

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

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2016**

Members and Trustees Mrs G Hayward, Chair, Co-opted Trustee *
Mr A Harris, Headteacher *
Mr T Andrews, Staff Trustee (resigned 14th September 2015)
Ms N de Silva, Staff Trustee
Mr A Farwell, Staff Trustee (appointed 14th October 2015)
Mrs M Clarke, Foundation Trustee *
Dr J Cordwell, Foundation Trustee
Mr D Bush, Foundation Trustee (resigned 19th September 2016)
Mr I Trayling, Foundation Trustee
Mrs J Kendall, Foundation Trustee (resigned 6th July 2016)
Mr C Jenner, Foundation Trustee *
Ms R Robinson, Parent Trustee *
Mrs J Phillips, Parent Trustee (resigned 7th June 2016)
Mr C Sanders, Parent Trustee *
Mr D Driver, Parent Trustee (appointed 9th December 2015)
Mrs R Marshall, Co-opted Trustee (appointed 18th May 2016)
Mr W Lee, Co-opted Trustee (appointed 14th October 2015)
* Members of the Finance Committee

Company secretary Mrs F MacMillan

Senior management team Mr A Harris, Headteacher
Miss H Khan, Deputy Headteacher
Mr C Mann, Deputy Headteacher
Miss F Bailey, Assistant Headteacher
Miss K John, Assistant Headteacher
Mr R Warren, Assistant Headteacher

Chief finance officer Mrs R Meek (retired 30th April 2016)
Mr R Jackman (appointed 13th June 2016)

Company name Katharine Lady Berkeley's School

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 TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31ST AUGUST 2016**

Advisers (continued)

Solicitors

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

KATHARINE LADY BERKELEY'S SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST AUGUST 2016

The Trustees who act as Governors 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 2016.

The Trustees 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 Trustees act as the Governors for the charitable activities of Katharine Lady Berkeley's School and are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Katharine Lady Berkeley's School .

Details of the Trustees 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.

TRUSTEES' INDEMNITIES

The Academy maintains Trustees' Liability insurance. This is currently with Zurich Municipal with a policy expiry date of 30th July 2017.

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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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

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

Trustees are sought via election from the parent body, school staff and co-opted from the local community dependent upon skill requirements.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The school has adopted an in-house programme of induction for all new Trustees and new trustees also attend an induction course run by Gloucestershire County Council. This includes information about the school, the Company and the Trust.

Each new Trustee meets individually with the Headteacher and is assigned a mentor from the Board of Trustees.

TRUSTEES

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

The Trustees 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, appointments to the Senior Management Team (SMT).

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

- Teaching and Learning
- Finance
- Health & Safety
- Community and Wellbeing
- Staffing

Each committee reports to the full Board of Trustees.

Meetings are at least termly and evidence such as position papers, live data and benchmarking are provided by the school for Trustees' information.

The school contracts a School Improvement Partner from Gloucestershire County Council. This provides Trustees 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 Headteacher. The Headteacher is able to delegate the day to day running of the Academy to the Deputy Headteachers as needed. The Headteacher acts as the Accounting Officer. The Senior Management Team comprises the Headteacher and 5 other members of staff. The Chief Financial Officer is the line manager for the finance staff and reports directly to the Headteacher.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Assistant Headteachers and Deputy Headteachers are paid in accordance with the Leadership Pay Scale published by the major teaching unions which reflect the DfE School Teachers Pay and Conditions document.

The pay scale for Assistant Headteachers is from point 13 to point 17. One Assistant Headteacher is paid two points above the top of this scale, at point 19, to reflect his extensive experience and additional responsibilities.

The pay scale for Deputy Headteachers is from point 20 to point 24. One Deputy Headteacher is paid two points above the top of this scale to reflect her extensive experience and wide range of responsibilities which include being Head of Sixth Form.

Progression on the pay scale for the above staff is dependent on successful performance management reviews which are carried out by the Headteacher.

The current pay scale for the Headteacher is in line with the with the size of the school, which is a large Group 7 school. The Governors have also exercised their discretion to make an additional payment of £2,424pa to reflect the experience of the current Headteacher and additional responsibilities related to Finance and Business management. The Governors use the support of an external adviser, who is a senior officer of Gloucestershire County Council, when carrying out the performance management of the Headteacher.

