

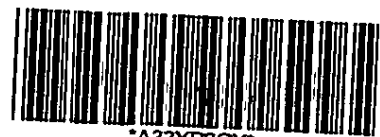
LLANGROVE CE ACADEMY
(A Company Limited by Guarantee)

8333208

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31 AUGUST 2013

WEDNESDAY



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LLANGROVE CE ACADEMY

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LLANGROVE CE ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

GOVERNORS' REPORT

Governors (Trustees)

Mr Peter Box*
Mrs Jacqueline Deloyde*
Mr Paul Whitcombe
Mrs Janet Howie
Mrs Janet Taylor* - resigned 31.08 13
Mrs Moira Cox
Dr Michael Visser
Mrs Jenny Bibby
Mrs Roberta Woodcock*
Miss Irene Brewer - resigned 31 08 13)
Rev Simon Mondon
Mrs Jenny Bailey
Mr Robert Finighan
Mr Adrian Hitchen* - resigned 31 08 13

* Members of the Finance and General Purpose Committee

Company Secretary

Mr Stewart Morehead*

Senior Management Team

Mr Peter Box
Mr Paul Whitcombe
Mr K Paul Smith
Mrs S Dean
Mrs A Colledge

Director of Finance and Administration

Mrs J Deloyde

Principal and Registered Office

Llangrove, Ross on Wye, Herefordshire HR9 6EZ

Company Registration Number

08333208

Independent Auditor

Mr K M Tong FCCA, ACA
Thorne Widgery Accountancy Ltd
2 Wyevale Business Park
Wyevale Way
Kings Acre
Hereford
HR4 7BS

Bankers

HSBC
32 Gloucester Road
Ross-on-Wye
Herefordshire, HR9 5LF

Solicitors

Anthony Collins Solicitors
134 Edmond Street
Birmingham, B3 2ES

LLANGROVE CE ACADEMY

GOVERNORS' REPORT

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

Structure, Governance and Management

Constitution

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

The Company was incorporated on the 17th December 2012 and converted from a Local Authority School to an Academy Trust on the 1st February 2013.

The governors act as the trustees for the charitable activities of Llangrove CE Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Llangrove CE Academy.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Governors' Indemnities

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

The liability insurance is provided by Oval Insurance.

Principal Activities

This is defined in the Articles of Association.

The Academy Trust's object ("the Object") is specifically restricted to the following to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Funding Agreement), and in having regard to the advice of the Diocesan Board of Education ("the Academy").

LLANGROVE CE ACADEMY

GOVERNORS' REPORT (Continued)

Method of Recruitment and Appointment or Election of Governors

This is defined in the Articles of Association

The Members shall appoint a minimum of 8 Governors of whom the following corporate members shall also be governors the Incumbent ex officio and including

- 3 persons nominated by the Diocesan Board of Education
- 2 persons appointed by Llangrove Parochial Church Council
- 1 person appointed by Welsh Newton Parochial Church Council
- 1 person appointed by Llangarron Parochial Church Council

The Members may appoint Staff Governors through such process as they may determine

The Headteacher shall be treated for all purposes as being an ex officio Governor

Parent Governors shall be elected by parents of registered pupils at the Academy A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Governors, including any question of whether a person is a parent of a registered pupil at the Academy Any election of Parent Governors which is contested shall be held by secret ballot.

Policies and Procedures Adopted for the Induction and Training of Governors

The Academy has a Governor Recruitment and Induction policy

The training and induction provided for new governors includes a tour of the Academy and a chance to meet staff and pupils The Governor Support Team at the Local Authority provides external training including financial matters They provide regular updates on practice, legislation and guidance All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors

LLANGROVE CE ACADEMY

GOVERNORS' REPORT (Continued)

Organisational Structure

The Academy has a leadership structure which consists of the governors, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer.

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

The Senior Management Team are the Principal (Chief Executive), three Vice Principals and the Finance Director. These leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a governor. Some spending control is devolved to members of the Senior Management Team, with limits above which the Principal must countersign.

Heads of Department are responsible for the day to day operation of curriculum subject areas and accordingly organise their teaching staff, capital resources, facilities and students.

