

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

Governors

Mrs G Hayward, Chair, Co-opted Governor
Mr A Harris, Head Teacher
Mr T Andrews, Staff Governor
Mrs L Price, Staff Governor (resigned 1st November 2013)
Mrs L Chase, Foundation Governor
Mrs M Clarke, Foundation Governor
Dr J Cordwell, Foundation Governor
Miss A Dixon, Foundation Governor
Mr V Jotcham, Foundation Governor
Mrs J Kendall, Foundation Governor
Ms R Robinson, Parent Governor (appointed 19th September 2012)
Mr M Valentine, Parent Governor
Mr C Sanders, Parent Governor
Mr S Harding, Parent Governor
Mr M Challis, Co-opted Governor * (re-appointed 19th September 2012)
Mr G Robson, Co-opted Governor

* Previously appointed on 7th July 2011 and resigned on 31st August 2012.

Company secretary

Mr S Blackshaw (appointed 10th October 2012)
Mrs D Pavey (appointed 7th November 2011, resigned 10th October 2012)

Senior management team

Mr A Harris, Head teacher
Miss H Khan, Deputy Head teacher
Mr C Mann, Deputy Head teacher
Miss F Bailey, Assistant Head teacher (appointed 1st September 2013)
Miss K John, Assistant Head teacher (appointed 1st September 2013)
Mr R Warren, Assistant Head teacher
Mrs J Whalley, Assistant Head teacher
Mr S Blackshaw, Finance & Business Director

Principal and registered office

Kingswood Road
Wotton-Under-Edge
Gloucestershire
GL12 8RB

Company registered number

07696921

Statutory Auditor

Davies Mayers Barnett LLP
Pillar House
113/115 Bath road
Cheltenham
Gloucestershire
GL53 7LS

Bankers

Lloyds TSB
12 Rowcroft
Stroud
Gloucestershire
GL5 3BD

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
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Advisers (continued)

Solicitors

Harrison Clark Rickerbys LLP
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

KATHARINE LADY BERKELEY'S SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2013

The Governors (who act as trustees of Katharine Lady Berkeley's School and are also directors of the charitable company for the purposes of company law) present their annual report together with the audited financial statements of Katharine Lady Berkeley's School (the Academy) for the year ended 31st August 2013. The Governors confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

CONSTITUTION

The Academy was incorporated on 7th July 2011 and commenced as an Academy Trust from 1st August 2011.

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

The Governors act as the Trustees for the charitable activities of Katharine Lady Berkeley's School and are also the directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as Katharine Lady Berkeley's School.

Details of the Governors who served throughout the year, except as noted, are included in the Reference and Administrative Details.

MEMBERS' LIABILITY

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

GOVERNORS' INDEMNITIES

The Academy has Governors Liability insurance with Zurich Municipal until the current policy expiry on 30th July 2014.

PRINCIPAL ACTIVITIES

The purposes of the Academy are those set out in the Articles of Association and the Funding Agreement. They include the following:

- the school has a balanced and broadly based curriculum including English, Mathematics and Science;
- the curriculum provided for pupils up to the age of 16 will include an emphasis on languages;
- the school provides education for pupils of different abilities;
- the school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated;
- there will be an emphasis on the need of individual pupils including pupils with Special Educational Needs (SEN);
- the school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community.

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

Eligibility to act as a Governor of the Academy is described in paragraphs 45 to 81 of the Articles of Association.

Governors are sought via election from the parent body and co-opted from the local community dependent upon skill requirements.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The school has adopted an in-house programme of induction for all new Governors. This includes information about the school, the Company and the Trust.

Each new Governor meets individually with the Headteacher and is assigned a mentor from the Governing Body.

GOVERNORS

All Governors are both Directors of the Company and Trustees of the Charity. This encourages participation, devolves responsibility and encourages decision-making.

The Governors are responsible for setting strategic direction and general policy. They adopt an annual development plan and budget and monitor the development of the Academy through these.

They make decisions about the future direction of the Academy, capital expenditure and, with the Senior Management Team (SMT), on staff appointments.

Committees monitor the effectiveness of the school through the following committee structure:-

- Teaching and Learning
- Management (Finance and Premises)
- Health & Safety
- Wellbeing (Pastoral and Safeguarding)
- Staffing

Each committee reports to the full Governing Body.

Meetings are at least termly and evidence such as Position Papers, live data and benchmarking are provided by the school for Governors' information.

The school contracts School Improvement Partner from Gloucestershire County Council. This provides Governors with further objective evidence supporting or challenging the work of the school's management team.

ORGANISATIONAL STRUCTURE

On a day-to-day basis the operational running of the Academy has been delegated to the Head teacher. The Head teacher is able to delegate the day to day running of the school to the deputy Head teachers. The Head teacher acts as the Accounting Officer. The Senior Management Team comprises the Headteacher and 7 other members of staff.

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

RISK MANAGEMENT

The Governors are responsible for the management of risks faced by the Academy. The Governors are assisted in this task by the Management Committee, which comprises members of the Governing Body, and by the Senior Management Team.

The Governors' Health & Safety Committee meets termly and reports back to the full Governing Body. Continuity between these bodies is maintained through the Chair of the Management Committee.

The key controls used by the Academy include:

- Formal agendas for all Committee and Governors' meetings;
- Detailed terms of reference for all Committees;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Setting procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Academy, the Governing Body are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

As described in our Funding Agreement, the school's curriculum includes an emphasis on languages. This specialism also includes supporting languages in local primary schools at Key Stage 2. The initial agreement to be awarded Academy Status includes a commitment to continue to support languages in five named primary schools, The British School, Blue Coat CofE School, Kingswood Primary School, Hillesley CofE Primary School and North Nibley CofE Primary School.