The Chief Finance Officer, in post from 01/09/2015 to her retirement on 30/04/2016 was paid on point 41 of the Local Government Pay Scale. The Chief Finance Officer in post from 13/06/16 is paid on point 44 of the Local Government Pay Scale to reflect an increased range of responsibilities.

RISK MANAGEMENT

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

The Trustees' Health & Safety Committee meets termly and reports back to the full Board of Trustees.

The key controls used by the Academy include:

- Formal agendas for all Committee and Trustees' 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 policies and procedures as required by law for the protection of the vulnerable.

Through the risk management processes established for the Academy, the Board of Trustees 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

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 some 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 Trustees also chairs Gloucestershire Schools' Forum and as such sits on the Children's Partnership Board 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 Katharine Lady Berkeley's School, we aim:

- through excellent teaching, to inspire all students to develop into eager, confident learners who reach the highest academic attainment of which they are capable, both at school and, in time, beyond;
- through opportunities for cultural and sporting enrichment, to inspire all students to develop into young people who are fulfilled in their lives;
- through an ethos of care for all, to enable students to develop into young people who communicate well, are confident in themselves, respectful of others and embrace difference.

In order to achieve these aims, we will:

1. Enable every child to make the best possible progress.
2. Maintain a broad and balanced curriculum with many opportunities for enrichment.
3. Provide outstanding pastoral support, especially for those who need it most.
4. Ensure that all members of the school community are committed to the welfare and progress of the students.
5. Value and support all staff and invest in their professional development.
6. Provide facilities and resources that fully support students' learning.
7. Link effectively with parents, carers, the local community, other schools, colleges, universities, employers and other partners.
8. Use systems to ensure that we understand the school's effectiveness and which support our continuous improvement.

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TRUSTEES' REPORT (continued)
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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 Trustees 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 Board of Trustees while the more detailed analyses are discussed with the Trustees' 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 Trustees 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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TRUSTEES' REPORT (continued)
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Achievements and performance

Public examination results

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 2016 but the headline statistics are as shown below:

GCSE	
% achieving 5 or more grades A* to C	79%
% pupils achieving A* to C in English and mathematics	80%
% disadvantaged pupils achieving A* to C in English and mathematics	59%
% entries resulting in grades A/A*	36%
% achieving the English Baccalaureate	46%
% achieving the expected progress in English	91%
% achieving the expected progress in mathematics	83%
Progress 8 score	+0.34
GCE A Level	
% entries resulting in grades A*/A/B	61%
% entries resulting in grades A*/A	31%
Average points score per entry	219.1

The above results are excellent at GCSE and at A level. The school uses a range of benchmarking tools to evaluate performance including Raise Online (OFSTED), Fischer Family Trust and ALPS (A Level Performance System).

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 reduced due to demographic change in this area from 2010/11 to 2015/16. A higher than forecast intake in September 2016 has resulted in the overall population increasing. Numbers on roll at the start of the academic year for the last 6 years are as follows:

September 2016	1505	September 2013	1448
September 2015	1453	September 2012	1493
September 2014	1454	September 2011	1521

Attendance

For terms 1 to 4 during 2015/16, 1189 pupils of compulsory school age were on roll for at least one session. 4.1% of sessions were missed through authorised absence and 0.4% through unauthorised absence.

Staffing

For 2015/16, the teacher staffing establishment was 83.3 full time equivalent. The non teaching staff establishment was 49.5 full time equivalent.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