Risk Management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances. The governors have implemented a system of assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school 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 school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

Connected Organisations, including Related Party Relationships

The Academy has strong collaborative links with 4 other primary schools, Canon Pyon Primary Academy, Lord Scudamore Academy, St Weonards Primary School and Marden Primary School. The Headteachers Peter Box, Paul Whitcombe and Paul Smith are Executive Headteachers at all of the above except Marden Primary School.

Related Party Relationships have been recorded on a Register of Director's Declarations of Interest and any additional declarations noted at the start of each Board of Directors Meeting. The following companies have been identified as having a Related Party Relationship as they share common Directors, Activate Education Ltd and PLP Associates Ltd.

LLANGROVE CE ACADEMY

GOVERNORS' REPORT (Continued)

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 of pupils of different abilities

The aims of the Academy during the period 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
- to develop the Academy sites 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 provide value for money for the funds expended
- to fulfil the role of a teaching school
- to develop greater coherence, clarity and effectiveness in school systems
- to comply with all appropriate statutory and curriculum requirements
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards and integrity, probity and openness

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 continues to maintain and manage a school with a designated Church of England religious character, arranging for religious education and daily acts of worship. 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 year are contained in the school's Strategic Development Plan which is available from each member of the Senior Leadership Team.

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

LLANGROVE CE ACADEMY

GOVERNORS' REPORT (Continued)

Achievements and Performance

Llangrove Academy had a successful Ofsted inspection in June 2012, achieving Satisfactory overall with Leadership considered as Good. This was due to the inclusion of data prior to the existing management team taking over.

Since conversion to Academy Key Stage One performance has been good and Key Stage Two has been Outstanding. Current data would lead to an Ofsted outcome of at least Good with Outstanding for Behaviour and Leadership.

Llangrove has taken part in a 'Gifted and Talented' project for pupils across the federation. This has been extremely successful in raising achievement and developing working skills.

All schools have taken part in shared Federation Olympics, dance and gymnastics events.

Pupils from Year 5 and Year 6 across the schools have taken part in residential trips to Condover Hall and the Black Mountains activity centre.

Teachers have received training in 'Book Talk' to develop guided reading and further maths training, which have had a positive impact on classroom practice.

The Early Years team have worked systematically across all schools to moderate assessment data, with all schools scoring above the County and national average. This is also the case with Year 1 phonics screening data, where Llangrove achieved significantly above National Average pass rates.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting Policies.

LLANGROVE CE ACADEMY

GOVERNORS' REPORT (Continued)

Key Financial Performance Indicators

These are covered throughout the Governors' Report

Financial Review

The majority of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the period ended 31 August 2013, total general unrestricted and restricted expenditure of £156,953 was covered by recurrent grant funding from the DfES together with other incoming of £11,328. The net general unrestricted and restricted resources expended before transfers and revaluations for the period was £15,123.

At 31 August 2013, the net book value of fixed assets was £751,164 and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Financial and Risk Management Objectives and Policies

The School has agreed a Risk Management strategy, a Risk register and a risk management plan. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Principal Risks and Uncertainties

The Governors consider that the principal risks and uncertainties facing the Academy are

- *Meeting requisite standards of education for students in core subjects*
- *Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum*
- *Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation*
- *Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information*

The key controls used by the Academy include

- *Detailed terms of reference for all committees*
- *Formal agendas for the Academy board and committees*
- *Schemes of delegation and formal financial regulations*
- *Formal written policies*
- *Clear authorisation and approval levels*
- *Policies and procedures required by law to protect the vulnerable*

LLANGROVE CE ACADEMY

GOVERNORS' REPORT (Continued)

Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £2,445, all of which is free reserves. The level of general restricted reserves is £12,678.

Investment Policy

The school will invest any surplus funds on deposit to ensure it maximises its return.

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 Herefordshire. The Academy's intention is to increase the number of schools within the wider HMFA federation, as long as they can see that strategically it enhances the organisation.

The Academy are following new Performance Management Guidance which may impact financially on pay reviews, particularly salaries as from Sept 2014.

As a partner teaching school with Worcester University, the Academy will continue to support PGCE students. In Sept 2013 there will be 22 students across the federation.

HMFA are taking a leading role in a Global Learning Partnership Scheme, which is a national initiative aimed at developing children as global citizens.

