

**Lickhill Primary School Academy  
(A Company Limited by Guarantee)**

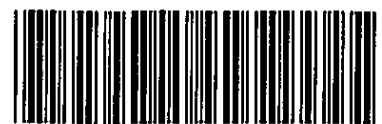
**Annual Report and Financial Statements**

**Period ended 31 August 2012**

**Company Registration Number  
07806338 (England and Wales)**

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## **Lickhill Primary School Academy**

### **Contents**

### **Page**

Reference and Administrative Details	3 - 4
Governors' Report	5 - 8
Governance Statement	9 - 10
Statement on Regularity, Propriety and Compliance	11
Statement of Governors' Responsibilities	12
Independent Auditors' Report	13 - 14
Independent Reporting Accountant's Assurance Report on Regularity to the Academy Trust and Education Funding Agency	15 - 16
Statement of Financial Activities incorporating Income & Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements, incorporating Accounting Policies	20 - 23
Other Notes to the Financial Statements	24 - 36

## **Lickhill Primary School Academy**

### **Reference and administrative details**

#### **Governors**

John Caldwell (resigned 17<sup>th</sup> September 2012)

Hugh Richards (resigned 31<sup>st</sup> August 2012)

Mike Carter (resigned 31<sup>st</sup> August 2012)

Sam Davey (resigned 30<sup>th</sup> October 2012)

Aparna Bhardwaj (Chairperson) – Parent Governor\*

Andrew McKay FCCA – Parent Governor\*

Luke Payton – Community Governor\*

Rhoda Pierpont – Community Governor\* Appointed  
1<sup>st</sup> September 2012

Zoe Davies – Parent Governor

Anne Jones - Staff Representative Appointed 1<sup>st</sup>  
September 2012

Jane Lloyd – Governor Appointed 1<sup>st</sup> September  
2012

Helen Davies – Governor\*

\*Members of the Finance and General Purpose  
Committee

#### **Senior management team**

Helen Davies – Head – Accounting Officer

Rhoda Pierpoint – Deputy Head

Jane Lloyd – Deputy Head

#### **Company Registration Number**

07806338

**Lickhill Primary School Academy**

Principal & Registered Office

Almond Way  
Stourport on Severn  
DY13 8UA

Auditors

Worton Rock  
Chartered Accountants  
Statutory Auditor  
Churchfield House  
36 Vicar Street  
Dudley  
DY2 8RG

Bankers

LloydsTSB Bank Plc  
10- 11 High Street  
Stourport on Severn  
Worcestershire  
DY13 8DA

Solicitors

Stone King  
16 St John's Lane  
London  
EC1M 4BS

## **Lickhill Primary School Academy**

### **Governors' Report**

The governors present their annual report together with the audited financial statements of the Academy for the period ended 31 August 2012

### **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 governors act as the trustees for the charitable activities of Lickhill Primary School Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lickhill Primary School.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

#### *Members' Liability*

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

#### *Principal Activities*

The Academy's principal activity is the provision of primary education, nursery and pre and post school care.

#### *Method of Recruitment and Appointment or Election of Governors*

Governors are recruited from the employees of the Academy, parents (by election) and community governors.

#### *Policies and Procedures Adopted for the Induction and Training of Governors*

The Academy carries out the appropriate training for new Governors.

#### *Organisational Structure*

The management structure of the Academy consists of the Governors and the Leadership Team.

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

The Leadership Team is led by the Head and comprises the personnel listed on page 3. These senior leaders manage the Academy at an executive level, implementing the policies agreed by the Governors and reporting back to them on progress. The Head and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

#### *Risk Management*

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operating areas of the Academy, its finances. Appropriate systems, policies, procedures and controls have been put in place so as to ensure that the various risks do not impact adversely on the Academy's operations. Appropriate insurances are in place.

#### *Connected Organisations, including Related Party Relationships*

There are no connected organisations or related party relationships.