SCHOOL IMPROVEMENT PLAN 2015/16

1. Assessment and monitoring progress at Key Stage 3
 - (a) To continue the redevelopment of tracking progress in Years 7 and 8 using levels/descriptors (ladders, thresholds...) or relative attainment with targets set for the end of Year 8.
 - (b) To extend the use of GCSE criteria in Year 9 for tracking progress so that projected GCSE grades can be used throughout Years 9, 10 and 11.
2. To make the quality of marking and feedback consistent throughout the school through agreed guidelines concerning the nature and frequency of marking and the explicit reference to this in lesson observations and appraisal.
3. Pupil premium 'gap'. To continue to support students through additional in class support in mathematics, small group extraction from English and mentoring from specialist support workers in order to help students in receipt of Pupil Premium funding to make similar progress to other students.
4. Progress made by less able in mathematics. To continue to provide additional support for these students in preparation for the new GCSE examinations and the entry of as many as possible for the Higher Level examination.
5. Attainment at GCSE in English.
 - (a) To review the use of the iGCSE, particularly in light of its removal from the performance tables as from 2017.
 - (b) To understand how to enable overall results with the home board GCSE to be in line with historical results and to be consistent over time.
6. Making/enabling the new staffing structures to fulfil the needs of the school. Particular pressure points are:
 - (a) Reduced leadership capacity;
 - (b) Reduced secretarial support for departments;
 - (c) Site team efficiency;
 - (d) Avoiding a mismatch between curriculum need and subject specialisms.
7. Managing the reduced and reducing income. To ensure that teacher staffing is reduced in line with changing student numbers in order to maintain a balanced budget.
8. Cashless catering – to be implemented alongside new dining arrangements with a target date of the end of October 2015.
9. To consider reducing the school's PAN to 220. This takes into account the Gloucestershire forecast number and is to be considered due to the negative practical and other implications of having spare places. However, the decision needs to be informed by possible changes to traditional intake patterns.
10. To develop the links between the school improvement plan, performance management and professional development for all staff in order to fully support school improvement.
11. Publicity and marketing, focusing on Year 12 as well as Year 7 intakes to include:
 - (a) More publicity surrounding the successes of the school;
 - (b) Publicising the high quality and effective support provided for students with SEN;
 - (c) Ensuring that parents/carers outside our immediate catchment area are aware of what the school can offer their children.

GOING CONCERN

After making appropriate enquiries, the Board of Trustees 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

KEY FINANCIAL PERFORMANCE INDICATORS

At the end of the year, the overall revenue surplus (excluding fixed assets and the pension scheme liability) amounted to £373,653 (2015: £283,298). This balance is made up of the following elements as reported in note 16 to the financial statements:

	Unrestricted funds	Restricted funds	Total revenue funds
Brought forward surplus	68,183	215,115	283,298
In year surplus	41,424	48,931	90,355
Carried forward surplus	<u>109,607</u>	<u>264,046</u>	<u>373,653</u>

The number on roll used as the basis for our grant income in this period was 1457.

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 year ended 31st August 2016 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, 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 2016 the net book value of fixed assets was £31,225,074 and movements in tangible fixed assets are shown in note 12 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 were expected to fall in September 2016 and to reduce further over the next few years. However, the school was actually oversubscribed for Year 7 in September 2016. This increase in numbers compared to projections meant that an additional class had to be timetabled. As the funding for the additional pupils will not be received until September 2017 and, in 2016/17 the school has to meet the full year cost of the National Insurance changes, the costs of the living wage, the apprenticeship levy, resources for new GCSE and A level courses and various inflationary pressures, the expenditure in 2016/17 will exceed the income. However, the budget is planned to provide an overall balance of around £200,000 as at 31st August 2017. Our plans for 2017/18 provide for the income to exceed the expenditure.

FINANCIAL 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 FRS102, 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31ST AUGUST 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees 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 Trustees 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 Trustees have an effective system of internal financial controls and this is explained in more detail within the Governance statement.

RESERVES POLICY

The Board of Trustees has established a Reserves Policy in line with EFA (Education Funding Agency) guidelines.

Reserves held are those 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 Academy 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 3% of the General Annual Grant is available for immediate access to allow for unexpected short term calls on funds.

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

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TRUSTEES' REPORT (continued)
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Plans for future periods

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. The focus areas for 2016/17 are as follows:

1. To further develop our assessment procedures to ensure that they are proportionate and that they enable us to provide effective support to individuals and to groups of students so that they attain their best possible results.
2. To review and develop the procedures for grouping students in Year 7.
3. To introduce more effective control of the quality of marking and feedback throughout the school through agreed guidelines concerning the nature and frequency of marking and the explicit reference to this in lesson observations and appraisal.
4. To restructure the Learning Support provision to match reducing income for additional needs.
5. Pupil premium 'gap'. To continue to support students through additional in class support in mathematics, small group extraction from English and mentoring from specialist support workers in order to help students in receipt of Pupil Premium funding to make similar progress to other students.
6. Key curriculum developments:
 - Mathematics – secure good progress measures for less able students with the increased demands and higher floor grade of the higher level GCSE.
 - Science – raise attainment at GCSE to at least 80% gaining grade C (4) or above in at least two sciences.
 - Computing – to restore curriculum time at Key Stage 3 to 2 hours per fortnight and develop curriculum accordingly.
 - Languages – fully consider the replacement of French by Spanish as the 'core' language at Key Stage 3 for September 2016 or 2017.
 - To make the changes required to fully support sixth form students in the transition to linear A levels.
 - To ensure that all students who achieve grade C or above in English and mathematics are also awarded grade C or above in at least three other subjects.
 - To identify those subjects on the 'open' attainment 8 pool in which students make relatively poor progress and then find ways to improve the progress of students in these subjects and/or to make curriculum change so that progress in the 'open' pool is improved.
7. To investigate alternatives to exclusion so that the exclusion rate can be reduced.
8. To find ways to improve our sixth form accommodation through minor alterations and to seek funding for new accommodation.
9. To develop the links between the school improvement plan, performance management and professional development for all staff in order to fully support school improvement.