Full details of our plans for the future are given in our School Strategic Plan, which is available from the Company Secretary.

Auditors

Insofar as the governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Governing Body on 21st November 2013 and signed on its behalf by



Mrs J Taylor
Chair of Governors

LLANGROVE CE ACADEMY

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governing Body has formally met twice during the period. These meetings also covered Finance and staffing agendas. Attendance during the period at meetings of the Governing Body was as follows:

Governor		Meetings Attended	Out of a possible
Mrs Janet Taylor	Chairman	1	2
Mrs Janet Howie	Staff Governor	2	2
Mr Peter Box	Principal Accounting Officer	2	2
Mrs Jackie Deloyde		2	2
Mr Paul Whitcombe		2	2
Mrs Moira Cox		0	2
Dr Michael Visser		1	2
Mrs Jenny Bibby		2	2
Mrs Roberta Woodcock		1	2
Miss Irene Brewer		2	2
Rev Simon Mondon		1	2
Mrs Jenny Bailey		2	2
Mr Robert Finighan		0	2
Mr Adrian Hitchen		2	2

LLANGROVE CE ACADEMY

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Llangrove CE Academy for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Bob Taplin as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

Review of Effectiveness

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

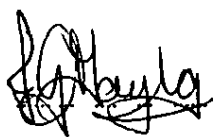
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

LLANGROVE CE ACADEMY

GOVERNANCE STATEMENT (Continued)

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

Approved by order of the members of the Governing Body on 21st November 2013 and signed on its behalf by



Mrs J Taylor
Chair of Governors



Peter Box
Accounting Officer

LLANGROVE CE ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Llangrove CE Academy

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

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

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

Signed

A handwritten signature in black ink, appearing to be 'Peter Box', written in a cursive style.

Peter Box
Accounting Officer

21st November 2013

LLANGROVE CE ACADEMY

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the Members of the Governing Body on 21st November 2013 and signed on its behalf by



Mrs J Taylor
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLANGROVE CE ACADEMY

We have audited the financial statements of Llangrove CE Academy for the period 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 Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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 trust'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 Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy trust'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 Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLANGROVE CE ACADEMY

Matters on which we are required to report by exception

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

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



Mr Kevin M Tong FCCA, ACA (Senior Statutory Auditor)
For and on behalf of Thorne Widgey, Statutory Auditor
2 Wyevale Business Park
Wyevale Way
Kings Acre
Hereford
HR4 7BS

Date: 25/11/13 ..

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

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

Respective responsibilities of Llangrove CE Academy accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Llangrove CE Academy funding agreement with the Secretary of State for Education 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 period 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 trust's income and expenditure

The work undertaken to draw our conclusions includes

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the period
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LLANGROVE
CE 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 period to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Thorne Widgey Accountancy Ltd
2 Wyevale Business Park
Wyevale Way
Kings Acre
Hereford
HR4 7BS

25/11/13

LLANGROVE CE ACADEMY

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2013
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)**

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Pension Reserve	Restricted Fixed Asset Funds	Total 2013
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	-	8,883	-	762,405	771,288
Activities for generating funds	4	2,445	-	-	-	2,445
Incoming resources from charitable activities:						
Funding for the Academy's Educational operations	6	-	160,748	-	-	160,748
Total incoming resources		2,445	169,631	-	762,405	934,481
RESOURCES EXPENDED						
Cost of generating funds						
Costs of generating voluntary income		-	-	-	-	-
Fundraising trading		-	-	-	-	-
Charitable activities:						
Academy's educational operations		-	147,890	76,000	7,086	230,976
Governance costs		-	5,004	-	-	5,004
Other resources expended						
Transfer from Local Authority		-	4,059	-	-	4,059
Total resources expended	7	-	156,953	76,000	7,086	240,039
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		2,445	12,678	(76,000)	755,319	694,442
Gross transfers between funds	16	-	-	-	-	-
NET INCOME/(EXPENDITURE) FOR THE PERIOD		2,445	12,678	(76,000)	755,319	694,442
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial (losses)/gains on defined benefit pension schemes	16,26	-	-	1,000	-	1,000
NET MOVEMENT IN FUNDS		2,445	12,678	(75,000)	755,319	695,442
RECONCILIATION OF FUNDS						
Funds brought forward	16	-	-	-	-	-
FUNDS CARRIED FORWARD AT 31 AUGUST 2013		2,445	12,678	(75,000)	755,319	695,442

