

Registered number: 07694023

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

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 **Bishop Fleming**
Chartered Accountants

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

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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 2014**

Trustees

Louise Bouteiller¹
David Davison, Chair^{1,5}
Marc Tielmans (resigned 13 March 2014)³
Nicola Howard³
Nicola Cole²
Chris Shepherd^{3,4,5}
Tony Kendall (resigned 18 May 2014)²
Nick Martin^{2,4,5}
Clive Zimmerman, Principal^{2,3}
Beth Stubbs³
Nicola Cannon (resigned 31 August 2014)¹
Nick Mitchell (resigned 1 December 2013)
Matt Lodge, Vice Chair^{1,2,3}
Mike Fitzgerald²
Crispin Hawes (appointed 19 May 2014)¹
Dave Allen (appointed 19 May 2014)²
Alastair Dixon-Patterson (appointed 2 December 2013)^{2,3}

- ¹ Curriculum and Student Committee
- ² Finance and Premises Committee
- ³ Personnel Committee
- ⁴ Head Teacher's Performance Panel
- ⁵ Director and Member

**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
Laura Patterson, Assistant Principal
Alastair Dixon-Patterson, Business Manager (Lay Deputy)

Independent auditors

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

Bankers

National Westminster
84 Commercial Road
Swindon
Wiltshire
SN1 5NW

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in Swindon. It has a pupil capacity of 1,350 and had a roll of 997 in the school census on 2 October 2014.

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 of The Lydiard Park Academy 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 £250,000 on any one claim.

TRUSTEES

Method of recruitment and appointment or election of Trustees

- 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.

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.

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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, Vice Principal (x2), Assistant Principal (x4) 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 Senior Management Team and Department Heads. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Principal is the Accounting Officer.

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Connected Organisations, including Related Party Relationships

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The principal object and activity of the Charitable Company is the operation of The Lydiard Park Academy to provide free education and care for pupils of different abilities.

The aims of the Academy during the year ended 31 August 2014 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 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.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At The 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.

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

Objectives, Strategies and Activities

The Academy is committed to the following development plan:

Aspiration	D1 Potential into Performance – Raise aspiration for achievement and promote the ethos of life-long learning through the Creation and Preparation of LPA 6th Form (see specific development plan) Themes of curriculum, staff training, accommodation, transition and federation development. D2 Behaviour for Learning – Evaluate the consistency and impact of BFL. Commit resources to develop behaviour and attendance strategies to support persistent offenders. D3 Performance Management – Integration of self-evaluation and development planning with Schools IP to support the specific targets of individuals and inform pay progression.
Creativity in Teaching and Learning	D4 Quality of learning experience – Embedding the principles of TEEP into teaching and learning to improve the variety of pupils' experiences. Collaboration, independence, ownership of learning, SMSC and greater use of new technologies. D5 RWCM – Continue to embed literacy strategies to provide opportunity for learners to develop their skills across the curriculum. D6 Homework – An appropriate range of differentiated homework to suit the needs of individuals. Develop HW strategies for Students with poor attendance and/or compliance.
Assessment	D7 Written and Verbal Feedback – Sustain the improvement of written/verbal feedback and directed pupil reflection and improvement time. D8 Assessing Pupil Progress – Adopt the PiXL model of tracking assessment to inform appropriate intervention. D9 Intervention – Evaluate current practices and develop the application of a common framework of sustainable strategies. Narrow gap between FSM and non-FSM performance. Continue to improve the progress rates of all.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

STRATEGIC REPORT

Achievements and Performance

The academy 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, results are significantly higher.

The academy continued a five year strong upward trend in performance on the main GCSE attainment measure of 5+A*-C including English and Maths. In July 2013 the school achieved its highest ever result of 61% of pupils gaining five or more A*-C grades in their GCSEs (including English and Mathematics) and improved yet further in the summer 2014 results to 66%. 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 academy.

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 2013 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 intake for September 2014 confirms the academy's rapid rise in popularity. Despite this, the academy does not anticipate increasing class sizes further and has budgeted plans to keep class sizes at a very favourable average of 25 pupils.