The Headteacher is a secondary Headteacher representative on the Gloucestershire Schools Forum. The Chair of Governors also chairs Gloucestershire Schools' Forum and as such sits on the Education Forum and Children's Partnership Boards for the County. She is also an Executive member of the f40 school funding campaign group.

The Academy continues to work with the Confucius Classroom based at the London Institute of Education. This work includes acting as a Confucius Hub School in order to support partner schools in developing Chinese Language Education.

Objectives and Activities

OBJECTS AND AIMS

At the Academy we aim to provide a safe, stimulating and enjoyable learning environment so that all pupils are motivated to achieve the highest standards of which each is capable. Pupils will gain a wide range of knowledge, understanding and skills, including the ability to communicate in foreign languages, so that they can leave the school as confident members of society with the best possible opportunities for success in employment, continuing education and adult life.

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

OBJECTS AND AIMS (continued)

In pursuing this aim, the school will work in partnership with parents and the wider community to:

- maintain a culture in which all pupils want to succeed and in which high achievement and excellence are positively viewed by all members of the school community.
- ensure that equal opportunities are available for every pupil to fulfil his or her potential, irrespective of physical or intellectual ability, gender or cultural background.
- support all members of the school community, and encourage pupils to support each other, in building and maintaining self-esteem, self-confidence and a positive self-image.
- enable pupils to develop the knowledge, understanding and skills to express themselves with confidence and clarity.
- provide pupils with the skills, knowledge and understanding to be able to operate confidently and effectively in the global society of the future.
- provide a broad and balanced education which enables pupils to appreciate, understand and care about the world around them and the society in which they live so that they can question, argue rationally and make informed decisions.
- promote the creative, aesthetic, cultural, imaginative and spiritual development of all pupils.
- support the physical development of pupils.
- promote the development of social and personal moral values which include self-responsibility and a caring approach towards others.
- encourage pupils to respect, value and benefit from the diversity of race, religion and culture in the world around them.
- promote the development of the personal and inter-personal skills and sensitivity which are required for personal relationships, family life and relationships with those in the workplace.
- provide pupils with the skills, knowledge, understanding and flexibility to be able to make informed career decisions and cope confidently with the changes that will occur in the world around them during their adult lives.

OBJECTIVES, STRATEGIES AND ACTIVITIES

To achieve our objectives and aims the Academy is governed, led and managed in a way which facilitates self-critical review, ambitious but realistic strategic planning, prudent budgeting and effective development planning. It is also outward-looking since it involves analysis of aspects of a changing world and other political, social and economic factors which may affect the nature and relevance of our provision and the demand for the education we offer. Good communication is vital so that pupils, parents and staff feel engaged and clear about the Academy's values, purpose and direction.

The long term aims, objectives and strategies are reviewed annually during a development planning process. The Headteacher reports on progress in implementing the development plan to Governors on a termly basis. In September and October, the Senior Management Team analyse the outcomes of the previous academic year, including GCSE and A Level results to assess the overall performance of the school and to identify any groups of pupils or subject areas for which there are concerns. The overall outcomes are discussed with the full Governing Body while the more detailed analyses are discussed with the Governors Teaching and Learning Committee. The Academy also has a well-established programme of staff performance, appraisal and target-setting.

PUBLIC BENEFIT

All the activities undertaken by the Academy Trust are for the education of its pupils and the good of the wider local community. As such the primary objective of the Academy Trust is to support those objectives and there is no financial return to any shareholders.

The Academy Trust Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising powers or duties. This has been with particular reference to Principles 1 and 2 as found in "The Advancement of Education for the Public Benefit, 2008".

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GOVERNORS' REPORT (continued)
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Achievements and performance

ACHIEVEMENTS

While there are many measures of a school's performance, the key measures for a secondary school are outcomes at GCSE and at A level. At the time of writing the national comparative statistics are not available for students completing their courses in summer 2012 but the headline statistics are as shown below. The GCSE results for English were lower than projected as the school was affected by the much publicised issues surrounding the grading of English Language:

GCSE	% achieving 5 or more grades A* to C	69%
	% entries resulting in grades A/A*	32%
	% achieving the English Baccalaureate	41%
	% achieving the expected progress in English	76%
	% achieving the expected progress in mathematics	75%

A level % entries resulting in grades A*/A/B	65%
Average points score per entry	227.2

The above results are very good. The school uses a range of benchmarking tools to evaluate performance including Raise Online (OFSTED), Fischer Family Trust and ALPS (A Level Performance System) and the Learner Achievement Tracker (LAT).

Ofsted Inspection

The school was inspected by OFSTED during 2012/13, in October 2012. The overall judgement was that this is a 'Good' school, i.e. an OFSTED Grade 2. The grades for the four main areas of inspection were as follows:

Achievement of pupils:	Good (Grade 2)
Quality of teaching:	Good (Grade 2)
Behaviour and safety of pupils:	Outstanding (Grade 1)
Leadership and management:	Good (Grade 2)

Numbers on roll

The numbers on roll are stable. Numbers on roll at the start of the academic year for the last 5 years are as follows:

2012/13	1491
2011/12	1521
2010/11	1533
2009/10	1508
2008/09	1500

Attendance

For terms 1 to 4 during 2012/13, 1213 pupils of compulsory school age were on roll for at least one session. 4.4% of sessions were missed through authorised absence and 0.5% through unauthorised absence.

Staffing

For 2012/13, the teacher staffing establishment was 94.90 full time equivalents. The non-teaching staff establishment was 49.12 full time equivalents.

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

SCHOOL IMPROVEMENT PLAN 2012/13

The following plan covered the period from 1st April 2012 to 31st August 2013.