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

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

LLANGROVE CE ACADEMY

BALANCE SHEET AS AT 31 AUGUST 2013

Company Registration No 08333208

	Notes	2013 £	2013 £
FIXED ASSETS			
Tangible assets	13		751,164
CURRENT ASSETS			
Debtors	14	4,576	
Cash at bank and in hand		<u>26,248</u>	
		30,824	
LIABILITIES			
CREDITORS Amounts falling due within one year	15	<u>(11,546)</u>	
NET CURRENT ASSETS			<u>19,278</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			770,442
NET ASSETS EXCLUDING PENSION LIABILITY			
Pension scheme liability	26		<u>(75,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>695,442</u>
FUNDS OF THE ACADEMY.			
RESTRICTED FUNDS			
Fixed asset fund(s)	16		755,319
General fund(s)	16		12,678
Pension reserve*	16		<u>(75,000)</u>
TOTAL RESTRICTED FUNDS			692,997
UNRESTRICTED FUNDS	16		<u>2,445</u>
General funds			
TOTAL FUNDS			<u>695,442</u>

The financial statements on pages 18 to 41 were approved by the governors and authorised for issue on 21st November 2013 and are signed on their behalf by



Mrs J Taylor
Chair of Governors

LLANGROVE CE ACADEMY

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2013

	Notes	2013 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	19,194
 Cash transferred on conversion		 2,899
 Returns on investments and servicing of finance	 21	 -
 Capital income/(expenditure)	 22	 4,155
 INCREASE IN CASH IN THE PERIOD	 23	 <u><u>26,248</u></u>
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
 NET FUNDS AT 31 AUGUST 2013		 <u><u>26,248</u></u>

LLANGROVE CE ACADEMY

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

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The governors 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 Company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants receivable**

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

- **Donations**

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

- **Other income**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

• **Donated Services and Gifts in Kind**

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

• **Resources Expended**

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

• **Costs of generating funds**

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

• **Charitable activities**

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

• **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013 (Continued)

1 STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

Freehold buildings	2%	per annum
Fixtures, fittings and equipment	15-20%	per annum
ICT equipment	33 $\frac{1}{3}$ %	per annum
Motor Vehicles	20%	per annum

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Leased Assets

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

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013 (Continued)

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pensions Benefits (continued)

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

Fund Accounting

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

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

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

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion from the Llangrove CE Primary School to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Llangrove CE Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income/net expenditure in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in Note 28.

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

2. GENERAL ANNUAL GRANT (GAG)

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

3	VOLUNTARY INCOME	Unrestricted Funds £	Restricted Funds £	Total 2013 £
	Capital Grants		4,405	4,405
	School Trips etc	-	2,679	2,679
	Transfer on conversion	-	760,899	760,899
	Private Sponsorship			
	Other Donations			
	- Grants and donations	<u>-</u>	<u>3,306</u>	<u>3,306</u>
		<u>-</u>	<u>771,288</u>	<u>771,288</u>

4	ACTIVITIES FOR GENERATING FUNDS	Unrestricted Funds £	Restricted Funds £	Total 2013 £
	Room and building hire	<u>2,445</u>	<u>-</u>	<u>2,445</u>

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

6	FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS	Unrestricted Funds £	Restricted Funds £	Total 2013 £
	DfE/YPLA Revenue Grants			
	General Annual Grant (GAG) Note 2	-	117,676	117,676
	Other DfE/YPLA Grants	-	<u>43,072</u>	<u>43,072</u>
		<u>-</u>	<u>160,748</u>	<u>160,748</u>

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

7 RESOURCES EXPENDED

	Staff Costs	Non Pay Premises	Expenditure Other Costs	Total 2013
	£	£	£	£
Costs of generating voluntary income	-	-	-	-
Costs of activities for generating funds	-	-	-	-
Academy's educational operations				
Direct costs	57,958	7,086	35,954	100,998
Allocated support costs	<u>26,570</u>	<u>6,480</u>	<u>96,928</u>	<u>129,978</u>
	<u>84,528</u>	<u>13,566</u>	<u>132,882</u>	<u>230,976</u>
Governance costs including allocated support costs	-	-	5,004	5,004
Transfer from LA	<u>-</u>	<u>-</u>	<u>4,059</u>	<u>4,059</u>
	<u>84,528</u>	<u>6,480</u>	<u>149,030</u>	<u>240,039</u>

INCOMING/OUTGOING RESOURCES
FOR THE PERIOD INCLUDE.