A successful bid to expand the academy age range was submitted to the Department of Education and approved by the Secretary of State in January 2013. A sixth form has now opened at the academy in September 2014 offering a full programme of AS levels. During the twelve month period covered by this report the academy has committed training time and resources to preparing staff to teach the new courses and has allocated financial resources to enable significant refurbishment of one block to create bespoke sixth form facilities.

The academy was inspected for the first time (since academy conversion) by Ofsted in January 2014 and, despite a much toughened inspection regime, retained the 'good' status held by the predecessor school. The report acknowledges rising standards at the academy and recommends further work to improve marking and feedback, and a cross academy focus on improving writing skills in order to reach a level deemed outstanding.

The academy has continued to improve the IT network. A new network manager was appointed and has led considerable improvement work to best utilise the potential of the 'thin client' server system previously purchased. This is leading to enhanced IT opportunities for staff and students and a faster, more reliable network.

The academy continues to work very closely with local primary schools, many of whom are now also academies in their own right. This has involved continued collaboration on literacy and educational standards, sport education and a very effective Year 6 induction programme.

The academy continued to enjoy very low staff turnover in its third year as an academy. A number of new appointments have been made to add the additional teaching capacity needed for the sixth form Year 12 programme that commenced in September 2014. The academy is fully staffed with well qualified subject specialists.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In the year under review the available GAG was fully utilised. A short term drop in the GAG funding occurred in 2013-14, due to the fact that GAG funding in any year is based on pupil numbers in the previous academic year. The Trustees are confident that the Academy has sufficient restricted and unrestricted funds carried forward to meet any short term short falls.

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers at the last census was 997, an increase over 2013. It is anticipated that this number will rise quickly towards the projected maximum of 1,350 pupils (including sixth form) over the next five years.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2014 this was 80.4%, compared to 79.9% in 2013. The main factors behind this was the reduced GAG in 2013-14 (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	£258,529
Student attendance	94.0%	95.3%
Exam success	65.0%	66.0%

Going Concern

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

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 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2014, total expenditure of £5,960,250 was covered by recurrent grant funding from the DfE, together with other incoming resources of £309,500. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £21,567.

At 31 August 2014 the net book value of fixed assets was £11,873,139 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The application to the ACMF for funding to deliver sixth form facilities was not successful and as such the Academy has used reserves and income to support this project with the value of the project being capitalised as a new asset.

Following a scheme valuation, the cost of LGPS pension provision has increased during this period. The contribution rate for LGPS has increased from 24.5% to 28.5%.

In the year from 1 September 2013 to 31 August 2014 Swindon Borough Council advised that they had settled additional back dated equal pay claims. We have been advised that all outstanding claims have now been settled. At 31 August 2014 the Academy owed £117,783.

Trustees have adopted a Responsible Officer (RO) 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 RO which contained no matters of significance. They have recommended that the scheme of delegation be reviewed.

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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 Trustees have reviewed the future plans of the Academy and recognises that current reserves have been fully utilised developing the new sixth form facilities and recruiting appropriate staffing. Trustees have recognised that, given the lagged funding model applied, the ability to deliver a surplus and build reserves is limited in the short term.
- The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy.

Investment Policy

All funds surplus to immediate requirements are held on deposit and are transferred to the current account as required. 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the major risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding, either directly through the EFA or indirectly via the Local Authority. In the last year 98% of the Academy's incoming resources were ultimately Government funded. Government Policy does not suggest that funding will increase whilst the cost base continues to increase. Payroll accounts for 83% of expenditure and with Pensions costs increasing and an annual pay review, additional income streams may be required.

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 dependent 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.

**THE LYDIARD PARK ACADEMY
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

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 staff training 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.

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 role continues to grow, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board 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 that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 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.

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 complete the introduction of a full academic sixth form and is planning ahead for the introduction of A2 (Year 13) courses from September 2015.

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 taught by skilled, well qualified staff 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014**

TRUSTEES INDEMNITIES

There are no third party indemnity provisions for Trustees.