## **Lickhill Primary School Academy**

### **Governors' Report (continued)**

#### **Objectives and Activities**

##### Objects and Aims

The principal activity of the charitable company is the operation of the Lickhill Primary School to provide education for pupils of different abilities up to the age of 11

The principal objectives of the Academy are

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all pupils
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To comply with the appropriate statutory and curriculum requirements
- To make the Academy a valued community resource

##### Public Benefit

In setting our objectives the governors' have given careful consideration to the Charity Commissions guidance on public benefit

The primary purpose of the Academy is the advancement of education within the local area

The Academy runs an extended day, offering a safe place for pupils while parents are working. The Academy operates both pre and post school care and an onsite nursery

The Academy has given a high priority to providing public benefit to a cross section of the community regardless of family background, but perhaps the greatest benefit that the Academy can offer is the provision of an education that maximises each student's potential

#### **Achievements and Performance**

The Governors are very pleased with Pupil achievement, especially by the end of Key Stage Two. The following results form part of the review of achievement

- The 2012 Year 6 pupils were 0.9 National Curriculum Points below the national average in their Key Stage 1 results. By the end of KS2 they were significantly above (sig +) across all subjects by 1.7 points, an increase of 2.6 points
- Value added scores across all subjects is significantly higher (sig +) than national averages (101.8) – percentile rank 5
- Value added scores in English is significantly higher (sig +) than national averages (101.6) – percentile rank 6
- Value added scores in mathematics is significantly higher (sig +) than national averages (101.8) – percentile rank 7 and has been significantly higher for two years
- Relative attainment is significantly higher (sig +) across all subjects
- 50% of pupils made at least 3 levels progress in English
- 60% of pupils made at least 3 levels progress in reading, 10% made 4 levels progress
- 45% of pupils made at least 3 levels progress in writing, including 15% who went from level W/1 to level 4
- 60% of pupils made at least 3 levels progress in mathematics, including 15% who went from level 1 to 4
- All pupils made at least 2 levels progress in English and mathematics
- Attainment in mathematics at level 5 is significantly higher than national averages
- Attainment in English and mathematics at level 5 is significantly higher than national averages

## **Lickhill Primary School Academy**

### Going Concern

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

### Key Performance Indicators

The Governors review regular assessments of the performance of the Academy. The Governors review exam results as a key performance of the Academy's continuing success, but they also review the improvements of each year group and individuals to ensure that the Academy's teaching activities are effective and there is continuing improvement at all levels.

### **Financial Review**

The School converted to an Academy on 1 February 2012. The first 7 months have seen the Academy achieve a small deficit. A number of improvements have been made to the Academy during this period with improved security and the investment in the Academy's infrastructure. The Governors continue to apply for capital funding to further improve the Buildings and eliminate the need for mobile classrooms. The Academy is still in negotiation with the EFA and Local Authority concerning the previous deficit of the LA Funded School.

Pupil numbers continue to increase and this will ultimately result in additional Grant income. The Governors are committed to reinvest back into the Academy, its facilities and resources. The Academy operates nursery and wrap around care, the surpluses from which are reinvested back into the Academy.

### Financial & Risk Management Objectives and Policies

The School converted to an Academy on 1 February 2012. The Academy brings with it a deficit from the LA funded school. This deficit is still under negotiation with the LA and YPL. The Governors are happy that the deficit can be repaid without any severe impact on the educational spending within the Academy. Please refer to note 27 for further details of the deficit.

The majority of the income of the Academy is GAG Funding from the YPLA to provide education. The Academy receives income from its Nursery and wrap around care facilities. The Academy helps to support other like-minded organisations through the secondment of staff and consultation and training activities.

### Principal Risks and Uncertainties

The Academy has inherited a number of building related issues on the transfer of the School buildings. The Governors are continuing to apply for funding to improve the overall facilities within the Academy and the elimination of temporary classroom accommodation.

Funds have already been spent on ensuring a safe and secure environment with new security gates and fencing.