The last two targets are part of a longer term plan to raise standards by improving recruitment, providing wider opportunities for staff development and to make a greater contribution to the education system:

10. To fully investigate the ways in which the school can work effectively with other schools to share good practice and provide a wider range of staff development opportunities.
11. To fully investigate, and discuss with relevant providers, the opportunities to increase the school's role in Initial Teacher Training.

In addition to the above, the school will seek funding from all possible sources, including the DfE, to improve accommodation and facilities with particular focus on: sixth form accommodation; updating science teaching areas; assembly and performance space.

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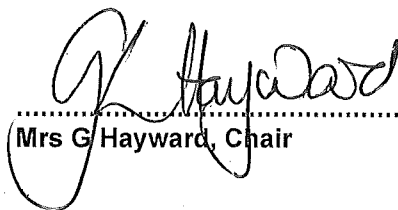
TRUSTEES' REPORT (continued)
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STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Trustees are aware:

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

This report incorporating the Strategic Report, was approved by order of the board of trustees as company directors on 7 December 2016 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 trustees, 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 board of trustees 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 board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Mrs G Hayward, Chair	7	7
Mr C Sanders, Vice Chair	6	7
Mrs R Robinson, Vice Chair	6	7
Mr A Harris	7	7
Mr C Jenner	6	7
Mr I Trayling	6	7
Mrs M Clarke	6	7
Mrs J Kendall	7	7
Mrs R Marshall (appointed 18th May 2016)	2	2
Mr D Driver (appointed 9th December 2015)	6	6
Mr W Lee	3	6
Ms J Phillips (resigned 7th June 2016)	3	5
Mr D Bush	6	7
Dr J Cordwell	5	7
Mr A Farwell (appointed 14th October 2015)	7	7
Ms N de Silva	6	7

Governance reviews:

Over the winter 2015-16, Trustees, along with the SMT, reviewed and updated the school vision and aims. During the Board meeting on the 16th March 2016 the trustees then reviewed Governance using a self-assessment structure based on the OFSTED criteria and a skills analysis. As a result of this, a set of key actions was identified covering areas such recruitment of new trustees, regular updates on the wider education agenda, briefing on Safeguarding, guidance on SEN plus the establishment of working groups on Philanthropy and Multi-academy Trusts.

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

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs G Hayward, Chair	7	7
Mr C Sanders, Vice Chair	7	7
Mrs R Robinson (joined Committee 11th November 2015)	3	5
Mr A Harris	7	7
Mrs M Clarke	6	7
Mr C Jenner	7	7

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Ensuring the best possible outcomes for students through improved tracking of progress and targeted intervention where appropriate.
- Improvements to the strategy used to support disadvantaged students enabling more effective use of Pupil Premium funding.
- Restructuring and reducing the Teaching Assistant staffing for supporting children with SEND in line with reducing income for these children and to avoid regular and frequent overtime claims.
- Benchmarking expenditure against that in other schools using data collated by Gloucestershire Association of Headteachers.
- Avoiding waste and extravagance, including improving the energy efficiency of the Academy through the installation of double glazed windows in certain areas and the use of more efficient lighting systems.
- Effective planning for anticipated changes in costs (including National Insurance contributions and unfunded pay increases) in future periods.
- Alterations to existing buildings in order to improve the Academy's catering facilities to provide increased capacity and efficiency.

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 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements.

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

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr C Jenner, a Foundation Trustee, 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 termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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 work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on their behalf, by:


.....
Mrs G Hayward, Chair


.....
Mr A Harris, Headteacher & Accounting Officer

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

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 (2015).

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 (2015).