AUDITORS

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 24/11/2014 and signed on the board's behalf by:



David Davison
Chair of Trustees

**THE LYDIARD PARK ACADEMY
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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 5 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
Louise Bouteiller	4	5
David Davison	5	5
Marc Tielmans	2	3
Nicola Howard	3	5
Nicola Cole	5	5
Chris Shepherd	5	5
Tony Kendall	3	3
Nick Martin	3	5
Clive Zimmerman	5	5
Beth Stubbs	2	5
Nicola Cannon	4	5
Nick Mitchell	0	1
Matt Lodge	4	5
Mike Fitzgerald	4	5
Crispin Hawes	3	3
Dave Allen	2	3
Alastair Dixon-Patterson	4	4

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
Matt Lodge	3	4
Clive Zimmerman	4	4
Alastair Dixon-Patterson	3	3
Tony Kendall	2	3
Nick Martin	2	4
Nicola Cole	2	4
Mike Fitzgerald	3	4

**THE LYDIARD PARK ACADEMY
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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 2013 to 31 August 2014 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 2013 to 31 August 2014 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 Financial Services for Schools Limited to conduct the RO checks and report to the F&P Committee.

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.

**THE LYDIARD PARK ACADEMY
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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:

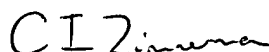
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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 **24/1/2014** and signed on their behalf, by:



David Davison
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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

Clive Zimmerman

Clive Zimmerman
Accounting Officer

Date: 24/11/2014

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014**

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 (including the Strategic 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 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:



David Davison
Chair of Trustees

Date: 24.11.2014

**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 2014 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 to 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 to 2014 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, incorporating the Strategic 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 Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date: 9/12/2014

**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 to 2014, 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 2013 to 31 August 2014 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 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 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 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 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by 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.

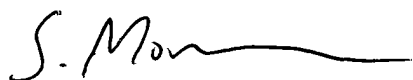
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date:

9/12/2014

**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 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	24,643	-	-	24,643	15,335
Activities for generating funds	3	106,271	-	-	106,271	92,719
Investment income	4	3,051	-	-	3,051	5,476
Incoming resources from charitable activities	5	48,483	5,257,886	-	5,306,369	5,266,314
TOTAL INCOMING RESOURCES		182,448	5,257,886	-	5,440,334	5,379,844
RESOURCES EXPENDED						
Charitable activities		81,977	5,313,298	541,483	5,936,758	5,743,014
Governance costs	8	-	23,492	-	23,492	25,578
TOTAL RESOURCES EXPENDED	9	81,977	5,336,790	541,483	5,960,250	5,768,591
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		100,471	(78,904)	(541,483)	(519,916)	(388,747)
Transfers between Funds	18	(111,162)	61,450	49,712	-	-
NET EXPENDITURE FOR THE YEAR		(10,691)	(17,454)	(491,771)	(519,916)	(388,747)
Actuarial gains and losses on defined benefit pension schemes		-	(287,000)	-	(287,000)	60,000
NET INCOME/(EXPENDITURE) FOR THE YEAR		(10,691)	(304,454)	(491,771)	(806,916)	(328,747)
Total funds at 1 September		269,220	(737,329)	12,266,676	11,798,567	12,127,314
TOTAL FUNDS AT 31 AUGUST		258,529	(1,041,783)	11,774,905	10,991,651	11,798,567

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 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

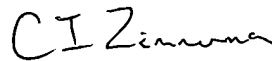
	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		11,873,139		12,316,388
CURRENT ASSETS					
Debtors	15	134,932		84,616	
Cash at bank and in hand		316,352		442,098	
		<u>451,284</u>		<u>526,714</u>	
CREDITORS: amounts falling due within one year	16	<u>(297,916)</u>		<u>(312,930)</u>	
NET CURRENT ASSETS			153,368		213,784
TOTAL ASSETS LESS CURRENT LIABILITIES			12,026,507		12,530,172
CREDITORS: amounts falling due after more than one year	17		<u>(110,856)</u>		<u>(91,605)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			11,915,651		12,438,567
Defined benefit pension scheme liability	23		<u>(924,000)</u>		<u>(640,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>10,991,651</u>		<u>11,798,567</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	18	(117,783)		(97,329)	
Fixed asset funds	18	11,774,905		12,266,676	
Restricted funds excluding pension liability		<u>11,657,122</u>		<u>12,169,347</u>	
Pension reserve		<u>(924,000)</u>		<u>(640,000)</u>	
Total restricted funds			10,733,122		11,529,347
Unrestricted funds	18		<u>258,529</u>		<u>269,220</u>
TOTAL FUNDS			<u>10,991,651</u>		<u>11,798,567</u>