### Reserves policy

The policy of the Governors is to maintain a level of reserves that will be adequate to provide a stable basis for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated.

The Academy inherited a pension scheme deficit in respect of the local Government Pension Scheme of £55,000 on conversion to Academy status. This deficit has increased to £62,000 as at 31 August 2012. The liability is included in restricted reserves and the Academy will have to meet any long term liability out of restricted reserves. In order to repay the deficit employer contributions are to increase by 2.8% to 13.5%. This deficit is considered a long term deficit and not an immediate liability.

The Academy also inherited a deficit from the LA funded school of £42,133. This deficit is still under negotiation with the LA and YPL. The Governors are satisfied that the deficit can be repaid without any severe impact on the educational spending within the Academy.

## **Lickhill Primary School Academy**

The governors are happy that in the first 7 months of Academy status progress has been made and are optimistic that they can increase the school reserves and eliminate deficits for the future

### Investment Policy

The Academy's policy is to invest surplus funds in low risk short term bank deposits

### Plans for the Future Periods

The Governors continue to promote the Academy within the local community

The Governors have applied and received planning approval for the development of the Academy Buildings, subject to the availability of appropriate Grant income. This plan will be implemented over the coming years

## **Auditor**

In so far as the governors are aware

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

Approved by order of the members of the Governing Body on 21st December 2012 and signed on its behalf by

  
APARNA BHARDWAJ

Chairperson



## **Lickhill Primary School Academy**

### **Governance Statement**

#### **Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Head, 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 Lickhill Primary School Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The Governors meet as a full Governing body each half term and as required to make decisions and review the progress of the school.

The Full Governing body is subdivided into specific committees:

- Finance Committee – to oversee all financial aspects of the Academy
- Curriculum Committee – to oversee the curriculum and educational standards and policies
- People Committee – to monitor staff and relationships with parents and the community

These committees meet on a regular basis, with the finance committee meeting at least once a term to review the financial reports of the Academy.

The non-confidential minutes are published on the Academy's website detailing the topics discussed and the attendees at such meetings.

#### **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's 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 Lickhill Primary School Academy for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

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

#### **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 by the Governing Body,
- Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major plans, capital works and expenditure programmes,

## Lickhill Primary School Academy

- Setting targets to measure financial and other performance,
- Clearly defining purchasing (asset purchase or capital investment guidelines)
- Delegation of authority and segregation of duties
- Identification and management of risks

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

S Davey resigned at the end of October 2012 and the Governors will be appointing a new RO at the next full meeting. The Governors have made the decision to delegate the review of the Academy's system of financial controls to an external firm of Auditors, who will report back to the RO. The External Audit of the Academy's financial systems will help the RO meet the obligations as defined by the YPLA and report back to the Governors.

### Review of Effectiveness

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

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

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

Approved by order of the members of the Governing Body on 21st December 2012 and signed on its behalf by

  
APARNA BHARDWAJ  
Chairperson

  
HELEN DAVIES  
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Lickhill Primary School Academy I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**HELEN DAVIES**

**Accounting officer**

**21st December 2012**

## **Lickhill Primary School Academy**

### **Statement of Governors' Responsibilities**

The Governors (who act as trustees for charitable activities of Lickhill Primary School Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the YPLA /DfE have been applied for the purposes intended. The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Lickhill Primary School Academy**

### **Independent Auditor's Report to the Members of Lickhill Primary School Academy**

We have audited the financial statements of Lickhill Primary School Academy for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, and the Financial Reporting Standards for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

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

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2012, 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 Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

**Lickhill Primary School Academy**

**Independent Auditor's Report (Continued) to the Members of Lickhill Primary School Academy**

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of governors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report



David Burrows (Senior Statutory Auditor)  
for and on behalf of Worton Rock Limited  
Chartered Accountants  
Statutory Auditor  
Churchfield House  
36 Vicar Street  
Dudley  
West Midlands  
DY2 8RG