2013
£

Operating leases
Fees payable to auditor -

- Audit 4,975
- Other services -

Profit/(loss) on disposal of fixed assets

-
4,975

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

8 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
DIRECT COSTS			
Teaching and educational support Staff Costs	-	57,958	57,958
Depreciation	-	7,086	7,086
Educational Supplies	-	21,088	21,088
Educational Consultancy	-	14,866	14,866
	<u>-</u>	<u>100,998</u>	<u>100,998</u>

ALLOCATED SUPPORT COSTS

Support Staff Costs	-	26,570	26,570
Recruitment and support	-	2,355	2,355
Maintenance of premises and equipment	-	6,169	6,169
Administrative supplies	-	14,977	14,977
Cleaning	-	73	73
Rent and Rates	-	790	790
Insurance	-	(552)	(552)
Catering	-	799	799
Bank interest and charges	-	175	175
Professional Services	-	2,622	2,622
Transfers on conversion - Pension	-	76,000	76,000
	<u>-</u>	<u>129,978</u>	<u>129,978</u>
Total	<u>-</u>	<u>230,976</u>	<u>230,976</u>

9. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2013 £
Legal and Professional Fees	-	29	29
Auditors' remuneration			
• Audit of financial statements	-	4,975	4,975
• Accountancy, taxation and other services	-	-	-
Governors' development	-	-	-
	<u>-</u>	<u>5,004</u>	<u>5,004</u>

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

10. STAFF COSTS	2013
	£
Staff costs during the period were	
Wages and salaries	68,592
Social security costs	3,308
Pension costs	<u>12,628</u>
	<u>84,528</u>
Supply teacher costs	-
Compensation payments	<u>-</u>
	<u>84,528</u>

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

	Full-time Equivalent
CHARITABLE ACTIVITIES	
Teachers	2
Administration and support	2
Management	<u>1</u>
	<u>5</u>

No employee earned more than £60,000 per annum

11 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration received during the period, was as follows

Janet Howie (staff trustee)	£5,000 - £10,000
Jackie Deloyde (staff trustee)	£15,000 - £20,000

During the period ended 31 August 2013, travel and subsistence expenses totalling £162 were reimbursed to governors

Other related party transactions involving the trustees are set out in note 27

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013 (Continued)

12 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2013 was £36.

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

13. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
On conversion	-	753,000	5,000	-	-	758,000
Additions	-	-	250	-	-	250
Disposals	-	-	-	-	-	-
At 31 August 2013	-	753,000	5,250	-	-	758,250
Depreciation						
Charged in year	-	(6,498)	(588)	-	-	(7,086)
Disposals	-	-	-	-	-	-
At 31 August 2013	-	(6,498)	(588)	-	-	(7,086)
Net Book Values						
At 31 August 2013	-	746,502	4,662	-	-	751,164

Leasehold land and buildings are subject to a 125 year lease with the local authority.

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

14. DEBTORS	2013 £
Trade debtors	-
Other debtors and prepayments	2,509
VAT	<u>2,067</u>
	<u>4,576</u>
15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	2013 £
Trade creditors	476
Other Taxation and Social Security	3,985
Other creditors and accruals	<u>7,085</u>
	<u>11,546</u>