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

David Davison
Chair of Trustees

 24-11-2014

Clive Zimmerman
Accounting Officer

 24-11-2014

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

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	20	33,812	108,721
Returns on investments and servicing of finance	21	(501)	(1,096)
Capital expenditure and financial investment	21	(109,345)	(23,227)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(76,034)	84,398
Financing	21	(49,712)	(55,423)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(125,746)	28,975

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(125,746)	28,975
Cash outflow from decrease in debt and lease financing	49,712	55,423
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	(76,034)	84,398
Non cash movement on loans	(20,454)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(96,488)	84,398
Net funds at 1 September 2013	295,056	210,658
NET FUNDS AT 31 AUGUST 2014	198,568	295,056

The notes on pages 24 to 43 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 2014**

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 to 2014 issued by 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. The Trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2014.

1.3 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders 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 2014**

1. ACCOUNTING POLICIES (continued)

1.4 INCOMING RESOURCES

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

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.

1.5 RESOURCES EXPENDED

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 2014**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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.

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:

Long term leasehold property	-	50 years straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.7 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.

1.8 OPERATING LEASES

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

1.9 TAXATION

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

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.10 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, 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. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	24,643	-	24,643	15,335

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Lettings	106,271	-	106,271	92,719

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	3,051	-	3,051	5,476

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants				
General Annual Grant	-	4,615,951	4,615,951	4,850,063
Other DfE/EFA grants	-	51,782	51,782	29,844
Pupil premium	-	231,815	231,815	213,946
	-	4,899,548	4,899,548	5,093,853
Other government grants				
High needs income	-	263,796	263,796	48,800
Other government grants non capital	-	20,479	20,479	10,000
	-	284,275	284,275	58,800
Other funding				
Payroll income	-	5,929	5,929	29,497
School Games Organiser	-	25,127	25,127	24,958
PGCE Income	-	9,084	9,084	7,950
SCITT Income	-	725	725	2,887
Health and Wellbeing	-	15,360	15,360	-
Public transport	-	6,992	6,992	-
Other Income	48,483	7,140	55,623	48,369
Intel grants	-	3,706	3,706	-
	48,483	74,063	122,546	113,661
	48,483	5,257,886	5,306,369	5,266,314

THE LYDIARD PARK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

6. DIRECT COSTS

	Education £	Total 2014 £	Total funds 2013 £
Pension finance costs	6,000	6,000	18,000
Educational supplies	219,030	219,030	182,320
Examination fees	85,836	85,836	86,929
Staff development	38,321	38,321	29,183
Other costs	105,466	105,466	61,369
Supply teachers	49,758	49,758	20,390
Recruitment and other staff costs	11,214	11,214	5,698
Wages and salaries	2,585,738	2,585,738	2,543,807
National insurance	214,173	214,173	215,179
Pension cost	354,563	354,563	342,040
Depreciation	552,594	552,594	541,482
	4,222,693	4,222,693	4,046,397

7. SUPPORT COSTS

	Education £	Total 2014 £	Total funds 2013 £
Educational supplies	14,805	14,805	15,465
Other costs	31,176	31,176	29,623
Maintenance of premises and equipment	72,621	72,621	80,899
Cleaning	30,518	30,518	38,553
Rent and rates	34,945	34,945	35,433
Heat and light	94,374	94,374	102,277
Insurance	44,650	44,650	46,338
Security and transport	11,744	11,744	9,412
Catering	43,137	43,137	48,513
Technology costs	34,062	34,062	29,965
Office overheads	28,383	28,383	39,954
Legal and professional	95,971	95,971	36,193
Interest and bank charges	6,623	6,623	9,386
Wages and salaries	925,440	925,440	946,908
National insurance	43,520	43,520	46,095
Pension cost	202,096	202,096	181,603
	1,714,065	1,714,065	1,696,617