21st December 2012

## **Lickhill Primary School Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to Lickhill Primary School Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 1 August 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lickhill Primary School during the period 1 February 2012 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

#### **Respective responsibilities of Lickhill Primary School Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Lickhill Primary School Academy's funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 February 2012 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

#### **Approach**

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

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

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

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

#### **Work undertaken**

- Performed an evaluation of General (regularity of activities) including review and corroboration of most recent Financial Management and Governance Evaluation
- Confirmed appropriate departmental authority has been obtained with regard to delegated authorities (special payments)
- Confirmed approval has been obtained from DfE with respect to borrowings
- Confirmed approval has been obtained from DfE with respect to sale of assets
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Reviewed expenditure against specific terms of grant funding within the funding agreement

## Lickhill Primary School Academy

### Independent Reporting Accountant's Assurance Report on Regularity to Lickhill Primary School Academy and the Education Funding Agency (Continued)

- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body meetings for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects

#### Conclusion

In the course of our work, [except for the matters listed below] nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 February 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

#### Matter 1

During the period S Davey was appointed as Responsible Officer. She subsequently resigned as a governor on 30 October 2012. During the period under review no Responsible Officer checks were completed. We understand that the Governors intend to appoint a new Responsible Officer at the next full meeting and that the Governors are also delegating the review of its financial controls to us as Auditors to report back to the new Responsible Officer.

#### Matter 2

Expenditure individually in excess of £1,000 is required to have governing body approval per the finance policy. In the sample of expenditure tested, it was found that governing body approval was not obtained for items individually in excess of the limits set out in the Academy Finance Policy.



David Burrows  
Worton Rock Limited  
Independent Reporting Accountant  
Churchfield House  
36 Vicar Street  
Dudley  
West Midlands  
DY2 8RG

21st December 2012



**Lickhill Primary School Academy**

**Statement of Financial Activities for the Period ended 31 August 2012**  
**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	-	-	-	-
Activities for generating funds	4	68,058	10,454	-	78,512
Investment income	5	59	-	-	59
<i>Incoming resources from charitable activities</i>					
Transferred from Local Authority on conversion	27	3,958	(94,589)	1,118,810	1,028,179
Funding for the Academy's educational operations	6	-	389,760	5,766	395,526
<b>Total Incoming resources</b>		<b>72,075</b>	<b>305,625</b>	<b>1,124,576</b>	<b>1,502,276</b>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Costs of generating voluntary income					
Fundraising trading	8	53,273	-	-	53,273
<i>Charitable activities</i>					
Academy's educational operations	8	-	360,663	26,595	387,258
Governance costs	9	3,853	5,843	-	9,696
<b>Total resources expended</b>	7	<b>57,126</b>	<b>366,506</b>	<b>26,595</b>	<b>450,227</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>14,949</b>	<b>(60,881)</b>	<b>1,097,981</b>	<b>1,052,049</b>
Gross transfers between funds	15	-	(10,356)	10,356	-
<b>Net income/(expenditure) for the period</b>		<b>14,949</b>	<b>(71,237)</b>	<b>1,108,337</b>	<b>1,052,049</b>
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined benefit pension schemes	15,25	-	(7,000)	-	(7,000)
<b>Net movement in funds</b>		<b>14,949</b>	<b>(78,237)</b>	<b>1,108,337</b>	<b>1,045,049</b>
<b>Reconciliation of funds</b>					
<b>Funds carried forward at 31 August 2012</b>	15	<b>14,949</b>	<b>(78,237)</b>	<b>1,108,337</b>	<b>1,045,049</b>