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



.....
Mr A Harris, Headteacher & Accounting Officer

Date: 7 December 2016

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST AUGUST 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on its behalf by:


.....
Mrs G Hayward, Chair

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS 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 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2016 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, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KATHARINE LADY BERKELEY'S SCHOOL**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



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

7 December 2016

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 22nd September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31st August 2016 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 2015, 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 2015 to 2016. 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 2015 to 31st August 2016 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 2015 to 2016 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 and maintaining 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 2015 to 31st August 2016 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
Reporting Accountants
Pillar House
113/115 Bath road
Cheltenham
Gloucestershire
GL53 7LS

7 December 2016

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 2016**

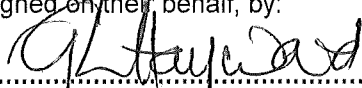
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	3,214	1,309	998,702	1,003,225	64,545
Charitable activities:	3					
Funding for the Academy's educational operations		306,597	7,076,823	-	7,383,420	7,294,996
Other trading activities	4	29,990	-	-	29,990	35,462
Investments	5	821	-	-	821	758
TOTAL INCOME		340,622	7,078,132	998,702	8,417,456	7,395,761
EXPENDITURE ON:						
Raising funds		21,110	909	-	22,019	20,496
Charitable activities:						
Academy's educational operations		278,088	6,987,450	817,484	8,083,022	8,174,283
TOTAL EXPENDITURE	6	299,198	6,988,359	817,484	8,105,041	8,194,779
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	41,424	89,773	181,218	312,415	(799,018)
		-	(112,842)	112,842	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
Actuarial losses on defined benefit pension schemes	23	-	(509,000)	-	(509,000)	(17,000)
NET MOVEMENT IN FUNDS		41,424	(532,069)	294,060	(196,585)	(816,018)
RECONCILIATION OF FUNDS:						
Total funds brought forward		68,183	(1,774,885)	31,484,008	29,777,306	30,593,324
TOTAL FUNDS CARRIED FORWARD		109,607	(2,306,954)	31,778,068	29,580,721	29,777,306

KATHARINE LADY BERKELEY'S SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07696921

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		31,219,573		31,398,139
CURRENT ASSETS					
Stocks	13	3,213		2,933	
Debtors: amounts falling due after more than one year	14	162,530		-	
Debtors: amounts falling due within one year	14	615,185		188,639	
Cash at bank and in hand		603,841		502,257	
			1,384,769	693,829	
CREDITORS: amounts falling due within one year	15	(452,621)		(324,662)	
NET CURRENT ASSETS			932,148		369,167
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	23		32,151,721		31,767,306
			(2,571,000)		(1,990,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			29,580,721		29,777,306
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	264,046		215,115	
Restricted fixed asset funds	16	31,778,068		31,484,008	
Restricted income funds excluding pension liability		32,042,114		31,699,123	
Pension reserve		(2,571,000)		(1,990,000)	
Total restricted income funds			29,471,114		29,709,123
Unrestricted income funds	16		109,607		68,183
TOTAL FUNDS			29,580,721		29,777,306

The financial statements were approved by the Trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:



Mrs G Hayward, Chair

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>341,806</u>	<u>41,871</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		821	758
Purchase of tangible fixed assets		(638,918)	(342,218)
Capital grants from DfE/EFA and others		<u>397,875</u>	<u>63,558</u>
Net cash used in investing activities		<u>(240,222)</u>	<u>(277,902)</u>
Change in cash and cash equivalents in the year		101,584	(236,031)
Cash and cash equivalents brought forward		<u>502,257</u>	<u>738,288</u>
Cash and cash equivalents carried forward		<u><u>603,841</u></u>	<u><u>502,257</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Katharine Lady Berkeley's School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Katharine Lady Berkeley's School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Katharine Lady Berkeley's School for the year ended 31st August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 incorporating income and expenditure account in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probably and it can be measured reliably.

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of raising funds are costs incurred to raise funds for the academy's charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities and Governance costs are costs incurred on the Academy's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 Trustees 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 Trustees and included at what they consider a reasonable estimate of current market value.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Taxation

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

Pensions

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 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 quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised 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 Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the EFA, Department for Education and School Fund accounts.

Agency arrangements

The Academy Trust acts as an agent in distributing certain monies to students, for example 16-19 Bursary funding from EFA in so far as these are not discretionary in nature. However, the Trustees believe the amounts to be immaterial in the period covered by these financial statements and have therefore not excluded this income and expenditure from the Statement of financial activities.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	3,214	1,309	35,667	40,190	34,987
Capital grants	-	-	963,035	963,035	29,558
	<u>3,214</u>	<u>1,309</u>	<u>998,702</u>	<u>1,003,225</u>	<u>64,545</u>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds, £ 987 was to restricted funds and £63,558 was to restricted fixed asset funds.