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8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	-	6,725	6,725	6,500
Auditors' non audit costs	-	2,000	2,000	1,350
Legal and Professional	-	8,947	8,947	12,832
Clerk to the Governors Salary	-	5,820	5,820	4,896
	-	23,492	23,492	25,578

9. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other 2014 £	Total 2014 £	Total 2013 £
Direct costs	3,204,232	240,758	777,703	4,222,693	4,046,397
Support costs	1,171,056	244,202	298,807	1,714,065	1,696,617
CHARITABLE ACTIVITIES	4,375,288	484,960	1,076,510	5,936,758	5,743,014
GOVERNANCE	-	-	23,492	23,492	25,578
	4,375,288	484,960	1,100,002	5,960,250	5,768,592

10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	503,386	492,273
- held under finance leases	49,208	49,208
Auditors' remuneration	6,725	6,500
Auditors' remuneration - non-audit	2,000	1,350
Operating lease	10,821	10,679

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11. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	3,511,178	3,490,715
Social security costs	257,693	261,274
Other pension costs (Note 23)	556,659	523,643
	<u>4,325,530</u>	<u>4,275,632</u>
Supply teacher costs	49,758	20,390
	<u>4,375,288</u>	<u>4,296,022</u>

b. Staff numbers

The average number of persons employed by the Academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	57	57
Education support	42	40
Administration	7	7
Management	7	7
	<u>113</u>	<u>111</u>

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £60,001 - £70,000	2	2
In the band £90,001 - £100,000	1	1
	<u>3</u>	<u>3</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £32,491 (2013: £31,853).

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FOR THE YEAR ENDED 31 AUGUST 2014

12. TRUSTEES

During the year retirement benefits were accruing to 4 Trustees (2013: 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, including pension costs fell within the following bands:

	2014 £'000	2013 £'000
C Zimmerman, Principal	105-110	100-105
M Lanchester, Staff Trustee (resigned 31 August 2013)	0-5	70-75
B Stubbs, Staff Trustee	25-30	25-30
N Cannon, Staff Trustee	45-50	45-50
Alastair Dixon-Patterson, Staff Trustee	50-55	0-5

During the year, no Trustees received any reimbursement of expenses (2013: £NIL).

13. 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 2014 was £898 (2013: £898). The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2013	11,966,421	1,148,482	219,568	13,334,471
Additions	71,454	21,708	16,183	109,345
At 31 August 2014	12,037,875	1,170,190	235,751	13,443,816
DEPRECIATION				
At 1 September 2013	451,080	478,415	88,588	1,018,083
Charge for the year	240,758	234,038	77,798	552,594
At 31 August 2014	691,838	712,453	166,386	1,570,677
NET BOOK VALUE				
At 31 August 2014	11,346,037	457,737	69,365	11,873,139
At 31 August 2013	11,515,341	670,067	130,980	12,316,388

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FOR THE YEAR ENDED 31 AUGUST 2014

14. TANGIBLE FIXED ASSETS (continued)

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

	2014 £	2013 £
Computer equipment	50,699	99,907

15. DEBTORS

	2014 £	2013 £
Trade debtors	13,910	6,491
Other debtors	38,858	19,353
Prepayments and accrued income	82,164	58,772
	<u>134,932</u>	<u>84,616</u>

**16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £	2013 £
Other loans	6,928	5,725
Net obligations under finance leases	-	49,712
Other taxation and social security	80,136	77,120
Other creditors	91,017	75,598
Accruals and deferred income	119,835	104,775
	<u>297,916</u>	<u>312,930</u>

DEFERRED INCOME

	£
Deferred income at 1 September 2013	64,283
Resources deferred during the year	36,364
Amounts released from previous years	(64,283)
Deferred income at 31 August 2014	<u>36,364</u>

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

See note 17 for details on other loans.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £	2013 £
Other loans	<u>110,856</u>	<u>91,605</u>

Included within the above are amounts falling due as follows:

	2014 £	2013 £
BETWEEN TWO AND FIVE YEARS		
Other loans	<u>27,712</u>	<u>22,900</u>
OVER FIVE YEARS		
Other loans	<u>83,144</u>	<u>68,705</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	<u>83,144</u>	<u>68,705</u>

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 which has subsequently increased due to additional pay being settled by the local authority. At the year end £117,784 (2013: £97,330) remains outstanding. The loan is unsecured and is being repaid by installments with 17 years remaining, at an interest rate of 4.93%.

18. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	<u>269,220</u>	<u>182,448</u>	<u>(81,977)</u>	<u>(111,162)</u>	<u>-</u>	<u>258,529</u>

The Trustees have taken the decision to finance the purchase of certain fixed asset additions in the period from unrestricted reserves.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	-	4,615,951	(4,677,401)	61,450	-	-
High needs funding	-	263,796	(263,796)	-	-	-
Pupil premium	-	231,815	(231,815)	-	-	-
Devolved formula capital	-	19,272	(19,272)	-	-	-
Other DFE/EFA Grants	-	32,510	(32,510)	-	-	-
Other LA Grants	-	14,479	(14,479)	-	-	-
Loan transferred from LA on conversion	(97,329)	-	(20,454)	-	-	(117,783)
Health and Wellbeing Project	-	15,360	(15,360)	-	-	-
Payroll income	-	5,929	(5,929)	-	-	-
School Games Organiser	-	25,127	(25,127)	-	-	-
PGCE Income	-	9,084	(9,084)	-	-	-
SCITT Income	-	725	(725)	-	-	-
Other restricted income	-	23,838	(23,838)	-	-	-
Pension reserve	(640,000)	-	3,000	-	(287,000)	(924,000)
	(737,329)	5,257,886	(5,336,790)	61,450	(287,000)	(1,041,783)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed assets transferred on conversion	12,112,786	-	(481,160)	-	-	11,631,626
Fixed assets purchased from GAG	153,890	-	(60,323)	49,712	-	143,279
	12,266,676	-	(541,483)	49,712	-	11,774,905
Total restricted funds	11,529,347	5,257,886	(5,878,273)	111,162	(287,000)	10,733,122
Total of funds	11,798,567	5,440,334	(5,960,250)	-	(287,000)	10,991,651

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

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

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

Higher 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 Y7 Catch up funding of £22,500 and Summer School funding of £10,010.

The loan transferred from the LA on conversion consists of an Equal Pay Loan transferred from Swindon Borough Council. £117,783 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.

Following a decrease in GAG funding for the year ended 31 August 2014 there was a deficit on the restricted GAG reserve of £111,162. This deficit was due to reduced funding following a lower pupil intake in the previous period. Therefore the Trustees have taken the decision to transfer £111,162 from unrestricted to restricted reserves to reduce this deficit carried forward to nil. The Trustees are confident that future pupil numbers and GAG funding will increase, especially given the opening of the new sixth form centre in September 2014.

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.

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18. STATEMENT OF FUNDS (continued)
SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	269,220	182,448	(81,977)	(111,162)	-	258,529
Restricted funds	(737,329)	5,257,886	(5,336,790)	61,450	(287,000)	(1,041,783)
Restricted fixed asset funds	12,266,676	-	(541,483)	49,712	-	11,774,905
	<u>11,798,567</u>	<u>5,440,334</u>	<u>(5,960,250)</u>	<u>-</u>	<u>(287,000)</u>	<u>10,991,651</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	98,234	-	11,774,905	11,873,139	12,316,388
Current assets	160,295	290,989	-	451,284	526,714
Creditors due within one year	-	(297,916)	-	(297,916)	(312,930)
Creditors due in more than one year	-	(110,856)	-	(110,856)	(91,605)
Pension scheme liability	-	(924,000)	-	(924,000)	(640,000)
	<u>258,529</u>	<u>(1,041,783)</u>	<u>11,774,905</u>	<u>10,991,651</u>	<u>11,798,567</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	(519,916)	(388,747)
Returns on investments and servicing of finance	501	1,096
Depreciation of tangible fixed assets	552,594	541,481
Increase in debtors	(50,316)	(42,137)
Increase in creditors	53,949	(7,972)
Defined benefit pension scheme adjustments	(3,000)	5,000
NET CASH INFLOW FROM OPERATIONS	<u>33,812</u>	<u>108,721</u>