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

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

**Lickhill Primary School Academy**

**Balance sheet as at 31 August 2012**

		2012	
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	12		1,071,032
<b>Current assets</b>			
Debtors	13	55,438	
Cash at bank and in hand		<u>106,799</u>	
		162,237	
Creditors Amounts falling due within one year	14	<u>126,220</u>	
Net current assets			36,017
Total assets less current liabilities			<u>1,107,049</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	25		(62,000)
<b>Net assets including pension liability</b>			<u>1,045,049</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset fund(s)	15	1,108,337	
General fund(s)	15	(16,237)	
Pension reserve	15	<u>(62,000)</u>	
<b>Total restricted funds</b>			1,030,100
<b>Unrestricted funds</b>	15		<u>14,949</u>
<b>Total funds</b>			<u>1,045,049</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 17 to 36 were approved by the Governors, and authorised for issue on 21st December 2012 and are signed on their behalf by

  
 .....  
 APARNA BHARDWAJ  
 Chairperson

**Lickhill Primary School Academy**

Company Limited by Guarantee  
Registration Number 07806338

**Cash Flow Statement for the Period ended 31 August 2012**

	Notes	£
<b>Net cash inflow from operating activities</b>	19	79,790
Returns on investments and servicing of finance	20	59
Capital expenditure	21	(23,255)
Cash transferred on conversion to an Academy Trust		50,205
<b>(Decrease)/Increase in cash in the year</b>	22	<u>106,799</u>
<b>Reconciliation of net cash flow to movement in net funds</b>		
<b>Net funds at 31 August 2012</b>		<u>106,799</u>

## **1 Accounting Policies**

### **Basis of Preparation**

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

### **Going Concern**

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

### **Incoming Resources**

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

- **Grants receivable**

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

- **Sponsorship income**

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.

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind**

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 Academy's policies.

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

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

The Academy's land and buildings have been included within the accounts on the basis of the valuation commissioned by the EFA. A house on the Academy property has been included at open market value based on a professional valuation. Further details of the transaction are set out in note 27.

**Resources Expended**

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

- **Costs of generating funds**

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

- **Charitable activities**

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

- **Governance Costs**

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

All resources expended are excluding VAT.

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

**1 Accounting Policies (continued)**

**Tangible Fixed Assets**

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

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

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

Freehold buildings	5 years/25 years
Furniture and equipment	5 years
Computer equipment	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

**Leased Assets**

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

**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.

**Pensions Benefits**

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 25, 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.

**1 Accounting Policies (continued)**

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

**Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Young People's Learning Agency/Department for Education.

**2 General Annual Grant (GAG)**

<b>a Results and carry forward for the year</b>	<b>2012</b>
	<b>£</b>
GAG brought forward from previous year	-
GAG allocation for current year	366,801
<b>Total GAG available to spend</b>	<b>366,801</b>
Recurrent expenditure from GAG	(349,104)
Fixed assets purchased from GAG	(10,356)
<b>GAG carried forward to next year</b>	<b>7,341</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	44,016
<b>GAG to surrender to DfE</b>	<b>Nil</b>
(12% rule breached if result is positive)	No breach

**3 Voluntary Income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2012 £</b>
Donations - capital	-	-	-
Private sponsorship	-	-	-
Other donations	-	-	-
	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**4 Activities for Generating Funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2012 £</b>
Hire of facilities	-	6,200	6,200
Income from Wrap around care	52,978	-	52,978
Miscellaneous income	15,080	4,254	19,334
	<b>68,058</b>	<b>10,454</b>	<b>78,512</b>

**5 Investment Income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2012 £</b>
Short term deposits	59	-	59
	<b>59</b>	<b>-</b>	<b>59</b>



**Lickhill Primary School Academy**

**Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)**

**6 Funding for Academy's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
<b>DfE/YPLA capital grant</b>			
Academy main building grants	-	-	-
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
<b>DfE/YPLA revenue grants</b>			
General Annual Grant (GAG) (note 2)	-	366,801	366,801
Other DfE / YPLA grants	-	28,725	28,725
	<u>Nil</u>	<u>395,526</u>	<u>395,526</u>
<b>Other Government grants</b>			
School Standards Funds	-	-	-
Special educational projects	-	-	-
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