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General annual grant (GAG)	-	6,625,274	6,625,274	6,534,249
Other DfE/EFA grants	-	148,234	148,234	145,485
	-	6,773,508	6,773,508	6,679,734
Other government grants				
Local authority grants	-	59,393	59,393	93,824
	-	59,393	59,393	93,824
Other funding				
Catering services	262,260	-	262,260	200,128
School funds	-	234,947	234,947	291,530
Other income	44,337	8,975	53,312	29,780
	306,597	243,922	550,519	521,438
	306,597	7,076,823	7,383,420	7,294,996

In 2015, of the total income from charitable activities, £230,337 was to unrestricted funds, £7,064,659 was to restricted funds and £ NIL was to restricted fixed asset funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	23,703	-	23,703	34,363
Other income	6,287	-	6,287	1,099
	29,990	-	29,990	35,462

In 2015, of the total income from other trading activities, £35,462 was to unrestricted funds, £ NIL was to restricted funds and £ NIL was to restricted fixed asset funds.

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5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	821	-	821	758

In 2015, of the total investment income, £ 758 was to unrestricted funds, £ NIL was to restricted funds and £ NIL was to restricted fixed asset funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	22,019	22,019	20,496
Educational operations:					
Direct costs	5,060,616	-	644,474	5,705,090	5,724,148
Support costs	895,861	1,069,362	412,709	2,377,932	2,450,135
	5,956,477	1,069,362	1,079,202	8,105,041	8,194,779

In 2016, of the total expenditure, £299,198 (2015 - £234,049) was to unrestricted funds, £6,988,359 (2015 - £7,151,904) was to restricted funds and £817,484 (2015: £808,826) was to restricted fixed asset funds.

7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension finance cost	73,000	70,000
Premises costs	251,878	296,978
Other support costs	396,774	348,015
Governance costs	15,935	27,341
Support staff costs	822,861	898,975
Depreciation	817,484	808,826
	2,377,932	2,450,135

During the year ended 31st August 2016, the Academy incurred the following total governance costs: £54,955 (2015 - £54,820) included within the table above in respect of Educational operations.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned assets	173,451	164,793
- leased assets	644,033	644,033
Auditors' remuneration - audit	10,420	21,795
Auditors' remuneration - other services	4,315	1,465
Operating lease rentals	39,517	37,944
	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,618,490	4,688,051
Social security costs	388,036	341,899
Operating costs of defined benefit pension schemes	824,215	771,959
	5,830,741	5,801,909
Supply teacher costs	31,232	49,627
Staff restructuring costs	21,504	51,547
Pension finance cost	73,000	70,000
	5,956,477	5,973,083

Staff restructuring costs comprise:

Redundancy payments	21,504	38,695
Severance payments	-	12,852
	21,504	51,547

The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Teachers	103	103
Administration and support	85	87
Management	6	6
	194	196

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	1

Three of the above employees participated in the Teachers Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £37,516 (2015: £31,187).

The key management of the Academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £569,002 (2015: £689,556).

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10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£	£
Mr A Harris, Headteacher	Remuneration	95,000-100,000	95,000-100,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Mr T Andrews, Staff Trustee (resigned 14 September 2015)	Remuneration	0-5,000	45,000-50,000
	Pension contributions paid	0-5,000	5,000-10,000
Ms N de Silva, Staff Trustee	Remuneration	40,000-45,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mr A Farwell, Staff Trustee (appointed 14 October 2015)	Remuneration	35,000-40,000	N/A
	Pension contributions paid	10,000-15,000	N/A

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

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

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31st August 2016 was £1,007 (2015 - £950). The cost of this insurance is included in the total insurance cost.