1. To further develop assessment procedures in the classroom to inform and support pupil progress and to develop those procedures so that progress data which is suitable for central collation is collated on a frequent basis.
2. To develop systems to collate, process and present day to day assessment data so that it can be used to support pupil progress and reporting.
3. To raise levels of attainment:
 - a. in Languages at Key Stage 4
 - b. in Science at KS4 and in Biology and Chemistry at A level
 - c. in mathematics for those pupils who join the school at level 3
 - d. of boys who achieve level 4 at Key Stage 2
4. To review the structure and status of SEN provision in the school by considering the:
 - a. Place of the SENCO in the school leadership team
 - b. Staffing structure for SEN
 - c. Role, deployment and use of teaching Assistants to ensure a greater focus on Teaching and Learning
5. To enable pupils on school action plus and those with statements to make progress which matches the majority of the school population.
6. To improve standards of literacy by raising the status of literacy across the curriculum.
7. To develop a strategy to promote numeracy across the curriculum.
8. To ensure a focus on differentiation for the development of Teaching and Learning with a greater emphasis on differentiation by task rather than just outcome.
9. To make effective use of the Pupil Premium to enable vulnerable pupils, including those on Free school Meals, to make progress which matches the rest of the school population.
10. To develop teachers' questioning skills in order to allow and encourage pupils to extend their own learning through questioning and hypothesising.
11. To establish effective procedures for monitoring and reporting the effectiveness of the implementation of our Single Equality Scheme.
12. Review the Leadership Structure of the school to include the possible increase in the size of the Leadership Team.

GOING CONCERN

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

KEY FINANCIAL PERFORMANCE INDICATORS

At the end of the year, the overall balance (revenue and capital) amounted to £388,199 (excluding fixed assets and the Pension scheme liability).

The number on roll used as the basis for our grant income in this period was 1507. As reported in the Financial Review below, this will reduce over the next two years. However, as this reduction can be predicted, we will be able to alter our expenditure accordingly in order to avoid financial risk. We are also aware that post 16 funding will reduce by 3% per annum per learner over the next 2 years. Again, as this is known in advance, we are able to manage our expenditure through minimum group sizes and numbers of teaching groups in order to maintain spending which is within the constraints of our income.

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

Financial review

FINANCIAL REPORT FOR THE YEAR

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31st August 2013 and the associated expenditure are shown as restricted funds (non-fixed assets) in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Academies Accounts Direction 2013, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed assets fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31st August 2013 the net book value of fixed assets was £31,861,932 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Pupil numbers are expected to reduce over the next 3 or 4 years due to the demographic changes in this area. We expect the number of pupils in Years 7 to 11 to fall from around 1250 to 1125 in September 2015. The number of post 16 students is expected to be maintained at around 275 during this period. The January 2013 census showed 1498 on roll which is a decrease from 1508 at the census of January 2012. Whilst this reduction will result in a corresponding reduction in income, the predictable nature of this change will enable us to manage our expenditure pattern accordingly and therefore minimise any financial risk. The other factors which will reduce grant funding are the continuing reductions in post 16 funding at the rate of 3% per learner per year, no increases to take account of the inflationary impact on the costs of resources and services and the unfunded national pay increases for teaching and non-teaching staff which, at this stage, the school will endeavour to match.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Academy has completed a thorough review of its financial and risk management objectives in its risk register document.

Under Accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to the restricted fund. It should be noted that this does not present the Academy with any current liquidity problems.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have assessed the major risks to which the Academy is exposed and identified and implemented strategies for addressing these risks. Significant risks and the measures in place to reduce these risks have been formally documented in the Academy's Risk Register, which is subject to continuing review. The Governors have also completed an assessment of internal control for the Education Funding Agency (EFA) which enabled the risk assessment process. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Governors have an effective system of internal financial controls and this is explained in more detail within the Governance statement.

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

RESERVES POLICY

The Governing Body has established a Reserves Policy in line with EFA (Education Funding Agency) guidelines.

Reserves held are those unrestricted funds which provide:

- a buffer to ensure that the Academy does not move into deficit at any point during the financial year due to cash-flow issue;
- a fund to support unforeseen expenditure during the year which may result in overall expenditure exceeding the planned budget;
- a fund to compensate for income which may be anticipated during the financial year but which is not received;
- a 'carry forward' amount in order to enable the school to manage any reduction in income from one year to the next in a strategic way.

INVESTMENT POLICY

The Investment Policy is required to ensure that funds are invested appropriately and that investments are protected rather than maximising interest. Short term investments are restricted to transfers to the Academy deposit account.

The Academy will ensure that approximately 5% of the General Annual Grant is available for immediate access to allow for unexpected short term calls on funds. The Academy's Finance and Business Director ensures that surplus funds are deposited so as to maximise interest.

Should the reserves increase sufficiently to consider longer term investment, the Academy would employ an agent to give advice on suitable investment opportunities.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive for the best possible achievement for all groups of pupils and students. Realistic but challenging targets are set for individual pupils, subject departments and the whole school. Specific focuses for 2013/14 are as follows:

- Assessment procedures and the compilation, analysis and use of assessment data – continued from 2012/13.
- Curriculum reviews:
 - a. 16 in light of changing curriculum, qualifications structure and reducing income;
 - b. Stage 4 due to changes in assessment requirements for end of Key Stage examinations;
 - c. Stage 3 with respect to recording, communicating and reporting progress and entertainment following the removal of National Curriculum levels.
- To set up a new line management structure for subject areas utilising the restructured Leadership Team and to use the new structure to work with subject departments on developing their approaches to differentiation.
- Organization of classrooms for presentation and teaching. Review carried out during 2013/14 for implementation during summer 2014.
- Review allocation of rooms to subjects in light of changing pupil numbers and curriculum priorities.
- Use of pupil premium, support for vulnerable students.