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

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	3,051	5,746
Interest paid	-	(3,290)
Finance lease interest paid	(3,552)	(3,552)
	<u>(501)</u>	<u>(1,096)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(501)</u>	<u>(1,096)</u>
	2014 £	2013 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(109,345)	(23,227)
	<u>(109,345)</u>	<u>(23,227)</u>
	2014 £	2013 £
FINANCING		
Repayment of loans	-	(5,725)
Repayment of finance lease	(49,712)	(49,698)
	<u>(49,712)</u>	<u>(55,423)</u>
NET CASH OUTFLOW FROM FINANCING	<u>(49,712)</u>	<u>(55,423)</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	442,098	(125,746)	-	316,352
DEBT:				
Finance leases	(49,712)	49,712	-	-
Debts due within one year	(5,725)	-	(1,203)	(6,928)
Debts falling due after more than one year	(91,605)	-	(19,251)	(110,856)
	<u>295,056</u>	<u>(76,034)</u>	<u>(20,454)</u>	<u>198,568</u>
NET FUNDS	<u>295,056</u>	<u>(76,034)</u>	<u>(20,454)</u>	<u>198,568</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. 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 2013.

Contributions amounting to £54,544 were payable to the scheme at 31 August 2014 (2013: £49,006) 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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 2014 was £239,000, of which employer's contributions totalled £193,000 and employees' contributions totalled £46,000. The agreed contribution rates for future years are 15.4% for employers and 5.5% to 7.5% for employees.

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

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

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(3,049,000)	(2,321,000)
Fair value of scheme assets	2,125,000	1,681,000
	<u>(924,000)</u>	<u>(640,000)</u>
Net liability	<u>(924,000)</u>	<u>(640,000)</u>

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

	2014 £	2013 £
Current service cost	(184,000)	(168,000)
Interest on obligation	(111,000)	(85,000)
Expected return on scheme assets	105,000	67,000
	<u>(190,000)</u>	<u>(186,000)</u>
Total	<u>(190,000)</u>	<u>(186,000)</u>
Actual return on scheme assets	<u>278,000</u>	<u>173,000</u>

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

	2014 £	2013 £
Opening defined benefit obligation	2,321,000	1,982,000
Current service cost	184,000	168,000
Interest cost	111,000	85,000
Contributions by scheme participants	46,000	45,000
Actuarial Losses	438,000	51,000
Benefits paid	(51,000)	(10,000)
Liability transferred on conversion	-	-
	<u>3,049,000</u>	<u>2,321,000</u>
Closing defined benefit obligation	<u>3,049,000</u>	<u>2,321,000</u>

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23. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening fair value of scheme assets	1,681,000	1,287,000
Expected return on assets	105,000	67,000
Actuarial gains and (losses)	151,000	111,000
Contributions by employer	193,000	181,000
Contributions by employees	46,000	45,000
Benefits paid	(51,000)	(10,000)
	2,125,000	1,681,000

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £363,000 (2013: £76,000).

The Academy expects to contribute £240,000 to its defined benefit pension scheme in 2015.

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

	2014	2013
European equities	71.00 %	72.00 %
European bonds	17.00 %	15.00 %
Property	10.00 %	10.00 %
Cash	2.00 %	3.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.60 %	5.90 %
Rate of increase in salaries	4.40 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.80 %

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

	2014	2013
Retiring today		
Males	22.3	21.3
Females	24.5	23.6
Retiring in 20 years		
Males	24.1	23.3
Females	26.9	25.5

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

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2014 £	2013 £
Defined benefit obligation	(3,049,000)	(2,321,000)
Scheme assets	2,125,000	1,681,000
Deficit	(924,000)	(640,000)
Experience adjustments on scheme liabilities	(438,000)	(51,000)
Experience adjustments on scheme assets	151,000	111,000

24. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
EXPIRY DATE:		
Within 1 year	981	-
Between 2 and 5 years	9,839	10,679

25. 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.

26. CONTROLLING PARTY

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