**7 Resources Expended**

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2012 £
Costs of activities for generating funds	45,134	6,200	1,939	53,273
Academy's educational operations				
Direct costs	281,127	24,118	19,371	324,616
Allocated support costs	32,037	10,903	19,702	62,642
	<u>358,298</u>	<u>41,221</u>	<u>41,012</u>	<u>440,531</u>
Governance costs including allocated support costs	-	-	9,696	9,696
	<u>358,298</u>	<u>41,221</u>	<u>50,708</u>	<u>450,227</u>

The method used for the apportionment of support costs is disclosed in the accounting policies

**7 Resources Expended (Continued)**

	2012
	£
Incoming/outgoing resources for the year include:	
Operating leases	574
Fees payable to auditor	
Audit	5,500
Other services	-

**8 Charitable Activities - Academy's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
<b>Direct costs</b>			
Teaching and educational support staff			
Costs	45,134	281,127	326,261
Depreciation	-	24,119	24,119
Educational supplies	338	12,871	13,209
Staff development	25	957	982
Educational consultancy	-	1,115	1,115
Other direct costs	1,452	4,427	5,879
	<u>46,949</u>	<u>324,616</u>	<u>371,565</u>
<b>Allocation supported costs</b>			
Support staff costs	-	32,037	32,037
Depreciation	-	2,476	2,476
Recruitment and support	-	2,135	2,135
Maintenance of premises and equipment	-	6,055	6,055
Cleaning	29	1,298	1,327
Rent & rates	6,200	2,372	8,572
Insurance	-	2,008	2,008
Other support costs	95	14,261	14,356
	<u>6,324</u>	<u>62,642</u>	<u>68,966</u>
	<u>53,273</u>	<u>387,258</u>	<u>440,531</u>

**9 Governance Costs**

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	2,853	1,343	4,196
Auditor's remuneration	1,000	4,500	5,500
	<u>3,853</u>	<u>5,843</u>	<u>9,696</u>

# Lickhill Primary School Academy

## Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

### 10 Staff Costs

	2012 £
Staff costs during the period were	
Wages and salaries	297,260
Social security costs	19,933
Pension costs	38,013
	<u>355,206</u>
Supply teacher costs	3,092
	<u>358,298</u>

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

	2012 Number	2012 Full-time equivalent
<b>Charitable Activities</b>		
Teachers	9	9
Administration and support	18	12
Management	1	1
	<u>28</u>	<u>22</u>

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

	2012
£70,001 - £80,000	<u>1</u>
	<u>1</u>

### 10 Staff Costs (continued)

The above employee participated in the Teacher's Pension Scheme During the period ended 31 August 2012, pension contributions for this staff member amounted to £4,919

### 11 Governors' Remuneration and Expenses

Principal and staff governors only received remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors The value of the Principal and staff governors' remuneration including employer pension contributions was £43,808 Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors Related party transactions involving the governors are set out in note 26

# Lickhill Primary School Academy

## Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

### 12 Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
<b>Cost or Valuation</b>				
Additions	18,665	7,798	2,558	<b>29,021</b>
Transfer on conversion	1,068,606	-	-	<b>1,068,606</b>
Disposals	-	-	-	-
At 31 August 2012	<u>1,087,271</u>	<u>7,798</u>	<u>2,558</u>	<u><b>1,097,627</b></u>
<b>Depreciation</b>				
Charged in period	25,387	910	298	<b>26,595</b>
Disposals	-	-	-	-
At 31 August 2019	<u>25,387</u>	<u>910</u>	<u>298</u>	<u><b>26,595</b></u>
<b>Net book values</b>				
At 31 August 2012	<u>1,061,884</u>	<u>6,888</u>	<u>2,260</u>	<u><b>1,071,032</b></u>

Included in the above are assets at cost £29,021 and at valuation £1,068,606

The Freehold Land and Buildings were transferred to the Academy on conversion. The land and buildings have been included based on the EFA commissioned valuation on a continued use basis, with a residual life of 25 years. Included in the valuation was a value of Land totalling £73,937, on a continuing use basis. The land element has not been depreciated.