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GOVERNORS' REPORT (continued)
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PLANS FOR FUTURE PERIODS (continued)

- Develop the qualifications, nature and deployment of Teaching Assistants to ensure that they contribute to the academic progress of pupils with SEN.
- Literacy and numeracy strategies – continued from 2012/13.
- Integration of ICT across the curriculum in Years 8 and 9.
- Develop services to local primary schools, may include 'back office' services such as payroll and other services such as Education Welfare and ICT support.
- Develop the schools marketing strategy through prospectus and website design and advertising.
- To achieve 80% A* to C in English and in mathematics – aspirational 85% in each subject.

In addition to the above, the school will seek funding from all possible sources, including the DfE, to improve accommodation and facilities with particular focuses on:

- Sixth form accommodation
- Dining facilities
- Assembly and performance space
- Sports facilities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

This report was approved by order of the Governing Body on 11 December 2013 and signed on its behalf by:

.....
Mrs G Hayward, Chair

KATHARINE LADY BERKELEY'S SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Katharine Lady Berkeley's School 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 Headteacher, 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 Katharine Lady Berkeley's School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Mrs G Hayward, Chair	6	7
Mr C Sanders, Vice Chair	7	7
Mr M Challis	5	7
Mrs L Chase	7	7
Mrs M Clarke	7	7
Dr J Cordwell	4	7
Miss A Dixon	7	7
Mr S Harding	7	7
Mr A Harris	7	7
Mr V Jotcham	6	7
Mrs J Kendall	6	7
Mr G Robson	5	7
Mr M Valentine	6	7
Ms R Robinson	6	7
Mrs L Price	7	7
Mr T Andrews	5	7

The Management Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mrs G Hayward, Chair	7	7
Mr C Sanders, Vice Chair	6	7
Mr A Harris	7	7
Mrs M Clarke	7	7
Dr J Cordwell	3	7
Miss A Dixon	7	7
Mr V Jotcham	6	7
Mrs J Kendall	7	7
Mr S Harding (joined committee in November 2012)	5	5
Mr G Robson	6	7

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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 Katharine Lady Berkeley's School for the year 1st September 2012 to 31st August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy 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 year 1st September 2012 to 31st August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed G Robson, a (a Co-opted 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 semi-annual 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.

We confirm that the RO function has been delivered in line with the planned schedule of works. There have been no material control issues arising from the RO reports thus far.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 Responsible Officer;
- 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.

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GOVERNANCE STATEMENT (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Management 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 11 December 2013 and signed on their behalf, by:

.....
Mrs G Hayward, Chair

.....
Mr A Harris, Head Teacher

KATHARINE LADY BERKELEY'S SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Katharine Lady Berkeley's School I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the Academy Governing Body 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 (2012).

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

.....
Mr A Harris, Head Teacher

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2013

The Governors (who act as trustees of Katharine Lady Berkeley's School 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 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 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 11 December 2013 and signed on its behalf by:

.....
Mrs G Hayward, Chair

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KATHARINE LADY BERKELEY'S SCHOOL

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

This report is made solely to the Academy 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 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 Trust and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

Opinion on financial statements

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KATHARINE LADY BERKELEY'S SCHOOL

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.

Nicola Smith (Senior statutory auditor)

for and on behalf of

Davies Mayers Barnett LLP

Chartered Accountants
Statutory Auditors
Pillar House
113/115 Bath road
Cheltenham
Gloucestershire
GL53 7LS
11 December 2013

KATHARINE LADY BERKELEY'S SCHOOL

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KATHARINE LADY BERKELEY'S SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20th September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Katharine Lady Berkeley's School during the year 1st September 2012 to 31st August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Katharine Lady Berkeley's School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Katharine Lady Berkeley's 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 Katharine Lady Berkeley's School and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF KATHARINE LADY BERKELEY'S SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Katharine Lady Berkeley's School's funding agreement with the Secretary of State for Education dated 1st August 2011, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KATHARINE
LADY BERKELEY'S SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

APPROACH (continued)

In this regard we have carried out the following:

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the EFA regarding Academy governance matters during the year; and
- a general review and discussion of the Academy's internal processes for establishing systems of control and documentation regarding these matters.

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 1st September 2012 to 31st August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Davies Mayers Barnett LLP

Chartered Accountants
Statutory Auditors
Pillar House
113/115 Bath road
Cheltenham
Gloucestershire
GL53 7LS

11 December 2013

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31ST AUGUST 2013

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Note					
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfer from Local Authority on conversion	2,28	-	-	-	32,749,488
Voluntary income	2	21,481	483,812	709,190	559,702
Activities for generating funds	3	33,044	-	33,044	41,265
Investment income	4	910	-	910	409
Incoming resources from charitable activities:					
Funding for the Academy Trust's educational operations	5				
		183,561	7,041,171	428,048	7,652,780
		8,006,598			
TOTAL INCOMING RESOURCES		238,996	7,524,983	631,945	8,395,924
		41,357,462			
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income		21,691	479,579	-	501,270
Costs of activities for generating funds		33,044	-	-	33,044
Charitable activities:	7				
Academy Trust's educational operations		218,127	6,846,455	809,474	7,874,056
Governance costs	8	-	42,142	-	42,142
Other resources expended					
Transfer on conversion		-	-	-	1,352,686
TOTAL RESOURCES EXPENDED	6	272,862	7,368,176	809,474	8,450,512
		10,371,743			
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		(33,866)	156,807	(177,529)	(54,588)
		30,985,719			

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31ST AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Transfers between Funds	17	-	(140,225)	140,225	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		(33,866)	16,582	(37,304)	(54,588)	30,985,719
Actuarial gains and (losses) on defined benefit pension schemes		-	58,000	-	58,000	(120,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(33,866)	74,582	(37,304)	3,412	30,865,719
Total funds at 1st September 2012		70,643	(1,188,951)	31,984,027	30,865,719	-
TOTAL FUNDS AT 31ST AUGUST 2013		36,777	(1,114,369)	31,946,723	30,869,131	30,865,719

All activities relate to continuing operations.