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12. TANGIBLE FIXED ASSETS

	Long Leasehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	
Cost						
At 1st September 2015	32,201,655	6,083	354,277	442,025	1,670,338	
Additions	-	-	19,126	101,988	517,804	
At 31st August 2016	<u>32,201,655</u>	<u>6,083</u>	<u>373,403</u>	<u>544,013</u>	<u>2,188,142</u>	
Depreciation						
At 1st September 2015	2,629,802	2,949	209,628	328,466	105,394	
Charge for the year	644,033	1,217	34,283	67,527	70,424	
At 31st August 2016	<u>3,273,835</u>	<u>4,166</u>	<u>243,911</u>	<u>395,993</u>	<u>175,818</u>	
Net book value						
At 31st August 2016	<u>28,927,820</u>	<u>1,917</u>	<u>129,492</u>	<u>148,020</u>	<u>2,012,324</u>	
At 31st August 2015	<u>29,571,853</u>	<u>3,134</u>	<u>144,649</u>	<u>113,559</u>	<u>1,564,944</u>	
						Total
						£
Cost						
At 1st September 2015						34,674,378
Additions						638,918
At 31st August 2016						<u>35,313,296</u>
Depreciation						
At 1st September 2015						3,276,239
Charge for the year						817,484
At 31st August 2016						<u>4,093,723</u>
Net book value						
At 31st August 2016						<u>31,219,573</u>
At 31st August 2015						<u>31,398,139</u>

The Academy lease land and buildings from Katharine Lady Berkeley's School Foundation. On conversion Trustees 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.

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13. STOCKS

	2016 £	2015 £
Catering	3,213	2,933
	<u>3,213</u>	<u>2,933</u>

14. DEBTORS

	2016 £	2015 £
Due after more than one year		
Prepayments and accrued income	162,530	-
	<u>162,530</u>	<u>-</u>
Due within one year		
Trade debtors	-	12,600
Other debtors	58,356	36,865
Prepayments and accrued income	556,829	139,174
	<u>615,185</u>	<u>188,639</u>

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	68,564	155,063
Other creditors	27,271	26,526
Accruals and deferred income	356,786	143,073
	<u>452,621</u>	<u>324,662</u>
Deferred income		
Deferred income at 1st September 2015	107,038	116,915
Resources deferred during the year	83,734	107,038
Amounts released from previous years	(107,038)	(116,915)
Deferred income at 31st August 2016	<u>83,734</u>	<u>107,038</u>

Income received during the year specific to funding for future periods has been deferred accordingly. At the balance sheet date the academy was holding funds received in advance for rates relief, capital expenditure, educational trips and catering.

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16. STATEMENT OF FUNDS

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

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	68,183	340,622	(299,198)	-	-	109,607
Restricted funds						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	63,869	6,625,274	(6,528,607)	(112,842)	-	47,694
Other DfE/EFA grants	59,626	148,234	(97,817)	-	-	110,043
Other government grants	30,349	59,393	(52,805)	-	-	36,937
School fund account	41,874	234,947	(227,246)	-	-	49,575
Other donations	19,397	10,284	(9,884)	-	-	19,797
Pension reserve	(1,990,000)	-	(72,000)	-	(509,000)	(2,571,000)
	<u>(1,774,885)</u>	<u>7,078,132</u>	<u>(6,988,359)</u>	<u>(112,842)</u>	<u>(509,000)</u>	<u>(2,306,954)</u>
Restricted fixed asset funds						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DfE/EFA capital grants	1,308,526	963,035	(54,038)	25,000	-	2,242,523
Predecessor school transfer	29,650,695	-	(663,113)	-	-	28,987,582
Capital expenditure from GAG and general reserves	184,071	-	(83,248)	112,842	-	213,665
Other donations	340,716	35,667	(17,085)	(25,000)	-	334,298
	<u>31,484,008</u>	<u>998,702</u>	<u>(817,484)</u>	<u>112,842</u>	<u>-</u>	<u>31,778,068</u>
Total restricted funds	<u>29,709,123</u>	<u>8,076,834</u>	<u>(7,805,843)</u>	<u>-</u>	<u>(509,000)</u>	<u>29,471,114</u>
Total of funds	<u><u>29,777,306</u></u>	<u><u>8,417,456</u></u>	<u><u>(8,105,041)</u></u>	<u><u>-</u></u>	<u><u>(509,000)</u></u>	<u><u>29,580,721</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016**

16. 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 Funds relates to fixed asset purchases made from revenue reserves 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 2016.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	31,219,573	31,219,573	31,398,139
Debtors due after more than 1 year	-	-	162,530	162,530	-
Current assets	114,878	438,801	668,560	1,222,239	693,829
Current liabilities	(5,271)	(174,755)	(272,595)	(452,621)	(324,662)
Pension scheme liability	-	(2,571,000)	-	(2,571,000)	(1,990,000)
	<u>109,607</u>	<u>(2,306,954)</u>	<u>31,778,068</u>	<u>29,580,721</u>	<u>29,777,306</u>

