	2 20 %

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

	2013	2012
Retiring today		
Males	21 3	21 3
Females	23.6	23 6
Retiring in 20 years		
Males	23 3	24 9
Females	25 5	25 5

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

26 PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(2,321,000)	(1,982,000)
Scheme assets	1,681,000	1,287,000
Deficit	(640,000)	(695,000)
Experience adjustments on scheme liabilities	(51,000)	(82,000)
Experience adjustments on scheme assets	111,000	(54,000)

27 OPERATING LEASE COMMITMENTS

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

	2013 £	2012 £
EXPIRY DATE		
Between 2 and 5 years	10,679	9,832

28 RELATED PARTY TRANSACTIONS

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

No such transactions have occurred during the period.

29 CONTROLLING PARTY

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