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

The notes on pages 25 to 46 form part of these financial statements.

KATHARINE LADY BERKELEY'S SCHOOL

(A company limited by guarantee)

REGISTERED NUMBER: 07696921

**BALANCE SHEET
AS AT 31 AUGUST 2013**

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	13		31,861,932		31,964,178
CURRENT ASSETS					
Stocks	14	15,560		43,657	
Debtors	15	458,772		162,101	
Cash at bank and in hand		524,338		409,387	
			<u>998,670</u>	<u>615,145</u>	
CREDITORS: amounts falling due within one year	16	(610,471)		(289,604)	
NET CURRENT ASSETS			<u>388,199</u>		<u>325,541</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>32,250,131</u>		<u>32,289,719</u>
Defined benefit pension scheme liability	20		<u>(1,381,000)</u>		<u>(1,424,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>30,869,131</u></u>		<u><u>30,865,719</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	266,631		235,049	
Restricted fixed asset funds	17	31,946,723		31,984,027	
Restricted funds excluding pension liability		32,213,354		32,219,076	
Pension reserve		(1,381,000)		(1,424,000)	
Total restricted funds			<u>30,832,354</u>		<u>30,795,076</u>
Unrestricted funds	17		<u>36,777</u>		<u>70,643</u>
TOTAL FUNDS			<u><u>30,869,131</u></u>		<u><u>30,865,719</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 11 December 2013 and are signed on their behalf, by:

.....
Mrs G Hayward, Chair

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2013

	Note	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Net cash flow from operating activities	22	246,382	374,463
Returns on investments and servicing of finance	23	910	409
Capital expenditure and financial investment	23	(132,341)	(84,466)
Cash transferred on conversion to an academy trust	28	-	118,981
INCREASE IN CASH IN THE YEAR		114,951	409,387

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

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Increase in cash in the year	114,951	409,387
MOVEMENT IN NET FUNDS IN THE YEAR	114,951	409,387
Net funds at 1st September 2012	409,387	-
NET FUNDS AT 31ST AUGUST 2013	524,338	409,387

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

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 EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, are 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 Academy 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. On review, the Governors have concluded that they are to adopt the going concern basis in preparing the annual financial statements.

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.

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.

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Long Leasehold Buildings

The Academy has a 125 year lease for the property it operates from. The terms and conditions attached to the lease have been considered by the Governors and they have concluded that the risk and rewards of ownership have substantially transferred to the Academy and therefore a Long Leasehold Buildings asset has been recognised within fixed assets and depreciated in line with the accounting policy. The valuation of the Long Leasehold Buildings has also been considered by the Governors and included at what they consider a reasonable estimate of current market value (note 13 refers).

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration from both Gloucestershire County Council and Katharine Lady Berkeley's School Foundation and was accounted for under the acquisition accounting method.

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

Further details of the transaction are set out in note 28.

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

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 are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

Leasehold Property	-	2%
Motor vehicles	-	20%
Fixtures and fittings	-	10-20%
Computer equipment	-	25%
Leasehold Improvements	-	4%

Long leasehold buildings are depreciated over 50 years based on an assessment of remaining economic life when the assets were acquired.

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 to the Statement of financial activities on a straight line basis over the lease term.

Stocks

Unsold uniforms and catering stocks are valued at the lower of cost and net realisable value.

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.

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 20, 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.

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 EFA and 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 EFA, Department for Education and School Fund accounts.

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

2. VOLUNTARY INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Transfer from Local Authority on conversion	-	-	-	32,749,488
Other donations	21,481	280,971	302,452	15,090
School funds	-	406,738	406,738	544,612
Subtotal	<u>21,481</u>	<u>687,709</u>	<u>709,190</u>	<u>559,702</u>
Voluntary income	<u><u>21,481</u></u>	<u><u>687,709</u></u>	<u><u>709,190</u></u>	<u><u>33,309,190</u></u>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Hire of facilities	13,020	-	13,020	12,000
Other income	20,024	-	20,024	29,265
	<u>33,044</u>	<u>-</u>	<u>33,044</u>	<u>41,265</u>

4. INVESTMENT INCOME

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Short term deposits	<u>910</u>	<u>-</u>	<u>910</u>	<u>409</u>

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DfE/EFA grants				
General Annual Grant (GAG)	-	6,762,176	6,762,176	7,421,671
Start up Grants	-	-	-	25,000
Other DfE/EFA Grants	-	307,657	307,657	39,586
Capital grants	-	278,048	278,048	103,610
	<u>-</u>	<u>7,347,881</u>	<u>7,347,881</u>	<u>7,589,867</u>
Other government grants				
Local authority grants	-	111,538	111,538	166,819
	<u>-</u>	<u>111,538</u>	<u>111,538</u>	<u>166,819</u>
Other funding				
Catering Services	178,532	-	178,532	178,636
Teaching Services	-	9,800	9,800	71,276
Other income	5,029	-	5,029	-
	<u>183,561</u>	<u>9,800</u>	<u>193,361</u>	<u>249,912</u>
	<u>183,561</u>	<u>7,469,219</u>	<u>7,652,780</u>	<u>8,006,598</u>

Capital Grants

Capital grants for 2012 have been reclassified from voluntary income to income from charitable activities, in line with the requirements of the Annual Accounts Direction 2013 issued by the Education Funding Agency.