The land is subject to rights of way of an adjacent School. The playing fields are not included as an asset of the Academy and ownership remains with Worcestershire LA. The Academy has a joint shared use agreement with St Wulstan's School in respect of the playing fields. A house on the school property has been included at open market value based on an independent professional valuation.

### 13 Debtors

	2012 £
Trade debtors	10,236
Prepayments	29,966
Other debtors	<u>15,236</u>
	<u><b>55,438</b></u>

### 14 Creditors' amounts falling due within one year

	2012 £
Trade creditors	45,439
Other taxation and social security	9,734
Other creditors	50,527
Accruals and deferred income	<u>20,520</u>
	<u><b>126,220</b></u>

**15 Funds**

	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2012 £
<b>Restricted general funds</b>				
Restricted general funds	360,625	(366,506)	(10,356)	(16,237)
Pension reserve	(55,000)	-	(7,000)	(62,000)
	<u>305,625</u>	<u>(366,506)</u>	<u>(17,356)</u>	<u>(78,237)</u>
<b>Restricted fixed asset funds</b>				
DfE/YPLA capital grants	5,766	-	-	5,766
Capital expenditure from GAG	-	-	10,356	10,356
Assets transferred on conversion	1,118,810	(26,595)	-	1,092,215
	<u>1,124,576</u>	<u>(26,595)</u>	<u>10,356</u>	<u>1,108,337</u>
<b>Total restricted funds</b>	<u>1,430,201</u>	<u>(393,101)</u>	<u>(7,000)</u>	<u>1,030,100</u>
<b>Unrestricted funds</b>	72,075	(57,126)	-	14,949
<b>Total funds</b>	<u>1,502,276</u>	<u>(450,227)</u>	<u>(7,000)</u>	<u>1,045,049</u>

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

Restricted funds are GAG related and are restricted to the purpose to which they are received

**16 Analysis of net assets between funds**

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £0
Tangible fixed assets	-	-	1,071,032	1,071,032
Current assets	14,949	109,983	37,305	162,237
Current liabilities	-	(126,220)	-	(126,220)
Pension scheme liability	-	(62,000)	-	(62,000)
<b>Total net assets</b>	<u>14,949</u>	<u>(78,237)</u>	<u>1,108,337</u>	<u>1,045,049</u>

**Lickhill Primary School Academy**

**Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)**

**17 Capital commitments**

	<b>2012 £</b>
Contracted for, but not provided in the financial statements	<u>Nil</u>

**18 Financial commitments**

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

	<b>2012 £</b>
<b>Land and buildings</b>	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring in over five years	-
	<u>Nil</u>
<b>Other</b>	
Expiring within one year	-
Expiring within two and five years inclusive	1,150
Expiring in over five years	-
	<u>1,150</u>

**19 Reconciliation of net income to net cash inflow from operating activities**

	<b>2012 £</b>
Net income	1,052,049
Depreciation (note 12)	26,595
Net Assets transferred from LA on conversion	(1,028,179)
Interest receivable (note 5)	( 59)
Capital grants from DfE/YPLA	(5,766)
(Increase)/decrease in debtors	(48,937)
(Increase)/decrease in creditors	84,087
<b>Net cash inflow from operating activities</b>	<u>79,790</u>

**20 Returns on investments and servicing of finance**

Interest received	59
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>59</u>

**21 Capital expenditure and financial investment**

Purchase of tangible fixed assets	(29,021)
Capital grants from DfE/YPLA	5,766
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>(23,255)</u>

## 22 Analysis of changes in net funds

	Cash flows £	At 31 August 2012 £
Cash in hand and at bank	106,799	106,799
	<u>106,799</u>	<u>106,799</u>

## 23 Contingent Liabilities

There are no contingent liabilities

## 24 Members' Liability

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

## 25 Pension and similar obligations

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

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

Contributions amounting to £8,393 were payable to the schemes at 31 August and are included within creditors

### Teachers' Pension Scheme

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

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

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

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

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire

## 25 Pension and similar obligations (continued)

active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

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

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

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

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

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

### Local Government Pension Scheme

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the period ended 31 August 2012 was £14,043, of which employer's contributions totalled £9,849 and employees' contributions totalled £4,194. The agreed contribution rates for future years are 13.5% for employers and between 5.5% and 5.9% for employees.