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

16. FUNDS

	Incoming Resources	Resources Expended	Gains, Losses And Transfers	Balance at 31 August 2013
	£	£	£	£
RESTRICTED GENERAL FUNDS				
General Annual Grant (GAG)	117,676	(113,881)	-	3,795
Other DfE/YPLA Grants	43,072	(43,072)	-	-
Other restricted	8,883	-	-	8,883
	<u>169,631</u>	<u>(156,953)</u>	<u>-</u>	<u>12,678</u>
RESTRICTED PENSION FUND				
Pension reserve	-	(76,000)	1,000	(75,000)
	<u>-</u>	<u>(76,000)</u>	<u>1,000</u>	<u>(75,000)</u>
RESTRICTED FIXED ASSET FUNDS				
DfE/YPLA Capital Grants	4,405	-	-	4,405
Conversion and depreciation	758,000	(7,086)	-	750,914
	<u>762,405</u>	<u>(7,086)</u>	<u>-</u>	<u>755,319</u>
TOTAL RESTRICTED FUNDS				
Unrestricted Funds	<u>2,445</u>	<u>-</u>	<u>-</u>	<u>2,445</u>
TOTAL FUNDS	<u>934,481</u>	<u>(240,039)</u>	<u>1,000</u>	<u>695,442</u>

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

- General Annual Grant (GAG) Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013
- Other DfE/EFA Grants are utilised for the purposes intended by the donor
- Other Restricted General Funds include payments made towards Academy trips
- The Pension Fund is the surplus/(deficit) in the Local Government Pension Scheme
- Restricted Fixed Asset Funds include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation
- Unrestricted Funds are all those income and expenses for general use in the Academy

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds	Restricted General Funds	Restricted Pension Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£	£
Tangible Fixed Assets	-	-	-	751,164	751,164
Net Current Assets	2,445	12,678	-	4,155	19,278
Pension Scheme Liability	-	-	(75,000)	-	(75,000)
TOTAL NET ASSETS	2,445	12,678	(75,000)	755,319	695,442

18. CAPITAL COMMITMENTS

2013
£

Contracted for, but not provided in the financial statements

Nil

19 FINANCIAL COMMITMENTS

Operating Leases

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

2013
£

LAND AND BUILDINGS

Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
	<u>-</u>

OTHER

Expiring within one year	-
Expiring within two and five years inclusive	718
Expiring in over five years	-
	<u>718</u>

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

20.	RECONCILIATION OF NET INCOME TO NET INFLOW FROM OPERATING ACTIVITIES	2013 £
	Net income	694,442
	Depreciation (Note 13)	7,086
	Capital Grants from DfE and other capital income	(4,405)
	Interest receivable (Note 5)	-
	Assets transferred on conversion (Note 29)	(686,899)
	FRS 17 Pension cost less contributions payable (Note 27)	-
	FRS 17 Pension finance income (Note 27)	2,000
	(Increase)/decrease in stocks	-
	(Increase)/decrease in debtors	(4,576)
	Increase/(decrease) in creditors	<u>11,546</u>
	NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>19,194</u>
21	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
	Interest received	<u>-</u>
	NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE	<u>-</u>
22.	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
	Purchase of tangible fixed assets	(250)
	Capital grants from DfE/YPLA	4,405
	Capital funding received from sponsors and others	-
	Receipts from sale of tangible fixed assets	<u>-</u>
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>4,155</u>
23	ANALYSIS OF CHANGES IN NET FUNDS	
	At 31 August 2012 £	Cash flows 31 August 2013 £
	Cash in hand and at bank	<u>26,248</u>
		<u>26,248</u>

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

24 CONTINGENT LIABILITIES

There are no significant contingent liabilities that the Governors are aware of

25 MEMBERS' LIABILITY

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

LLANGROVE CE ACADEMY

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

(Continued)

26. PENSION AND SIMILAR OBLIGATIONS

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

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

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

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

TEACHERS' PENSION SCHEME

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

26 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

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

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

Under the definitions set out in Financial Reporting Standard (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 and the implications for the Academy in terms of the anticipated contribution rates.

LOCAL GOVERNMENT PENSION SCHEME

The Academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £9,659, of which employer's contributions totalled £7,573 and employees' contributions totalled £2,086. The agreed contribution rates for future years are 18.10% per cent for employers and between 5.5% to 7.5% per cent for employees.