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2013 £	Premises 2013 £	Other costs 2013 £	Total 2013 £	Total 2012 £
Costs of generating voluntary income	7,728	158,762	334,780	501,270	463,694
Costs of activities for generating funds	858	15,781	16,405	33,044	41,265
Educational operations - Direct costs (note 7 refers)	5,078,239	-	526,119	5,604,358	5,785,690
Educational operations - Support costs (note 7 refers)	754,342	1,161,564	353,792	2,269,698	2,684,822
Governance	26,636	-	15,506	42,142	43,586
	<u>5,867,803</u>	<u>1,336,107</u>	<u>1,246,602</u>	<u>8,450,512</u>	<u>9,019,057</u>

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FOR THE YEAR ENDED 31ST AUGUST 2013

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
DIRECT COSTS				
Teaching and educational support staff costs	(767)	5,079,006	5,078,239	5,290,143
Educational supplies and services	3,529	196,954	200,483	261,817
Examination services	-	131,613	131,613	141,747
Staff development	-	36,850	36,850	24,840
Educational consultancy	-	151,884	151,884	62,981
Other direct costs	-	5,289	5,289	4,162
	<u>2,762</u>	<u>5,601,596</u>	<u>5,604,358</u>	<u>5,785,690</u>
SUPPORT COSTS				
Support staff costs	101,804	652,538	754,342	669,035
Depreciation	-	804,269	804,269	902,596
Pension cost	-	51,000	51,000	66,000
Recruitment and support	-	10,368	10,368	12,941
Maintenance of premises and equipment	35,333	204,145	239,478	479,458
Cleaning	-	18,010	18,010	16,027
Rent and rates	-	23,225	23,225	24,329
Insurance	-	68,307	68,307	71,802
Security and transport	-	49,003	49,003	54,754
Catering	78,228	7,776	86,004	83,759
Bank interest and charges	-	479	479	-
Other support costs	-	165,213	165,213	304,121
	<u>215,365</u>	<u>2,054,333</u>	<u>2,269,698</u>	<u>2,684,822</u>
	<u>218,127</u>	<u>7,655,929</u>	<u>7,874,056</u>	<u>8,470,512</u>

8. GOVERNANCE COSTS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Governance Auditors' remuneration	-	12,675	12,675	12,200
Governance Auditors' non audit costs	-	1,150	1,150	964
Legal and professional fees	-	1,681	1,681	13,689
Governance expense - wages and salaries	-	26,636	26,636	16,733
	<u>-</u>	<u>42,142</u>	<u>42,142</u>	<u>43,586</u>

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9. STAFF COSTS

Staff costs during the period were:

	2013	2012
	£	£
Wages and salaries	4,679,784	4,850,259
Social security costs	349,223	372,321
Pension costs	690,370	744,368
Supply teachers costs	126,347	112,964
Compensation payments	22,079	-
	<hr/>	<hr/>
Total	5,867,803	6,079,912
	<hr/> <hr/>	<hr/> <hr/>

The average number of persons (including Senior Management Team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

Charitable Activities	2013	2012
	No.	£
Teachers	95	92
Administration and support	49	51

Included within the categories of Teachers and Administration and support are 6 (2012: 6) members of the Senior Management Team who are responsible for the day to day operations of the Academy.

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

	2013	2012
	No.	£
£60,001 - £70,000	2	2
£90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £22,501 (2012: £27,165).

10. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	Year ended 31 August 2013	Period ended 31 August 2012
	£	£
Depreciation of tangible fixed assets:		
- owned assets	160,236	204,893
- leased assets	644,033	697,703
Auditors' remuneration	12,675	12,200
Auditors' remuneration - non-audit	1,150	964
Operating leases	46,099	10,264
	<hr/> <hr/>	<hr/> <hr/>

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FOR THE YEAR ENDED 31ST AUGUST 2013

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31st August 2013 was £1080 (2012 - £1,080).

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

12. GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration, including employer pension contributions, fell within the following bands:

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Mr A Harris, Head Teacher	105,000-110,000	115,000-120,000
Mr T Andrews, Staff Governor	50,000-55,000	50,000-55,000
Mrs L Price, Staff Governor	40,000-45,000	45,000-50,000

(NB: 2012 was a thirteen month period).

During the year ended 31st August 2013, no travel and subsistence expenses were reimbursed to Governors (2012: £Nil).

Where other related party transactions arise involving the Governors these are set out in note 27.

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13. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost				
At 1st September 2012	32,201,655	-	296,660	278,930
Additions	-	5,083	32,852	43,422
Disposals	-	-	(5,993)	(200)
At 31st August 2013	<u>32,201,655</u>	<u>5,083</u>	<u>323,519</u>	<u>322,152</u>
Depreciation				
At 1st September 2012	697,703	-	80,932	120,238
Charge for the year	644,033	765	38,724	113,545
On disposals	-	-	(988)	-
At 31st August 2013	<u>1,341,736</u>	<u>765</u>	<u>118,668</u>	<u>233,783</u>
Net book value				
At 31st August 2013	<u>30,859,919</u>	<u>4,318</u>	<u>204,851</u>	<u>88,369</u>
At 31st August 2012	<u>31,503,952</u>	<u>-</u>	<u>215,728</u>	<u>158,692</u>
			Leasehold improvements £	Total £
Cost				
At 1st September 2012			89,529	32,866,774
Additions			625,871	707,228
Disposals			-	(6,193)
At 31st August 2013			<u>715,400</u>	<u>33,567,809</u>
Depreciation				
At 1st September 2012			3,723	902,596
Charge for the year			7,202	804,269
On disposals			-	(988)
At 31st August 2013			<u>10,925</u>	<u>1,705,877</u>
Net book value				
At 31st August 2013			<u>704,475</u>	<u>31,861,932</u>
At 31st August 2012			<u>85,806</u>	<u>31,964,178</u>

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13. TANGIBLE FIXED ASSETS (continued)

The Academy lease land and buildings from Katharine Lady Berkeley's School Foundation. On conversion Governors agreed to base their valuation of land and buildings on insurance valuation. This was chosen in favour of having a formal valuation done as the cost of a formal valuation would be onerous compared to the additional benefit derived by the users of the accounts.

Due to the Academy buildings being deemed specialist in nature and therefore not traded in an open market, insurance valuation was deemed to be a reasonable estimate of depreciated replacement cost for recognition purposes.