**Lickhill Primary School Academy**

**Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)**

**25 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

**Principal Actuarial Assumptions**

**At 31  
August  
2012**

Rate of increase in salaries	3.9%
Rate of increase for pensions in payment / inflation	2.4%
Discount rate for scheme liabilities	4.7%
Inflation assumption (CPI)	2.4%
Commutation of pensions to lump sums	50%

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

**At 31  
August  
2012**

*Non-retired Members*

Males	98%
Females	93%

*Retired Members*

Males	98%
Females	93%

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

	<b>Expected return at 31 August 2012</b>	<b>Fair value at 31 August 2012 £000</b>
Equities	7.0%	13
Government Bonds	2.5%	0
Other Bonds	3.4%	1
Property	6.0%	-
Cash	0.5%	0
Other	7.0%	0
<b>Total market value of assets</b>		<b>14</b>
<b>Present value of scheme liabilities</b>		
- Funded		(76)
<b>Surplus/(deficit) in the scheme</b>		<b>(62)</b>

The actual return on scheme assets was £0

Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2012 £000
Current service cost (net of employee contributions)	8
Total operating charge	<u>8</u>
<b>Analysis of pension finance income / (costs)</b>	
Interest on pension liabilities	<u>(2)</u>
<b>Pension finance income / (costs)</b>	<u>(2)</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £ 3,000 loss.

Movements in the present value of defined benefit obligations were as follows.

	2012 £000
Current service cost	12
Past service cost	-
Interest cost	2
Employee contributions	4
Actuarial (gain)/loss	3
Curtailments and settlements	-
Benefits paid	-
<b>At 31 August</b>	<u>21</u>

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

	2012 £000
Expected return on assets	-
Actuarial gain/(loss)	-
Employer contributions	10
Employee contributions	4
<b>At 31 August</b>	<u>14</u>

**25 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

The estimated value of employer contributions for the year ended 31 August 2013 is £22,000

The history to date of experience adjustments is as follows:

	<b>2012 £000</b>
Present value of defined benefit obligations	(76)
Fair value of share of scheme assets	14
Surplus/(Deficit) in the scheme	<u>(62)</u>
Experience adjustments on share of scheme assets	<u>-</u>
Experience adjustments on scheme liabilities:	<u>-</u>

**26 Related Party Transactions**

There are no related party transactions

## Lickhill Primary School Academy

### Notes to the Financial Statements for the Period Ended 31 August 2012 (continued)

#### 27 Conversion to an Academy Trust

On 1 February 2012 the Lickhill Primary School converted to Academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Lickhill Primary School Academy from the Worcestershire Local Authority for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net [income/resources expended] in the Statement of Financial Activities as [voluntary income/other resources expended]

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets				
Freehold / leasehold land and buildings	-	-	1,068,605	1,068,605
Budget surplus / (deficit) on LA funds	-	(42,133)	-	(42,133)
Budget surplus / (deficit) on other school funds			50,205	50,205
LGPS pension surplus / (deficit)	-	(55,000)	-	(55,000)
Other identified assets and liabilities	3,958	2,544	-	6,502
<b>Net assets / (liabilities)</b>	<b>3,958</b>	<b>(94,589)</b>	<b>1,118,810</b>	<b>1,028,179</b>

The above net assets include £50,205 that were transferred as cash

The Land and Buildings were transferred freehold subject to certain rights of way and did not include the shared access playing fields