PRINCIPAL ACTUARIAL ASSUMPTIONS

	At 31 August 2013
Rate of increase in salaries	3.9%
Rate of increase for pensions in payment/inflation	2.4%
Discount rate for scheme liabilities	4.5%
Inflation assumption (CPI)	2.4%
Commutation of pensions to lump sums	

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

26. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

	At 31 August 2013
Retiring today	
Males	22.5
Females	25
Retiring in 20 years	
Males	24.3
Females	27

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

	Expected Return at 31 August 2013	Fair value at 31 August 2013
		£
Equities	7.0%	9
Bonds - Government	3.4%	-
Bonds - Other	4.4%	1
Property	5.7%	-
Cash/liquidity	0.5%	-
Other	7.0%	-
TOTAL MARKET VALUE OF ASSETS		10
Present value of scheme liabilities - Funded		(85)
SURPLUS/(DEFICIT) IN THE SCHEME		(75)

The actual return on scheme assets was Nil

AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES

	2013 £000
Current service cost (net of employee contributions)	6
Past service cost	-
TOTAL OPERATING CHARGE	6

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

26 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

ANALYSIS OF PENSION FINANCE INCOME/(COSTS)

Expected return on pension scheme assets	-
Interest on pension liabilities	<u>2</u>

PENSION FINANCE INCOME/(COSTS)	<u>2</u>
---------------------------------------	-----------------

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £8,000 loss.

MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS WERE AS FOLLOWS. **2013
£'000**

AT 1 FEBRUARY 2013	74
Current service cost	8
Past service cost	-
Interest cost	2
Employee contributions	2
Actuarial (gain)/loss	(1)
Curtailments and settlements	-
Benefits paid	<u>-</u>
AT 31 AUGUST 2013	<u>85</u>

MOVEMENTS IN THE FAIR VALUE OF ACADEMY'S SHARE OF SCHEME ASSETS **2013
£'000**

AT 1 FEBRUARY 2013	
Expected return on assets	-
Actuarial gain/(loss)	-
Employer contributions	8
Employee contributions	2
Assets distributed on settlements	-
Transfer in or new members	-
Benefits paid	<u>-</u>
AT 31 AUGUST 2013	<u>10</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £7,573.

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013
(Continued)

26 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

THE FIVE-YEAR HISTORY OF EXPERIENCE ADJUSTMENTS IS AS FOLLOWS

	2013
	£'000
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	(85)
Fair value of share of scheme assets	<u>10</u>
Surplus/(Deficit) in the scheme	<u>(75)</u>
EXPERIENCE ADJUSTMENTS ON SHARE OF SCHEME ASSETS	
Amount £'000	<u>(1)</u>
EXPERIENCE ADJUSTMENTS ON SCHEME LIABILITIES.	
Amount £'000	<u>-</u>

27. RELATED PARTY TRANSACTIONS

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

During the 7 month period to 31 August 2013 payments totalling £12,500 to PLP Associates Limited, a company in which Peter Box and Paul Whitcombe are directors and shareholders, for the provision of executive headship services.

During the 7 month period to 31 August 2013 payments totalling £1,300 to Activate Educational Ltd, a company in which Peter Box and Paul Whitcombe are directors for the provision of staff training.

LLANGROVE CE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2013 (Continued)

28 CONVERSION TO ACADEMY TRUST

On 1st February 2013 the Llangrove CE Academy converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Llangrove CE Academy from the Hereford and Worcester Local Authority for £Nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities (SOFA) as voluntary income

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

	Unrestricted Funds	Restricted General Funds	Restricted Pension Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£	£
Incoming resources					
Leasehold land and buildings	-	-	-	753,000	753,000
Other tangible fixed assets	-	-	-	5,000	5,000
Surplus funds	-	-	-	-	-
Budget surplus / (deficit) on other school funds	-	2,899	-	-	2,899
Resources expended					
LGPS Pension liability	-	-	(74,000)	-	(74,000)
Local government deficit	-	(4,059)	-	-	(4,059)
Net assets		<u>(1,160)</u>	<u>(74,000)</u>	<u>758,000</u>	<u>682,840</u>

The above net assets include £2,899 that was transferred as cash

Included within creditors is an amount due to the local authority on conversion to an academy trust of £4,059

Leasehold land and buildings were transferred at valuation which was commissioned by the Education Funding Agency. Other tangible fixed assets included fixtures and fittings and minibuses transferred at fair values