14. STOCKS

	2013 £	2012 £
Clothing	11,863	39,960
Catering	3,697	3,697
	15,560	43,657

15. DEBTORS

	2013 £	2012 £
Other debtors	86,388	126,073
Prepayments and accrued income	372,384	36,028
	458,772	162,101

16. CREDITORS:
Amounts falling due within one year

	2013 £	2012 £
Trade creditors	140,297	142,385
Other taxation and social security	136,712	-
Accruals and deferred income	333,462	147,219
	610,471	289,604

Deferred income

Deferred income at 1st September 2012		114,759
Resources deferred during the year		116,025
Amounts released from previous years		(114,759)
		116,025

Income received during the year ended 31st August 2013 specific to funding for future periods has been deferred accordingly.

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

17. STATEMENT OF FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes:-

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	70,643	238,996	(272,862)	-	-	36,777
Restricted funds						
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	144,940	6,762,176	(6,642,977)	(178,001)	-	86,138
Other DfE/EFA Grants	-	157,657	(109,282)	-	-	48,375
Other Government Grants	22,359	111,538	(111,538)	-	-	22,359
School Fund Account	48,443	406,738	(364,729)	-	-	90,452
Other donations	19,307	86,874	(124,650)	37,776	-	19,307
Pension reserve	(1,424,000)	-	(15,000)	-	58,000	(1,381,000)
	<u>(1,188,951)</u>	<u>7,524,983</u>	<u>(7,368,176)</u>	<u>(140,225)</u>	<u>58,000</u>	<u>(1,114,369)</u>
Restricted fixed asset funds						
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DfE/EFA capital grants	99,887	428,048	(9,880)	(34,040)	-	484,015
Predecessor school transfer	31,783,429	-	(776,314)	-	-	31,007,115
Capital expenditure from GAG	100,711	-	(20,418)	112,914	-	193,207
Other donations	-	203,897	(2,862)	61,351	-	262,386
	<u>31,984,027</u>	<u>631,945</u>	<u>(809,474)</u>	<u>140,225</u>	<u>-</u>	<u>31,946,723</u>
Total restricted funds	<u>30,795,076</u>	<u>8,156,928</u>	<u>(8,177,650)</u>	<u>-</u>	<u>58,000</u>	<u>30,832,354</u>
Total of funds	<u><u>30,865,719</u></u>	<u><u>8,395,924</u></u>	<u><u>(8,450,512)</u></u>	<u><u>-</u></u>	<u><u>58,000</u></u>	<u><u>30,869,131</u></u>

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17. STATEMENT OF FUNDS (continued)

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

The Restricted General Fund includes GAG and other grants receivable from the DfE/EFA towards the Academy's educational activities. Academy funds held in respect of education visits and events are also included in the Restricted General Fund.

The Restricted Fixed Asset Fund includes amounts receivable from the DfE/EFA in respect of tangible fixed assets held for Academy use.

The Pension Reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

Transfers between the Unrestricted Fund and the Restricted Fixed Asset Fund relate to fixed asset purchases made from General Annual Grant during the period.

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	-	31,861,932	31,861,932	31,964,178
Current assets	7,677	691,781	299,212	998,670	615,145
Current liabilities	29,100	(425,150)	(214,421)	(610,471)	(289,604)
Pension scheme liability	-	(1,381,000)	-	(1,381,000)	(1,424,000)
	<u>36,777</u>	<u>(1,114,369)</u>	<u>31,946,723</u>	<u>30,869,131</u>	<u>30,865,719</u>

19. CAPITAL COMMITMENTS

As at 31st August 2013, the Academy had capital commitments of £34,711 (2012: £Nil).

20. 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. Both are defined benefit schemes.

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

Costs incurred in the period relating to TPS were £474,677 and relating to LGPS were £251,075 (2012: (TPS) £514,372, (LGPS) £229,966).

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20. PENSION COMMITMENTS (continued)

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

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

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20. PENSION COMMITMENTS (continued)

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

Teachers' Pension Scheme Changes

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

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

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

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

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

Local Government Pension Scheme

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

As described in note 28 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2013 was £309,767, of which employer's contributions totalled £251,075 and employees' contributions totalled £58,692. The agreed contribution rates for future years are 29.2% for employers and for employees will vary dependent on salary banding but between 5.5% and 7.5%.

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

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.

Initial Funding Position of the New Scheduled Body

As Katharine Lady Berkeley's School gained academy status with effect from 1st August 2011 and became a scheduled body, the manager of the LPGS made allowance for a proportionate transfer of deficit within the Fund from Gloucestershire County Council to the School.

As a result of which the initial deficit allocation for the School as the capitalised value of the deficit contributions which it had been due to make over the recovery period for Gloucestershire County Council at the 2010 valuation, i.e. 20 years.

This approach gives a deficit allocated to the School at commencement of approximately £1,342,000.

Employer Contributions

The contribution rate payable is made up of a normal rate for future service plus additional amounts in relation to the deficit taken on. On this basis the contribution rate which applies from 1st August 2011 is a normal future service contribution rate of 20.0% of pensionable pay per annum plus additional contributions in relation to the deficit.

An allowance is included within the above future service contribution rate for the expected costs associated with ill health early retirements and also for the administrative costs of running the Fund. The cost of any non-ill health early retirements, however, should be payable via additional contributions.

To recover the above deficit of £1,342,000 via additional contributions, based on a recovery period of 20 years, the additional contribution rate required is 4.6% of pensionable pay per annum (above the rate identified for Gloucestershire County Council at the 2010 valuation), leading to an overall employer contribution rate applicable from 1st September 2011 of 24.6% of pensionable pay.