18. CAPITAL COMMITMENTS

As at 31st August 2016, the Academy had £518,192 capital commitments (2015: £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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19. OPERATING LEASE COMMITMENTS

At 31st August 2016 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£	£
Amounts due within one year	21,036	39,517
Amounts due between one and five years	15,141	36,173
Amounts due after five years	-	-
	-	-

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net income/(expenditure) for the year (as per Statement of financial activities)	312,415	(799,018)
Adjustment for:		
Depreciation charges	817,484	808,826
Dividends, interest and rents from investments	(821)	(758)
Increase in stocks	(280)	(250)
Decrease in debtors	11,751	548,623
Increase/(decrease) in creditors	127,959	(528,994)
Capital grants from DfE and other capital income	(998,702)	(63,558)
Defined benefit pension scheme cost less contributions payable	(1,000)	7,000
Defined benefit pension scheme finance cost	73,000	70,000
	341,806	41,871

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash in hand and at bank	603,841	502,257
	603,841	502,257

22. 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.

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23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Costs incurred in the period relating to TPS were £552,261 and relating to LGPS were £272,954 (2015: £486,341 (TPS), £278,618 (LGPS)).

Contributions amounting to £27,271 were payable to the LGPS scheme at 31st August 2016 (2015 - £26,526) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £564,161 (2015 - £477,266).

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23. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2016 was £328,899 (2015 - £348,388), of which employer's contributions totalled £272,208 (2015 - £287,693) and employees' contributions totalled £56,691 (2015 - £60,695). The agreed contribution rates for future years are 31.2% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	2.40 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %
Inflation assumption (CPI)	2.10 %	2.60 %
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:

	2016	2015
Retiring today		
Males	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.4	24.4
Females	27.0	27.0

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23. PENSION COMMITMENTS (continued)

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,492,000	1,124,000
Debt instruments	416,000	358,000
Property	154,000	130,000
Cash/liquidity	87,000	16,000
	<u>2,149,000</u>	<u>1,628,000</u>

The actual return on scheme assets was £319,000 (2015 - £52,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(271,000)	(293,000)
Net interest cost	(73,000)	(70,000)
	<u>(344,000)</u>	<u>(363,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	3,618,000	3,197,000
Current service cost	271,000	293,000
Interest cost	138,000	123,000
Contributions by employees	57,000	62,000
Actuarial losses	763,000	16,000
Benefits paid	(82,000)	(73,000)
	<u>4,765,000</u>	<u>3,618,000</u>

KATHARINE LADY BERKELEY'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,628,000	1,301,000
Return on plan assets (excluding net interest on the net defined pension liability)	65,000	53,000
Actuarial gains and (losses)	254,000	(1,000)
Contributions by employer	272,000	286,000
Contributions by employees	57,000	62,000
Benefits paid	(82,000)	(73,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,194,000	1,628,000
	<hr/> <hr/>	<hr/> <hr/>

Sensitivity analysis

Changes in assumptions at 31 August 2016	Approximate % increase to Employer Liability	Approximate Monetary amount (£)
0.5% decrease in Real Discount Rate	11%	517,000
1 year increase in member life expectancy	3%	143,000
0.5% increase in the Salary Increase Rate	3%	147,000
0.5% increase in the Pension Increase Rate	3%	357,000

24. 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 the trust 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 Trustee, 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.

During the year, Katherine Lady Berkeley's School received £14,083 from Sport Wotton Limited, a Joint Venture in which the Academy has an interest (2015: £NIL). Expenses were paid on behalf of Sport Wotton Limited, during the year of £NIL (2015: £6,540).

In entering into the transaction above, the Trust has complied with the requirements of the EFA's Academies Financial Handbook 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2016**

25. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1st September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31st August 2015 £
Total funds under previous UK GAAP		30,593,324	29,777,306
Total funds reported under FRS 102		<u>30,593,324</u>	<u>29,777,306</u>

Reconciliation of net (expenditure)	Notes	31st August 2015 £
Net (expenditure) previously reported under UK GAAP		(773,018)
Change in recognition of LGPS interest cost	A	(26,000)
Net movement in funds reported under FRS 102		<u>(799,018)</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Under previous UK GAAP the academy recognised an expected return on defined benefit plan assets in income/ expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/ expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to income/ expense by £26,000 and decrease the debit in other recognised gains and losses in the SoFA by an equivalent amount.
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