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £
Equities	6.60	981,000	5.50	569,000
Bonds	3.80	273,000	3.30	240,000
Property	4.70	82,000	3.70	53,000
Cash/liquidity	3.60	27,000	2.80	27,000
Total market value of assets		1,363,000		889,000
Present value of scheme liabilities		(2,744,000)		(2,313,000)
(Deficit)/surplus in the scheme		(1,381,000)		(1,424,000)

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20. PENSION COMMITMENTS (continued)

The amounts recognised in the Balance sheet are as follows:

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Present value of funded obligations	(2,744,000)	(2,313,000)
Fair value of scheme assets	1,363,000	889,000
	<hr/>	<hr/>
Net liability	(1,381,000)	(1,424,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Current service cost	(193,000)	(163,000)
Interest on obligation	(100,000)	(113,000)
Expected return on scheme assets	49,000	47,000
Past service cost	(35,000)	-
	<hr/>	<hr/>
Total	(279,000)	(229,000)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	156,000	24,000
	<hr/> <hr/>	<hr/> <hr/>

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

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Opening defined benefit obligation	2,313,000	1,884,000
Current service cost	193,000	163,000
Interest cost	100,000	113,000
Contributions by scheme participants	54,000	51,000
Actuarial Losses	49,000	98,000
Past service costs	35,000	4,000
	<hr/>	<hr/>
Closing defined benefit obligation	2,744,000	2,313,000
	<hr/> <hr/>	<hr/> <hr/>

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

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

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Opening fair value of scheme assets	889,000	542,000
Expected return on assets	49,000	47,000
Actuarial gains and (losses)	107,000	(22,000)
Contributions by employer	264,000	271,000
Contributions by employees	54,000	51,000
	1,363,000	889,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £62,000 loss (2012 - £120,000 loss).

The Academy expects to contribute £249,000 to its Defined benefit pension scheme in 2014.

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

	2013	2012
Discount rate for scheme liabilities	4.60 %	4.10 %
Expected return on scheme assets at 31st August	5.90 %	4.70 %
Rate of increase in salaries	4.60 %	4.00 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2013	2012
Retiring today		
Males	21.7	21.7
Females	23.6	23.6
Retiring in 20 years		
Males	23.5	23.5
Females	25.8	25.8

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20. PENSION COMMITMENTS (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2013 £	2012 £
Defined benefit obligation	(2,744,000)	(2,313,000)
Scheme assets	1,363,000	889,000
Deficit	<u>(1,381,000)</u>	<u>(1,424,000)</u>
Experience adjustments on scheme liabilities	(49,000)	(98,000)
Experience adjustments on scheme assets	<u>107,000</u>	<u>(22,000)</u>

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2013	Approximate increase Employer Liability	% to Approximate monetary amount £
0.5% decrease in Real discount Rate	9%	255,000
1 year increase in member life expectancy	3%	82,000
0.5% increase in the Salary Increase Rate	3%	78,000
0.5% increase in the Pension Increase Rate	6%	174,000

21. OPERATING LEASE COMMITMENTS

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

	2013 £	2012 £
Other		
Within 1 year	646	-
Between 2 and 5 years	<u>42,227</u>	<u>46,059</u>

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22. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Net incoming resources before revaluations	(54,588)	30,985,719
Returns on investments and servicing of finance	(910)	(409)
Transfers on conversion	-	(31,396,802)
Depreciation of tangible fixed assets	804,269	902,596
Capital grants from DfE and other capital income	(569,682)	(103,610)
Decrease/(increase) in stocks	28,097	(43,657)
(Increase)/decrease in debtors	(325,771)	195,300
Increase/(decrease) in creditors	349,967	(126,674)
FRS 17 pension cost less contribution payable	(36,000)	(104,000)
FRS 17 pension finance costs	51,000	66,000
	<u>246,382</u>	<u>374,463</u>
Net cash inflow from operations	<u>246,382</u>	<u>374,463</u>

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

	Year ended 31 August 2013 £	Period ended 31 August 2012 £
Returns on investments and servicing of finance		
Interest received	910	409
	<u>910</u>	<u>409</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(707,228)	(188,076)
Sale of intangible fixed assets	5,205	-
Capital grants from DfE and other capital income	569,682	103,610
	<u>(132,341)</u>	<u>(84,466)</u>
Net cash outflow capital expenditure	<u>(132,341)</u>	<u>(84,466)</u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand:	409,387	114,951	-	524,338
Net funds	<u>409,387</u>	<u>114,951</u>	<u>-</u>	<u>524,338</u>

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25. CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant of whatever amount was received, the company shall, if it does not reinvest the proceeds, repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the company serving notice, the company shall repay to the Secretary of State sums determined by reference to

- the value at that time of the Academy's site and premises and other assets held for the purposes of the company; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

26. 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.

27. 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 organisations, transactions may take place with organisations in which a governors has 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.

J Cordwell, a Governor, was also a councillor for Gloucestershire County Council and Wotton Town Council during the period. This role does not give J Cordwell significant influence over pricing of Service Level Agreements or other Academy and Educational decisions and the disclosure of transactions between Gloucestershire County Council and Wotton Town Council and the Academy is therefore not considered necessary.

28. CONVERSION TO AN ACADEMY TRUST

On 1st August 2011 the Katharine Lady Berkeley School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Katharine Lady Berkeley's School from Gloucestershire County Council Local Authority for £NIL consideration.

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of financial activities as voluntary income and other resources expended.

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CONVERSION TO AN ACADEMY TRUST (continued)

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	32,200,000	32,200,000
- Other tangible fixed assets	-	-	478,697	478,697
Budget surplus/(deficit) on LA funds	70,791	-	(10,686)	60,105
LGPS pension deficit	-	(1,342,000)	-	(1,342,000)
Net assets/(liabilities)	<u>70,791</u>	<u>(1,342,000)</u>	<u>32,668,011</u>	<u>31,396,802</u>

The above net assets include £118,981 that were transferred as cash.